Colbun
MEJOR ENERGÍA

QUARTERLY EARNINGS REPORT

As of June 30, 2022

2ND QUARTER 2022

CONTENTS

2Q22 Earnings Report

Conference Call
2Q22 Results

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1. HIGHLIGHTS

Main Figures at a Consolidated Level

- **Operating income** for the second quarter of 2022 (2Q22) amounted to **US$514.0 million**, increasing 38% compared to the operating income recorded in the second quarter of 2021 (2Q21), mainly explained by (1) higher sales to unregulated clients in Chile, mainly due to the entry into force of BHP contract in Jan22 and (2) higher energy and power sales in the spot market associated with a higher average sales price, this, despite the lower physical sales in this segment and (3) the income associated with the creation of the water reserve. These effects were partially offset by lower income from regulated customers, mainly due to the expiration of a contract with CGE in Dec21. **In cumulative terms**, operating income as of Jun22 amounted to **US$930.8 million**, increasing 32% compared to Jun21, mainly due to the same reasons that explain the variations in quarterly terms.

- Consolidated **EBITDA** for 2Q22 reached **US$152.9 million**, increasing 4% compared to the US$146.7 million EBITDA in 2Q21. This increase is mainly explained by the higher operating income mentioned above. This effect was partially offset by higher costs of raw materials and consumables used, driven by the costs of gas consumption as generation with this fuel was higher this quarter. It should be noted that this increase in EBITDA occured despite the sale of Colbún Transmission S.A in 3Q21 (Colbún Transmission EBITDA for 2Q21 reached US$17.2 million), which is not consolidating in results since then. **In cumulative terms**, EBITDA as of Jun22 totaled **US$298.5 million**, increasing 5% compared to Jun21, mainly due to the same reasons that explain the variations in quarterly terms (EBITDA for Colbún Transmission as of Jun21 reached US$33.7 million).

- **Non-Operating Result** in 2Q22 recorded losses of **US$40.9 million**, in line with losses of US$40.3 million in 2Q21. **In cumulative terms**, the non-operating result as of Jun22 reached losses for **US$71.4 million**, compared to losses of US$84.2 million as of Jun21. The lower loss is mainly explained by (1) the lower "Other losses" recorded during the period, given the lower sales of accounts receivable associated with PEC mechanism.

- In 2Q22, a **tax expense** of **US$19.0 million** was recorded, compared to a US$21.4 million tax expense in 2Q21. The decrease is mainly explained by (1) the appreciation of the Peruvian Sol during 2Q22 and its impact on deferred taxes, given that Fenix's tax accounting is in Peruvian Soles, according to the tax legislation in Peru. **In cumulative terms**, as of Jun-22, a tax expense of **US$25.4 million** was recorded, compared to US$100.7 million as of Jun-21, mainly due to the recognition of a deferred tax of US$64.5 million during 1Q21, associated with the announcement of the sale of Colbún Transmission S.A.

- In 2Q22, the Company recorded a **profit** of **US$37.7 million**, compared to US$32.9 million profit presented in 2Q21, mainly due to the lower tax expense mentioned above. **In cumulative terms**, Colbún presented a profit of **US$93.6 million** as of Jun22, which compares with the US$8.3 million losses registered as of Jun21, mainly due to the recognition of a deferred tax of US$64.5 million in 2Q21, associated with the announcement of the sale of Colbún Transmission S.A and which corresponds to the tax applied to the difference between the book value and the tax value of said investment.

Highlights of the quarter

- On May 10, a dividend was paid of US$72.6 million. This payment is comprised of (1) a definitive dividend of US$22.6 million and (2) an additional dividend, charged to the profits of the previous fiscal year of US$50 million. Based on the foregoing and considering the US$250 million and US$750 million paid in October 2021 (associated to the extraordinary income from Colbún Transmisión' sale) as interim and eventual dividends, respectively. Total distribution of dividends amounted to US$1,072.6 million.

- As it was reported to the CMF through an Essential Fact, on May 16, 2022, Mr. José Ignacio Escobar Troncoso was appointed as CEO of Colbún S.A, replacing Mr. Thomas Keller Lippold.

- During Board session on June 28, 2022, Mr. Andrés Lehuedé Boomley resigned from the position of Director, which became effective as of the same date. In the same session, the Board of Directors agreed to appoint Jaime Maluk Valencia as Director.

2. PHYSICAL SALES AND GENERATION BALANCE

2.1. Physical sales and generation balance in Chile

Table 1 shows a comparison between physical energy and capacity sales, and generation in 2Q21 and 2Q22 and cumulative as of Jun21 and Jun22.

Table 1: Physical sales and generation in Chile

Accumulated Figures		Sales	Quarterly Figures		Var %	Var %
Jun-21	Jun-22		2Q21	2Q22	Ac/Ac	Q/Q
5,598	**6,716**	**Total Physical Sales (GWh)**	**3,076**	**3,533**	**20%**	**15%**
1,517	1,159	Regulated Clients	789	610	(24%)	(23%)
3,372	4,797	Unregulated Clients	1,665	2,386	42%	43%
709	759	Sales to the Spot Market	622	537	7%	(14%)
1,323	**1,576**	**Capacity Sales (MW)**	**1,323**	**1,574**	**19%**	**19%**

Accumulated Figures		Generation	Quarterly Figures		Var %	Var %
Jun-21	Jun-22		2Q21	2Q22	Ac/Ac	Q/Q
5,606	**6,853**	**Total Generation (GWh)**	**3,178**	**3,603**	**22%**	**13%**
2,042	**1,806**	Hydraulic	1,155	1,001	**(12%)**	**(13%)**
3,510	**4,565**	Thermal	1,998	2,371	**30%**	**19%**
1,929	3,091	Gas	1,207	1,564	60%	30%
164	183	Diesel	45	153	12%	239%
1,417	1,291	Coal	745	653	(9%)	(12%)
53	**482**	VRE*	26	230	**805%**	-
44	274	Wind Farm	22	121	524%	440%
9	208	Solar	3	109	-	-
180	**0**	**Spot Market Purchases (GWh)**	**0**	**0**	**-**	**-**
529	**759**	**Sales - Purchases to the Spot Market (GWh)**	**622**	**537**	**44%**	**-**

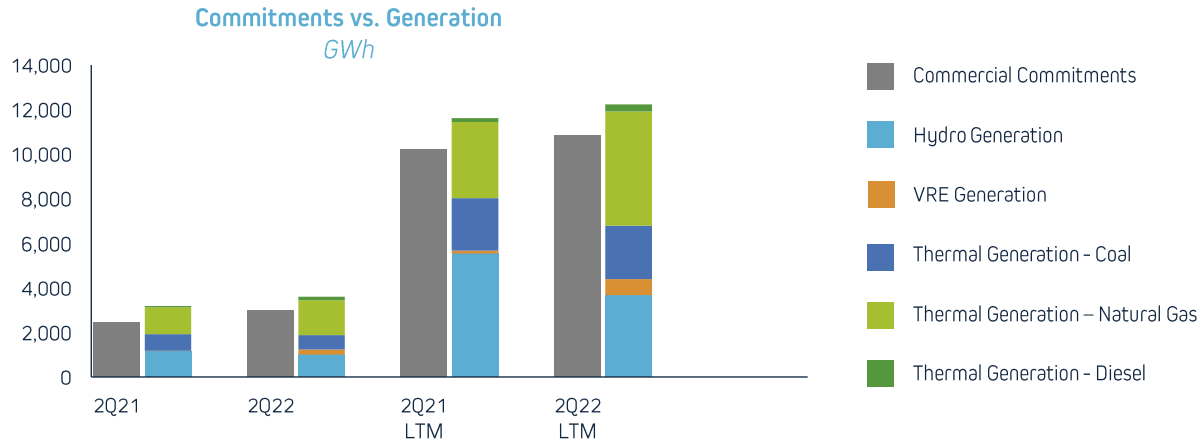
(*): Includes energy purchased from Punta Palmeras wind farm owned by Acciona and Santa Isabel owned by Total Sun Power.
VRE: Variable renewable energies

Physical sales during 2Q22 reached **3,533 GWh**, increasing 15% compared to 2Q21, mainly due to higher physical sales to unregulated customers, driven by the entry into force of BHP contract in Jan22. This effect was partially offset by the expiration of a contract with CGE in Dec21. On the other hand, **generation** for the quarter reached **3,603 GWh**, increasing 13% compared to 2Q21, mainly due to (1) higher generation based on gas (+357 GWh) and (2) diesel (+108 GWh) as a result of a higher economic dispatch and decoupling in the interconnected system; and (3) higher solar generation (+99 GWh) since Diego de Almagro project started fully injecting to the system. These effects were partially offset by lower hydroelectric generation (-154 GWh), mainly associated with the water reserve as the preventive rationing decree issued in August 2021.

In cumulative terms, physical sales as of Jun22 reached **6,716 GWh**, increasing 20% compared to Jun21, mainly due to the same reasons that explain the variations in quarterly terms. Moreover, **cumulative generation** as of Jun-22 reached **6,853 GWh**, increasing 22% compared to Jun21, mainly due to (1) higher gas-fired generation (+1,162 GWh) due to higher imports of LNG and as a result of the greater availability of Argentine gas compared to the previous period; (2) the higher wind generation explained by the start of power purchase agreements with Total SunPower as of 3Q21 and (3) the higher solar generation associated with the start of operations of the Diego de Almagro photovoltaic plant, during 1Q22. These effects were partially

offset by lower hydraulic generation (-237 GWh) due to the aforementioned hydrological reserve and less favorable hydrological conditions during 1Q22.

Spot market balance during the quarter registered net sales of **537 GWh**, while in 2Q21 net sales for 622 GWh were recorded. This variation is mainly explained by higher commitments during the period. **In cumulative terms**, as of Jun-22, the balance in the spot market registered net sales of **759 GWh**, while as of Jun-21, net sales of 529 GWh were recorded. This variation is mainly explained by a higher accumulated generation.



Generation mix in Chile: As of Jun22, the hydrological year Apr22-Mar23 accumulates rainfall greater than an average year in the main basins of the SEN. In this way, the surpluses/deficits were: Aconcagua: -77%; Maule: +16%; Laja: +10%; Biobío: +23%; Chapo: -1%. Average marginal cost, measured at Alto Jahuel, increased compared to 2Q21, averaging US$139.4/MWh in 2Q22, compared to US$78.1/MWh.

Accumulated Figures		SEN Generation	Quarterly Figures		Var %	Var %
jun-21	jun-22		2Q21	2Q22	Ac/Ac	Q/Q
40,097	**41,621**	**Total Generation (GWh)**	**20,180**	**20,869**	**4%**	**3%**
8,072	7,464	Hydraulic	3,723	3,580	(8%)	(4%)
7,312	8,680	Gas	4,252	4,760	19%	12%
863	1,067	Diesel	191	790	24%	313%
15,040	11,887	Coal	7,844	6,080	(21%)	(22%)
2,933	4,332	Wind Farm	1,489	2,068	48%	39%
4,532	6,826	Solar	1,957	2,930	51%	51%
1,345	1,363	Otros	723	660	1%	13%

2.2. *Physical sales and generation balance in Peru*

Table 2 shows a comparison between physical energy and capacity sales and generation in 2Q21 and 2Q22 and cumulative as of Jun21 and Jun22.

Table 2: Physical sales and generation in Peru

Accumulated Figures		Sales	Quarterly Figures		Var %	Var %
Jun-21	Jun-22		2Q21	2Q22	Ac/Ac	Q/Q
1,439	**1,954**	**Total Physical Sales (GWh)**	**878**	**952**	**36%**	**8%**
779	982	Regulated Clients	384	481	26%	25%
234	225	Unregulated Clients	120	108	(4%)	(10%)
426	748	Sales to the Spot Market	374	363	76%	(3%)
562	**568**	**Capacity Sales (MW)**	**563**	**568**	**1%**	**1%**

Accumulated Figures		Generation	Quarterly Figures		Var %	Var %
Jun-21	Jun-22		2Q21	2Q22	Ac/Ac	Q/Q
1,299	**1,957**	**Total Generation (GWh)**	**778**	**929**	**51%**	**19%**
1,299	1,957	Gas	778	929	51%	19%
178	**44**	**Spot Market Purchases (GWh)**	**120**	**44**	**(75%)**	-
248	**703**	**Sales - Purchases to the Spot Market (GWh)**	**254**	**318**	184%	-

Physical sales during 2Q22 reached **952 GWh**, increasing 8% compared to 2Q21. The higher physical sales are mainly explained by higher sales to regulated customers associated with a higher demand for such contracts.
In cumulative terms, physical sales as of Jun-22 reached **1,954 GWh**, increasing 36% compared to Jun21, mainly due to (1) higher sales in the spot market associated with higher generation in the period and (2) higher sales to regulated customers.

Additionally, **Fenix's generation** reached **929 GWh**, increasing by 19% compared to 2Q21, mainly due to a greater economic dispatch of the plant, associated with a greater demand of the system.
In cumulative terms, the Fenix's generation as of Jun-22 increased by 51%, reaching **1,957 GWh**, mainly explained by (1) a greater availability of the plant, since during 1Q21 corrective maintenance was carried out and (2) increased system demand.

The **balance in the spot market** registered net sales of **318 GWh**, compared to net sales of 254 GWh during 2Q21, due to the higher generation recorded in the period. In accumulated terms, as of Jun22, net sales of 703 GWh were recorded, compared to net sales of 248 GWh registered as of Jun21; the variations are mainly explained by the same reasons that explain the variations in quarterly terms.

Generation mix in Peru: The Mantaro river basin, which supplies the main hydroelectric complex in Peru, HP Mantaro and HP Restitución (900 MW), presented a hydrological condition with a 34% probability of exceedance as of Jun22 vs. 50% to the same period year 2021.

In cumulative terms, hydroelectric generation in the National Interconnected Electric System (SEIN) decreased by 2% compared to Jun21, mainly due to scheduled maintenance of hydroelectric plants. On the other hand, thermoelectric generation increased by 13% as of Jun22 compared to Jun21 due to lower hydraulic production and growth in natural demand.

The electricity demand growth rate at the end of 2Q22 was 2.1% compared to 2Q21, due to the growth of natural demand.

3. INCOME STATEMENT ANALYSIS

Table 3 presents a summary of the Consolidated Income Statement (Chile and Peru) in 2Q21 and 2Q22 and cumulative as of Jun21 and Jun22.

Table 3: Income Statement (US$ million)

Accumulated Figures			Quarterly Figures		Var %	Var %
Jun-21	Jun-22		2Q21	2Q22	Ac/Ac	Q/Q
707.8	**930.8**	**OPERATING INCOME**	**372.2**	**514.0**	**32%**	**38%**
222.6	215.8	Regulated Customers Sales	114.9	111.1	(3%)	(3%)
335.1	480.6	Unregulated Customers Sales	168.3	244.8	43%	45%
93.5	211.4	Energy and Capacity Sales	66.1	147.9	126%	124%
39.0	211.4	Transmission Tolls	12.9	-	443%	-
17.6	22.9	Other Operating Income	9.9	10.2	30%	3%
(352.7)	**(564.1)**	**RAW MATERIALS AND CONSUMABLES USED**	**(189.5)**	**(326.5)**	**60%**	**72%**
(60.8)	(73.5)	Transmission Tolls	(29.6)	(36.8)	21%	24%
(29.3)	(68.8)	Energy and Capacity Purchases	(13.4)	(40.4)	135%	202%
(160.4)	(269.5)	Gas Consumption	(94.1)	(150.2)	68%	60%
(24.3)	(57.9)	Diesel Consumption	(7.6)	(50.8)	138%	566%
(46.3)	(63.0)	Coal Consumption	(25.2)	(32.0)	36%	27%
(31.6)	**(31.5)**	Other Operating Expenses	(19.6)	(16.3)	(1%)	(17%)
355.0	**366.7**	**GROSS PROFIT**	**182.7**	**187.5**	**3%**	**3%**
(42.8)	(41.4)	Personnel Expenses	(21.5)	(21.2)	(3%)	(2%)
(28.1)	(26.8)	Other Expenses, by Nature	(14.4)	(13.4)	(5%)	(7%)
(107.6)	(108.1)	Depreciation and Amortization Expenses	(52.1)	(55.3)	1%	6%
176.5	**190.4**	**OPERATING INCOME (LOSS) (*)**	**94.6**	**97.6**	**8%**	**3%**
284.1	**298.5**	**EBITDA**	**146.7**	**152.9**	**5%**	**4%**
2.4	6.8	Financial Income	1.1	4.2	179%	276%
(43.6)	(41.5)	Financial Expenses	(21.4)	(20.6)	(5%)	(4%)
(2.1)	(9.5)	Exchange rate Differences	0.7	(11.0)	344%	-
3.3	5.2	Profit (Loss) of Companies Accounted for Using the Equity Method	2.0	2.6	57%	34%
(44.2)	(32.3)	Other Profit (Loss)	(22.7)	(16.1)	(27%)	(29%)
(84.2)	**(71.4)**	**NON-OPERATING INCOME**	**(40.3)**	**(40.9)**	**(15%)**	**1%**
92.3	**119.0**	**PRE-TAX PROFIT (LOSS)**	**54.3**	**56.7**	**29%**	**5%**
(100.7)	**(25.4)**	Income Tax Expense	(21.4)	(19.0)	(75%)	(11%)
(8.3)	**93.6**	**AFTER TAX PROFIT (LOSS)**	**32.9**	**37.7**	**-**	**15%**
(3.8)	**86.5**	**PROFIT (LOSS) OF CONTROLLER**	**35.1**	**38.8**	**-**	**11%**
(4.5)	**7.1**	**PROFIT (LOSS) ATTRIBUTABLE TO MINORITY INTEREST**	**(2.2)**	**(1.1)**	**-**	**-**

(*): The subtotal shown in "OPERATING INCOME" presented herein, differs from the "Profit (loss) from operating activities" line presented in the Financial Statements. This is explained by a change in taxonomy dictated by the CMF (Financial Market Commission), by means of which the concept of "Other Profit (loss)", which in the case of Colbún are only non-operating items, was incorporated as an operating item in the Financial Statements.

Table 4: Closing Exchange Rates

Exchange Rates	Jun-21	Dec-21	Jun-22
Chile (CLP / US$)	727.76	844.69	932.08
Chile UF (CLP/UF)	29,709.83	30,991.74	33,086.83
Peru (PEN / US$)	3.87	4.00	3.83

3.1. Chile's Operating Income Analysis

Table 5 presents a summary of Operating Income and EBITDA in 2Q21 and 2Q22. Subsequently, the major accounts and/or variations will be analyzed.

Table 5: EBITDA Chile (US$ million)

Accumulated Figures			Quarterly Figures		Var %	Var %
Jun-21	Jun-22		2Q21	2Q22	Ac/Ac	Q/Q
610.8	**822.7**	**OPERATING INCOME**	**322.3**	**461.0**	**35%**	**43%**
169.1	143.8	Regulated Customers Sales	88.7	75.4	(15%)	(15%)
322.7	471.0	Unregulated Customers Sales	162.5	240.1	46%	48%
84.3	190.9	Energy and Capacity Sales	59.4	137.0	126%	130%
34.7	17.0	Other Operating Income	11.6	8.4	(51%)	(27%)
(327.9)	**(510.7)**	**RAW MATERIALS AND CONSUMABLES USED**	**(174.6)**	**(298.7)**	**56%**	**71%**
(75.4)	(70.4)	Transmission Tolls	(36.6)	(35.4)	(7%)	(3%)
(28.2)	(66.6)	Energy and Capacity Purchases	(12.7)	(38.2)	136%	202%
(128.0)	(225.5)	Gas Consumption	(76.9)	(128.0)	76%	67%
(24.1)	(57.8)	Diesel Consumption	(7.3)	(50.8)	140%	591%
(46.3)	(63.0)	Coal Consumption	(25.2)	(32.0)	36%	27%
(26.0)	(27.4)	Other Operating Expenses	(16.0)	(14.4)	5%	(10%)
282.9	**312.0**	**GROSS PROFIT**	**147.6**	**162.2**	**10%**	**10%**
(39.5)	(37.2)	Personnel Expenses	(20.0)	(19.5)	(6%)	(3%)
(24.2)	(23.1)	Other Expenses, by Nature	(12.5)	(11.6)	(5%)	(7%)
(87.1)	(90.4)	Depreciation and Amortization Expenses	(43.3)	(46.4)	4%	7%
132.1	**161.3**	**OPERATING INCOME (LOSS) (*)**	**71.7**	**84.7**	**22%**	**18%**
219.2	**251.7**	**EBITDA**	**115.1**	**131.1**	**15%**	**14%**

(*): The subtotal shown in "OPERATING INCOME" presented herein, differs from the "Profit (loss) from operating activities" line presented in the Financial Statements. This is explained by a change in taxonomy dictated by the CMF (Financial Market Commission), by means of which the concept of "Other Profit (loss)", which in the case of Colbún are only non-operating items, was incorporated as an operating item in the Financial Statements.

- **Operating Income** in 2Q22 amounted to **US$461.0 million,** increasing 43% compared to the operating income of US$322.3 million recorded in 2Q21, mainly due to (1) higher sales to unregulated clients, driven by the entry into force of the contract with BHP in Jan22; and (2) higher energy and capacity sales in the spot market driven by a higher average sale price despite the lower physical sales in that segment and (3) higher incomes given the water reserve constitution. These effects were partially offset by lower sales to regulated clients, mainly driven by the expiration of a contract with CGE in Dec21. **In cumulative terms**, operating income as of Jun22 amounted to **US$822.7 million**, increasing 35% compared to Jun21, mainly driven by the same reasons that explain variations in quarterly terms.

- **Raw materials and consumables used costs** amounted to **US$298.7 million** in 2Q22, increasing 71% compared to 2Q21, mainly due to (1) higher gas and diesel consumption costs given a higher average purchase price and higher generation with those fuels during the quarter; (2) higher energy and capacity purchases driven by (i) the entry into force of a contract with Total SunPower and (ii) higher IT expenses. **In cumulative terms**, as of Jun22 raw materials and consumables used costs reached **US$510.7 million**, increasing 56% compared to Jun21, mainly driven by the same reasons that explain variations in quarterly terms.

- **EBITDA** in 2Q22 reached **US$131.1 million,** increasing 14% compared to the EBITDA of US$115.1 million in 2Q21, mainly due to the higher operating income recorded during the period. This effect was partially offset by the higher raw materials and consumables used costs previously explained. **In cumulative terms**, EBITDA as of Jun21 recorded **US$251.7 million**, increasing 15% compared to Jun21, mainly driven by the same reasons that explain variations in quarterly terms.

3.2. Peru's Operating Income Analysis

Table 6 shows a summary of Fenix's Operating Income and EBITDA for the quarters 2Q21 and 2Q22 and cumulative as of Jun21 and Jun22. Subsequently, the main accounts and/or variations will be analyzed.

Table 6: EBITDA Peru (US$ million)

Accumulated Figures			Quarterly Figures		Var %	
Jun-21	Jun-22		2Q21	2Q22	Ac/Ac	Q/Q
77.8	**108.1**	**OPERATING INCOME**	**39.9**	**53.0**	**39%**	**33%**
53.5	72.0	Regulated Customers Sales	26.1	35.7	35%	36%
12.4	9.6	Unregulated Customers Sales	5.8	4.7	(22%)	(20%)
9.2	20.6	Energy and Capacity Sales	6.7	10.9	123%	63%
2.7	5.9	Other Operating Income	1.2	1.8	115%	42%
(39.5)	**(53.6)**	**RAW MATERIALS AND CONSUMABLES USED**	**(22.1)**	**(27.9)**	**36%**	**26%**
(1.7)	(3.1)	Transmission Tolls	(1.3)	(1.4)	80%	7%
(1.2)	(2.1)	Energy and Capacity Purchases	(0.8)	(2.1)	79%	164%
(32.4)	(44.0)	Gas Consumption	(17.3)	(22.2)	36%	28%
(0.3)	0.0	Diesel Consumption	(0.3)	(0.0)	-	(87%)
(3.9)	(4.2)	Other Operating Expenses	(2.4)	(2.1)	7%	(13%)
38.3	**54.6**	**GROSS PROFIT**	**17.8**	**25.1**	**42%**	**41%**
(3.3)	(4.3)	Personnel Expenses	(1.5)	(1.7)	28%	10%
(3.6)	(3.6)	Other Expenses, by Nature	(1.8)	(1.7)	2%	(5%)
(17.7)	(17.7)	Depreciation and Amortization Expenses	(8.8)	(8.9)	(0%)	1%
13.7	**28.9**	**OPERATING INCOME (LOSS) (*)**	**5.7**	**12.9**	**112%**	**127%**
31.4	**46.6**	**EBITDA**	**14.5**	**21.7**	**49%**	**50%**

(*): The subtotal shown in "OPERATING INCOME" presented herein, differs from the "Profit (loss) from operating activities" line presented in the Financial Statements. This is explained by a change in taxonomy dictated by the CMF (Financial Market Commission), by means of which the concept of "Other Profit (loss)", which in the case of Colbún are only non-operating items, was incorporated as an operating item in the Financial Statements.

- **Operating income in 2Q22 totaled US$53.0 million,** increasing 33% compared to the operating income of US$39.9 million recorded in 2Q21, mainly due to (1) higher sales to regulated clients and (2) higher sales to the spot market, mainly driven by higher marginal costs after the change in the gas price regulation in Jul21. Those effects were partially offset by lower sales to unregulated clients given the expiration of Atria contract in Dic21. **In cumulative terms**, operating income amounted to **US$108.1 million**, increasing 33% compared to Jun21, mainly driven by the same reasons that explains variations in quarterly terms.

- **Raw materials and consumables used costs reached US$27.9 million in 2Q22,** increasing 26% compared to 2Q21, mainly driven by the higher gas consumption due to the higher generation of the quarter. **In cumulative terms**, raw materials and consumables used costs reached **US$53.6 million**, increasing 36% compared to Jun21, mainly driven by the same reasons that explain variations in quarterly terms.

- **Fenix's EBITDA reached US$21.7 million in 2Q22,** increasing 50% compared to the US$14.5 million EBITDA recorded in 2Q21, mainly due to the higher operating income of the quarter previously mentioned. This effect was partially offset by the higher raw materials and consumables used, previously explained. **In cumulative terms**, EBITDA amounted to **US$46.6 million**, increasing 49% compared to Jun21, mainly driven by the same reason that explain variations in quarterly terms.

3.3. Consolidated Non-Operating Results Analysis (Chile and Peru)

Table 7 shows a summary of the Consolidated Non-Operating Result (Chile and Peru) in 2Q21 and 2Q22 and cumulative as of Jun21 and Jun22. Subsequently, the main accounts and/or variations will be analyzed.

Table 7: Consolidated Non-Operating Result (US$ million)

Accumulated Figures			Quarterly Figures		Var %	Var %
Jun-21	Jun-22		2Q21	2Q22	Ac/Ac	Q/Q
2.4	6.8	Financial Income	1.1	4.2	179%	276%
(43.6)	(41.5)	Financial Expenses	(21.4)	(20.6)	(5%)	(4%)
(2.1)	(9.5)	Exchange rate Differences	0.7	(11.0)	-	-
3.3	5.2	Profit (Loss) of Companies Accounted for Using the Equity Method	2.0	2.6	57%	34%
(44.2)	(32.3)	Other Profit (Loss)	(22.7)	(16.1)	(27%)	(29%)
(84.2)	**(71.4)**	**NON-OPERATING INCOME**	**(40.3)**	**(40.9)**	**(15%)**	**1%**
92.3	**119.0**	**PRE-TAX PROFIT (LOSS)**	**54.3**	**56.7**	**29%**	**5%**
(100.7)	(25.4)	Income Tax Expense	(21.4)	(19.0)	(75%)	(11%)
(8.3)	**93.6**	**AFTER TAX PROFIT (LOSS)**	**32.9**	**37.7**	**-**	**15%**
(3.8)	**86.5**	**PROFIT (LOSS) OF CONTROLLER**	**35.1**	**38.8**	**-**	**11%**
(4.5)	**7.1**	**PROFIT (LOSS) ATTRIBUTABLE TO MINORITY INTEREST**	**(2.2)**	**(1.1)**	**-**	**(49%)**

- **Non-Operating Result** in 2Q22 recorded losses of **US$40.9 million**, in line with losses of US$40.3 million in 2Q21. **In cumulative terms**, the non-operating result as of Jun22 reached losses for **US$71.4 million**, compared to losses of US$84.2 million as of Jun21. The lower loss is mainly explained by (1) the lower "Other losses" recorded during the period, given the lower sales of accounts receivable associated with PEC mechanism.

- In 2Q22, a **tax expense** of **US$19.0 million** was recorded, compared to a US$21.4 million tax expense in 2Q21. The decrease is mainly explained by (1) the appreciation of the Peruvian Sol during 2Q22 and its impact on deferred taxes, given that Fenix's tax accounting is in Peruvian Soles, according to the tax legislation in Peru. **In cumulative terms**, as of Jun-22, a tax expense of **US$25.4 million** was recorded, compared to US$100.7 million as of Jun-21, mainly due to the recognition of a deferred tax of US$64.5 million during 1Q21, associated with the announcement of the sale of Colbún Transmission S.A.

- In 2Q22, the Company recorded a **profit** of **US$37.7 million**, compared to US$32.9 million profit presented in 2Q21, mainly due to the lower tax expense mentioned above. **In cumulative terms**, Colbún presented a profit of **US$93.6 million** as of Jun22, which compares with the US$8.3 million losses registered as of Jun21, mainly due to the recognition of a deferred tax of US$64.5 million in 2Q21, associated with the announcement of the sale of Colbún Transmission S.A and which corresponds to the tax applied to the difference between the book value and the tax value of said investment.

4. CONSOLIDATED BALANCE SHEET ANALYSIS

Table 8 shows an analysis of the Balance Sheet's relevant accounts as of Dec21 and Jun22. Subsequently, the main variations will be analyzed.

Tabla 8: **Consolidated Balance Sheet Main Accounts for Chile and Peru (US$ million)**

	Dec-21	Jun-22	Var	Var %
Current assets	1,766.4	1,529.3	(237.2)	(13%)
Non-current assets	4,836.1	4,855.6	19.5	0%
TOTAL ASSETS	**6,602.5**	**6,384.8**	**(217.7)**	**(3%)**
Current liabilities	679.0	433.8	(245.2)	(36%)
Non-current liabilities	3,082.1	3,079.2	(2.8)	(0%)
Total net equity	2,841.4	2,871.8	30.3	1%
TOTAL LIABILITIES AND NET EQUITY	**6,602.5**	**6,384.8**	**(217.7)**	**(3%)**

- **Current Assets:** Recorded US$1,529.3 million as of Jun22, decreasing 13% compared to current assets recorded as of Dec21, mainly due to a decrease in Cash and Financial Investments as a result of the prepayment of the Company's local bonds in Jan22, for US$181 million and dividend distribution in May22 for US$73 million.

- **Non-current Assets:** Recorded US$4,855.6 million as of Jun22, in line with the non-current assets recorded as of Dec21.

- **Current Liabilities:** Totaled US$433.8 million as of Jun22, decreasing 36% compared to the current liabilities recorded as of Dec21, mainly due to (1) the prepayment of the Company's local bonds in Jan22, for US$181 million and (2) income tax payment in Apr22.

- **Non-current Liabilities:** Reached US$3,079.2 million as of Jun22, in line compared to the non-current liabilities recorded as of Dec 21.

- **Total Net Equity:** The Company reached a net equity of US$2,871.8 million, increasing 1% compared to the net equity registered as of Dec21, mainly due to the profits recorded during the period. This effect was partially offset by dividends distribution during the period for US$73 million.

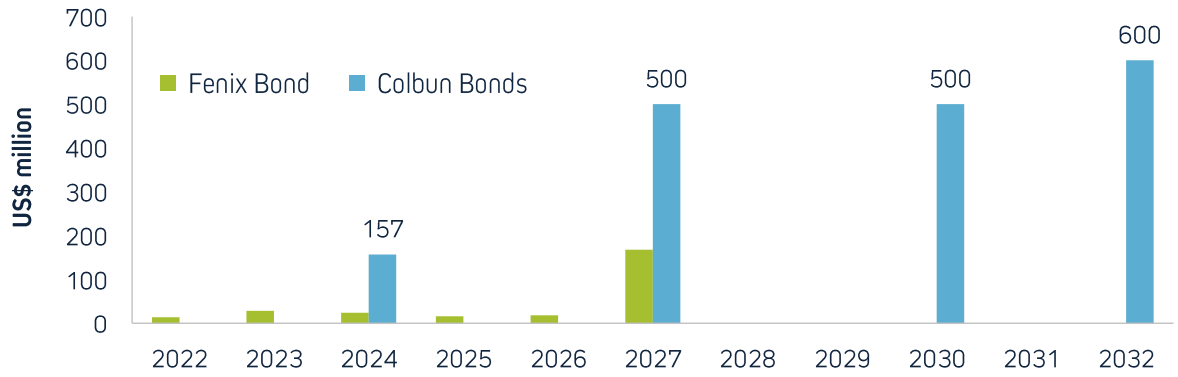
Tabla 9: **Main Debt Items (US$ million)**

	Dec-21	Jun-22	Var	Var %
Gross Financial Debt*	2,310.5	2,139.3	(171.1)	(7%)
Financial Investments**	1,419.2	989.8	(429.4)	(30%)
Net Debt	891.2	1,149.5	258.3	29%
EBITDA LTM	520.2	534.6	14.4	3%
Net Debt/EBITDA LTM	1.7	2.2	0.4	26%

(*) The amount includes debt associated to Fenix without recourse to Colbun: (1) an international bond with an outstanding capital of US$267.5 million, (2) a financial leasing for US$12.7 million associated with a transmission contract with Consorcio Transmantaro, (3) a US$105.8 million financial leasing associated with a gas distribution contract with Calidda, and (4) credit lines for US$25 million.
(**) The account "Financial Investments" presented includes: (1) the amount associated to time deposits that, for having an investment term of more than 90 days, are recorded as "Other Current Financial Assets" in the Financial Statements; y (2) an investment in a fixed-income portfolio, which, for having an investment term of more than 1 year, is recorded as "Other Non-Current Financial Assets" in the Financial Statements.

Tabla 10: **Long Term Financial Debt**

Average Life	6.7 years
Average Interest Rate	3.6% (100% fixed rate)
Currency	100% USD



5. CONSOLIDATED FINANCIAL RATIOS

A comparative table of consolidated financial indicators as of Dec21 and Jun22 is presented below. Balance Sheet financial indicators are calculated at the specified date and Income Statement ratios include the accumulated result over the last 12 months as of the indicated date.

Table 11: Financial Ratios

Ratio	Dec-21	Jun-22	Var %
Current Liquidity: Current Assets in operation / Current Liabilities in operation	2.60	3.53	35%
Acid Test: (Current Assets - Inventory - Advanced Payments) / Current Liabilities in operation	2.55	3.34	31%
Debt Ratio: (Current Liabilities in Operation + Non-current Liabilities) / Total Net Equity	1.32	1.22	-8%
Short-term Debt (%): Current Liabilities in operation / (Current Liabilities in operation + Non-current Liabilities)	18.05%	12.35%	-32%
Long-term Debt (%): Non-current Liabilities in operation / (Current Liabilities in Operation + Non-current Liabilities)	81.95%	87.65%	7%
Financial Expenses Coverage: (Profit (Loss) Before Taxes + Financial Expenses) / Financial Expenses	10.56	11.11	5%
Equity Profitability (%): Profit (Loss) After Taxes. Continuing Activities / Average Net Equity	16.81%	22.48%	34%
Profitability of Assets (%): Profit (Loss) Controller / Total Average Assets	8.24%	9.79%	19%
Performance of Operating Assets (%) Operating Income / Property, Plant and Equipment, Net (Average)	6.54%	7.24%	11%

Income Statement ratios correspond to last 12 months values.

- Average Net Equity: Equity of the current quarter plus equity one year ago divided by two.
- Total Average Total Asset: Current total assets plus total assets one year ago divided by two.
- Average Operational Asset: Current total property, plants and equipment plus total property, plants and equipment one year ago divided by two.

- **Current Liquidity** and **Acid Test Ratio** reached **3.53x** y **3.34x** as of Jun22, increasing 35% and 31% respectively compared to Dec21, mainly due to the decrease in current liabilities driven by income tax payment in Apr22.

- The **Indebtedness Ratio** recorded **1.22x** as of Jun22, decreasing 8% compared to the value of 1.32x as of Dic21, primarily due to the prepayment of the local bonds (Series F and I) previously mentioned.

- The percentage of **Short-Term Debt** as of Jun22 was **12.35%,** decreasing compared to the value of 18.05% as of Dec21, mainly due to the prepayment of the local bonds (Series F and I) previously mentioned, which as of Dec21 had been reclassified from non-current liabilities to current, after the prepayment announcement was made.

- The percentage of **Long-Term Debt** as of Jun22 was **87.65%,** increasing 5% compared to the value of 81.95% as of Dec21, mainly due to the prepayment of the local bonds (Series F and I) previously mentioned, which as of Dec21 had been reclassified from non-current liabilities to current, after the prepayment announcement was made.

- The **Financial Expenses Coverage** as of Jun22 reached **11.11x,** increasing 5% comparted to the value as of Dic21. The variation is explained by the higher profits recorded in the last 12 months.

- The **Equity Profitability** as of Jun22 was **22.48%,** increasing 33% compared to the value of 16.81% registered as of Dec21. The variation is mainly explained by the higher profits recorded in the last 12 months.

- **Asset Profitability** as of Jun22 was **9.79%,** increasing 19% compared to the value of 8.24% as of Dec21, mainly as a result of the higher profits registered in the last 12 months.

- The **Performance of Operating Assets** as of Jun22 was **7.24%,** increasing 11% compared to the value of 6.54% as of Dec21, mainly due to the lower operating income registered during the last 12 months.

6. CONSOLIDATED CASH FLOW ANALYSIS

The Company's Cash Flow changes are shown in the following table.

Table 12: Cash Flow Summary for Chile and Peru (US$ million)

Accumulated Figures			Quarterly Figures		Var %	Var %
Jun-21	Jun-22		2Q21	2Q22	Ac/Ac	Q/Q
967.4	1,419.2	Cash Equivalents, Beg. of Period*	1027.9	1,198.5	47%	17%
222.3	(8.7)	Net cash flows provided by (used in) operating activities	110.4	(65.0)	-	-
(323.2)	(324.1)	Net cash flows provided by (used in) financing activities	(285.7)	(87.1)	0%	(70%)
(76.4)	(89.4)	Net cash flows provided by (used in) investing activities**	(64.5)	(45.9)	17%	(29%)
(177.4)	(422.2)	Net Cash Flows for the Period	(239.9)	(198.0)	138%	(17%)
0.0	(7.1)	Effects of exchange rate changes on cash and cash equivalents	2.1	(10.6)	-	-
790.1	989.8	Cash Equivalents, End of Period	790.1	989.8	25%	25%

(*) The account "Cash and Cash Equivalents" presented includes: (1) the amount associated to time deposits that, for having an investment term of more than 90 days, are recorded as "Other Current Financial Assets" in the Financial Statements.; and (2) an investment in a fixed-income portfolio, which, for having an investment term of more than 1 year, is recorded as "Other Non-Current Financial Assets" in the Financial Statements.
(**) Cash Flow from Investing Activities" differs from the Financial Statements since it does not incorporate the amount associated with deposits with maturity over 90 days and the investment in a fixed income portfolio.

During 2Q22, the Company presented a **negative net cash flow of US$198.0 million,** compared to the negative net cash flow of US$239.9 million in 2Q21.

- **Operating Activities:** During 2Q22, a negative net flow of US$65.0 million was generated, which compares with the positive net flow of US$110.4 million in 2Q21, mainly explained by the tax income payment after Colbún Transmisión S.A sale and higher operating costs recorded during the quarter. In cumulative terms, a negative net flow of US$8.7 million was recorded, which compares to the positive net flow of US$222.3 million as of Jun21, mainly due to the same reasons which explain the variation in quarterly terms. Those effects were partially offset by higher operating income amounted during the period.

- **Financing Activities:** Recorded a negative net flow of US$87.1 million during 2Q22, which compares to a negative net flow of US$285.7 million in 2Q21, mainly explained by lower dividend distribution during the quarter. In 2Q21, US$246 million was distributed, while in 2Q22 US$72 million. In cumulative terms, a negative net flow of US$324.1 was recorded, which compares to US$76.6 million as of Jun21, given the lower dividend distribution and the prepayment of the Company's local bonds in Jan22, for US $181 million.

- **Investment Activities:** Recorded a negative net flow of US$45.9 million during 2Q22, compared to a negative net flow of US$65.4 million in 2Q21, mainly explained by lower disbursements associated to projects under construction, in 2Q21 disbursements related to Colbún Transmisión projects were recorded. In cumulative terms, a negative net flow of US$89.4 million was recorded, which compares to a negative net flow of US$76.4 million as of Jun21, mainly explained by higher disbursement associated to Horizonte project.

7. 7. ENVIRONMENT AND RISK ANALYSIS

Colbun S.A. is a power generation company whose installed capacity reaches 3,798 MW composed by 2,153 MW of thermal units, 1,627 MW of hydraulic units and 239 MW of the solar photovoltaic power plants. The Company operates in the National Electric System (SEN) in Chile, representing 15% of the market. It also operates in the National Interconnected Electric System (SEIN) in Peru, where it has approximately 7% of market share. Both participations measured in terms of generation.

Through its commercial policy, the Company seeks to be a competitive, safe and sustainable energy supplier with a volume to be committed through contracts that allow it to maximize the long-term profitability of its asset base, limiting the volatility of its results. These have structural variability, since they depend on exogenous conditions such as hydrology and fuel prices (oil, natural gas and coal). To relieve the effect of these exogenous conditions, the Company endeavors to contract in the long term its cost-effective generation sources (either own or acquired from third parties) and eventually, in case of deficit/surplus, it can buy/sell energy in the spot market at marginal cost.

7.1 Medium-term outlook in Chile

On June 22, the hydrological year Apr22-Mar23 accumulated higher rainfalls compared to an average year in the main SEN basins. Thus, the superavits/deficits were: Aconcagua: -77%; Maule: +16%; Laja: +10%; Biobío: +23%; and Chapo: -1%. Compared to 2021, the Aconcagua basin presented lower rainfalls by -16 same as Canutillar by 9%, on the other side, the basins of Maule, Biobío and Laja showed higher rainfall than the previous year by +214%, +71%, +15% respectively. In terms of inflow energy, as of June 2022 the current hydrological year carries a Probability of Exceedance of 89%.

Regarding gas supply, the Company has an agreement with Enap Refinerías S.A. ("ERSA"), that includes reserved regasification capacity and supply for 13 years, whose entry into force was January 1, 2018. With this contract the Company has natural gas supply to operate two combined cycle units during most of the first half part of each calendar year, period of the year which generally has less availability of water resources. Colbun has also the possibility of accessing additional natural gas via spot purchases, allowing the Company to have efficient backup in the case of unfavorable hydrological conditions in the second half of the year. Additionally, gas supply contracts have been signed with Argentine producers (Pampa Energía, Pan American Energy, Pluspetrol and Total Austral), to complement the supply of LNG as of October 2022. Considering these new contracts, Colbún has agreements from Argentina that total 3,000,000 m3 of gas per day, for the period of Oct22 to Apr23. During the winter period of 2022, May to September, Argentine natural gas has continued to be nominated and an average of 780,000 m3/day has been received in May and 570,000 m3/day in June.

During 2022, Colbún has continued participating in various supply bidding processes, favoring the renewal of current unregulated client's and the contracting of new clients for more than 5 years of supply.

This year contracts have been signed with 9 clients for 200 GWh/year. Among the main contracts signed, the contracting of the CCU Group.

The results of the Company for the coming months will be mainly determined by the ability to reach a balance between cost-efficient own generation and contracting level. Such efficient generation level depends on the hydrological conditions and the terms in which the purchase of natural gas is contracted if the extreme dry hydrological condition continues.

7.2 Medium-term outlook in Peru

During the first quarter of 2022, the SEIN registered a hydrological condition with a probability of exceedance of 34%, compared to 50% recorded during 2021.

In 2Q22, energy demand growth reached 2.0% compared to the same period of 2021, due to the electricity demand recovery. On the other hand, compared to the previous quarter, in 2Q22 the energy demand decreased by 0.9% due to the stoppage of important mining companies and lower GDP growth.

Marginal costs of the system increased after the entry into force of the new regulation that establishes that all the supply chain costs must be included to determine the variable costs of gas, that is, the cost of supply, transportation and distribution of gas, a scheme that became fully effective as of July 1, 2021. The average marginal cost of Santa Rosa during the 2Q22 reached US$26.9/MWh.

7.3 Growth plan and long-term actions

The Company seeks growth opportunities in Chile and in countries of the region, in order to maintain a relevant position in the power generation industry and to diversify its income sources in geographical terms, hydrological conditions, generation technologies, access to fuels and regulatory frameworks.

Colbun seeks to increase its installed capacity by maintaining a relevant participation in the hydraulic energy industry, with a complement of both efficient thermal energy and energy from other renewable sources that allows for a secure, competitive and sustainable generation matrix.

In Chile, Colbun has several potential projects currently in different stages of development, including wind, solar and hydroelectric projects.

Generation projects under development

Project	Installed Capacity	Technology	Location	State of Develop
Horizonte	812 MW	Wind	Antofagasta Region	Under Construction
Baterías Diego de Almagro	8 MW/ 32 MWh	Bateries	Atacama Region	Under Construction
Inti Pacha I,II&II	750 MW	Photovoltaic	Antofagasta Region	Environmentally Approved
Jardín Solar	537 MW	Photovoltaic	Tarapacá Regiion	Environmentally Approved
Los Junquillos	360 MW	Wind	Biobío Region	Preparing ES
Celda Solar	156 MW	Photovoltaic	Arica Region	Preparing ES

- **Horizonte Wind Farm (812 MW):** Horizonte is a wind farm located 130 km northeast of Taltal and 170 km southwest of Antofagasta. It considers a minimum installed capacity of 812 MW, increasing from the installed capacity previously reported, which is made up of 140 machines of 5,8 MW each and an average annual generation of approximately 2.490 GWh. It considers the connection to SEN in the future Parinas substation, located at 19kms from the project.

This project started in December 2017 with the award of a tender conducted by the Ministry of National Assets (MBN), for the development, construction and operation of a wind farm by a 30-year Onerous Use Concession Agreement, in a state property of about 8 thousand hectares.

On September 13th, 2021, the SEA issued the Environmental Qualification Resolution (RCA) for the project and on September 21st, at a meeting held in Taltal, the Board of Directors announced the approval for starting construction. On November 8, the beginning of the Construction Phase of the Project was declared before the Environment Superintendence.

The investment for this project will reach US$898 million. It is estimated that it will begin to inject energy into the system in 4Q23 and the entry into operation of the last wind turbines is projected towards 4Q24.

In the second quarter of 2022, a 18% advance was achieved, in line with budget. The delivery of the first stage of the camp was completed, the mobilization to the site of the Contractors Sigdo Koppers (Electric BoP) was concluded and the construction of platforms and foundations of the wind turbines by Strabag (BoP Civil) began. 36 anchoring systems for the tower arrived at the site, which will be installed in the foundations of the wind turbines from the third quarter of 2022.

- **Batteries - Diego de Almagro Proyect (8 MW/32 MWh):** The Project considers the installation of a battery pack with a capacity of 8 MW for 4 hours (32 MWh) in the installations of the Diego de Almagro photovoltaic park. The evacuation of energy will be through the existing infrastructure of the photovoltaic park. Total investment of the project reaches US$11 million.

The project is in the construction and assembly phase. During the next months most of the supplies are expected to arrive on the ground. As of September 2022, the commissioning process will begin.

- **Photovoltaic Solar Project Inti Pacha I, II and III (250 MW each):** This solar project is located approximately 75 km east of Tocopilla, in the María Elena commune, Antofagasta Region. It will use a total area of 736 hectares.

The Project considers the installation of a solar generation park in three phases, which has an installed capacity of close to 250 MW per phase and a total annual generation of approximately 2,000 GWh considering the three phases.

This project started with the award of 2 tenders for Onerous Use Concession Agreements conducted by the Ministry of National Assets.

The project obtained its environmental qualification resolution (RCA) in 4Q20.

The transit easement contracts for the access road were signed in 1Q22. The easement contract for the line is awaiting the resolution of the Ministry of National Assets that authorizes its signing.

For the connection authorization to the S/S Crucero, the pre-operational studies were submitted to the Coordinator. The final authorization report is expected by the end of 2022

- **Photovoltaic Solar Project Jardín Solar (537 MW):** The project considers the installation of a solar power plant with an installed capacity of close to 537 MW that will be built in 2 stages of 263 MW and 274 MW each. It has an annual average generation of approximately 1,500 GWh. This solar project is located approximately 8 km south-east of Pozo Almonte locality, in the commune of Pozo Almonte in the Tarapacá Region, and will use a total area of approximately 1,000 hectares. The generated energy will be injected into the Interconnected system through a transmission line which begins in the substation associated with the park, and has an approximate length of 3 km, connecting to the new Pozo Almonte substation located 2.5 km northeast of the intersection of the highway to La Tirana with the Pan-American highway.

During the third quarter of 2021, the environmental certification resolution (RCA) was obtained.

During the first quarter of 2022, the project remains without additional news.

- **Los Junquillos Wind Project (360 MW):** Los Junquillos project is a wind farm located 15 km northwest of the city of Mulchén, in the commune of Mulchén in the Biobío Region. It has an installed capacity of 265 MW and an average annual generation of approximately 1,030 GWh.

The generated energy will be injected into the Interconnected System through 12 km transmission line to Mulchén substation.

It is expected to enter the processing of the Environmental Impact Study in August 2022.

- **Celda Solar Photovoltaic Project (156 MW +90 MW of storage):** The project considers the installation of a solar power generation park that has an installed capacity close to 156 MW and an average annual generation of approximately 428 GWh. This solar park is located approximately 76 km south of Arica, in the Camarones commune in the Arica and Parinacota Region, and uses a total area of approximately 960 ha.

The energy generated will be injected into the Interconnected System through an electrical transmission line, which begins at the S/E associated with the park, and has an approximate length of 5 km, connecting to the new Roncacho substation.

During the second quarter, work was done on the review of the final version of the Environmental Impact Study, prior to its entry for processing.

Meetings were also held to socialize the project with the Mayor of Arica, the Mayor of Camarones, the Environmental Assessment Service, the Regional Agricultural and Livestock Service, the Regional Ministerial Secretary for the Environment, the ROC NGO, and residents of the Chaca Valley.

The preparation of the EIA was concluded, for a 420 MW PF project and a 240 MW BESS of 5 hours duration, which is expected to be processed in August 2022.

- **Sol de Tarapacá Photovoltaic Project (180 MW):** The project considers the installation of a solar power plant with an installed capacity of approximately 180 MW. The project is located in the Tarapacá Region, municipality of Pozo Almonte, approximately five kilometers southwest of La Tirana, and has a total area of approximately 423 ha.

This project is in the portfolio; however, its development has been deferred to give priority to other projects.

- **Other renewable energy projects from variable sources:** At 2Q22 closing, Colbun continues making progress in the pipeline of options for wind and solar projects, which are in early stages of development. These projects are highly competitive, locations have been chosen with the best energy resources, they have high socio-environmental feasibility, near to transmission lines and are distributed throughout the country.

These projects represent advance to fulfill our goal, of building about 4,000 MW in renewable energy before the end of 2030.

- **San Pedro Hydroelectric Project (170 MW):** The project is located 25 km northeast of Los Lagos, Los Ríos Region, and considers using the water of the homonymous river through a 12 km reservoir power plant located between the outlet of the Riñihue Lake and the Malihue Bridge. Considering the adjustments included in the project, it will have an approximate installed capacity of 170 MW for an annual generation of 953 GWh under normal hydrological conditions.

In December 2018, the Environmental Impact Study was re-entered for project adjustments. At the end of April 2019, the environmental authority issued the first Environmental and Citizen ICSARA, and on November 4, 2020, ADDENDUM N°1 was entered with their respective responses. A second citizen participation process is being carried out until the end of October 2022.

7.4 Risk Management

A. Risk Management Policy

The risk management strategy is oriented to safeguard the Company's stability and sustainability, identifying and managing the uncertainty sources that affect or might affect it.

Global risks management undertake the identification, measurement, analysis, mitigation and control of the different risks arising from the Company's different management departments, as well as estimating the impact on its consolidated position,

follow up and control throughout time. This process involves the intervention of the Company's senior management and risk-taking areas.

Tolerable risk limits, metrics for risk measurement and periodicity of risk analysis are policies established by the Company's Board of Directors.

The risk management function is the CEO's responsibility as well as of each division and department of the Company and has the support of the Risk Management and the supervision, monitoring and coordination of the Risk and Sustainability Committee.

B. Risk Factors

The activities of the Company are exposed to various risks, which have been classified into electrical business risks and financial risks.

B.1. Electrical Business Risks

B.1.1. Hydrological risk

In dry hydrologic conditions, Colbun must operate its combined thermal cycle plants mainly with natural gas purchases or with diesel, or by default operating its back-up thermal plants or even buying energy on the spot market, to comply with its commitments. This situation could raise Colbun's costs, increasing results variability depending on the hydrological conditions.

The Company's exposure to hydrological risk is reasonably mitigated by a commercial policy that aims to maintain a balance between competitive base load generation (hydro generation in a medium to dry year and cost-efficient thermal generation with coal and natural gas, and other renewables cost-efficient generation properly complemented by other sources of generation given their intermittency and volatility) and commercial commitments. Under conditions of extreme and recurrent drought, a potential shortage of water for refrigeration could affect the generation capacity of the combined cycles. Colbun owns a Reverse Osmosis Plant that allows to reduce by up to 50% the water used in the cooling process of the combined cycles of the Nehuenco Complex.

In Peru, Colbun owns a combined-cycle power plant and has a commercial policy oriented towards committing such base energy through medium and long-term contracts. The exposure to dry seasons is restricted, since operations would only be impacted in the event of potential operational failures that would require the Company to resort to the spot market. Additionally, the Peruvian electrical market presents an efficient thermal supply and availability of natural gas from local sources that backs it up.

B.1.2. Fuel price risk

In Chile, in situations of low inflows to the hydraulic plants, Colbún must make use mainly of its thermal plants or purchase energy in the spot market at marginal cost. The foregoing generates a risk due to variations in international fuel prices. To mitigate the impact of very important and unforeseen variations in fuel prices, hedging programs are carried out with various derivative instruments, such as call options and put options, among others. Otherwise, in the face of abundant hydrology, the Company could find itself in a surplus position in the spot market, the price of which would be, in part, determined by the price of fuel.

In Peru, the cost of natural gas has a lower dependence to international prices, due to an important domestic production of this hydrocarbon, limiting the exposure to this risk. As in Chile, the proportion exposed to variations in international prices is mitigated by indexation formulas in its energy sales contracts.

Due to all the above, exposure to the risk of changes in fuel prices is partly mitigated.

B.1.3. Fuel supply risks

Regarding gas supply in Chile, the Company has an agreement with Enap Refinerías S.A. ("ERSA"), that includes reserved regasification capacity and supply for 13 years, whose entry into force was January 1, 2018. With this contract the Company has natural gas supply to operate two combined cycle units during most of the first half part of each calendar year, period of the year which generally has less availability of water resources. Colbun has also the possibility of accessing additional natural gas via spot purchases, allowing the Company to have efficient backup in the case of unfavorable hydrological conditions in the second half of the year. Additionally, gas supply agreements with Argentine producers (Pampa Energía, Pan American Energy, Pluspetrol and Total Austral) have been signed to complement the supply of liquified natural gas. These contracts consider the import of 3,000,000 m3 of gas per day for the period of Oct22 to Abr23.

On its part, in Peru, Fenix has long-term contracts with the ECL88 Consortium (Pluspetrol, Pluspetrol Camisea, Hunt, SK, Sonatrach, Tecpetrol and Repsol) and gas transportation agreements with TGP.

Regarding coal purchases for Santa María power plant, new tenders have been periodically undertaken (the last in July 2022), inviting important international suppliers to bid, awarding the supply contract to well supported and competitive companies. The above following an early purchase policy and an inventory management policy in order to substantially mitigate the risk of not having access to this fuel.

B.1.4. Equipment failure and maintenance risks

The availability and reliability of Colbún's generating units and transmission facilities are essential to the Company's business. Based on the above, Colbún holds a policy of conducting regular maintenances, preventive and predictive maintenance on its equipment according to the recommendations of its suppliers and maintains a policy to cover such risks through insurances for its physical assets, including coverage for physical damage and stoppage damage.

B.1.5. Project construction risks

The development of new projects can be affected by factors such as: delays in obtaining environmental approvals, regulatory framework changes, prosecutions, increase in equipment prices, opposition from local and international stakeholders, adverse geographical conditions, natural disasters, accidents or other unforeseen events.

The Company's exposure to such risks is managed through a commercial policy that considers the effects of potential project delays. Alternatively, clearance levels with respect to time and construction costs estimates are incorporated. Additionally, the Company's exposure to this risk is partially covered with "All Construction Risk" insurance policies covering both physical damage and loss of profit as a result of delay in service resulting from a casualty, both with standard deductibles for this type of insurances.

The companies in the sector face a very challenging electricity market, with lots of activity from different interest groups, mainly from local communities and NGOs, which are legitimately looking for more participation and prominence. As part of this complexity, the environmental processing times have become more uncertain, which occasionally are also followed by long prosecuting processes. This has resulted in less construction of significant size projects.

Colbun also has the policy to integrate with excellence the social and environmental dimensions to the development of its projects. The Company has developed a model of social link that allows it to work with neighboring communities and with the society in general, starting a transparent process of public participation and confidence building in the early stages of projects and throughout their entire life cycle.

B.1.6. Regulatory risks

Regulatory stability is essential for the energy sector, where investment projects require substantial time in terms of obtaining permits, development, execution and return on investment. Colbún believes that regulatory changes should be made considering the complexities of the electrical system and maintaining the appropriate incentives for investment. It is important to have a regulation with clear and transparent rules in order to boost confidence of the agents in the sector.

Chile

In the context of the constitutional process originated from the commitment called "Agreement for Peace and the New Constitution" ("Acuerdo por la Paz y la Nueva Constitución"), and the subsequent approval by plebiscite of the drafting of a new Constitution, the Constitutional Convention must draft and approve a text proposal for a new Constitution within a maximum period of nine months, vaunted from its installation (July 4th, 2021). This period can be extended for three additional months, but only once. The Constitutional process, which culminates in the submission of the constitutional text to a new plebiscite scheduled for September 4th, 2022, may result in changes to the institutional framework applicable to business activity in the country.

On June 13, 2022, Law No. 21,445, Framework Law on Climate Change, entered into force, which aims to face the challenges presented by climate change, move towards a development low in greenhouse gas emissions and other forcing climates, until reaching and maintaining the neutrality of greenhouse gas emissions by the year 2050. The Ministry of the Environment will develop and manage Climate Change Management instruments, in addition to standards, for which certificates that certify the reduction or absorption of greenhouse gas emissions (carbon bonds). The law also provides for the preparation of sectoral budgets and a Strategic Plan for Water Resources for each basin in the country.

In 2019, Law 21,185 was enacted, which created a temporary energy price stabilization mechanism for customers subject to price fixing. Said mechanism considered an amount of debt equivalent to US$1,350 million that would be fully assumed by the generation companies, and that would later be paid once the average price of the contracts began to decrease. The considerations used for the design of the mechanism did not foresee the health situation that the world would experience with the COVID-19 pandemic, and the different impacts that it would have on the international and national economy. The estimates of the exchange rate and fuel prices were found to be well below reality, and therefore the limit of the fund was reached during the first half of 2022. The mechanism considered that, if the limit of the fund was reached, rates would be readjusted so as not to increase the balance, and according to estimates by the National Energy Commission, this increase corresponded to approximately 50% in the final customer's rate. Consequently, on May 16, 2022, the executive introduced a bill that aimed to contain the rise and create a new long-term mechanism to stabilize the price of energy for regulated customers but considering a certain targeting among customers. After almost two months of discussion in both the Chamber of Deputies and the Senate, the project was approved with various modifications on July 13, 2022.

The main characteristics of the project are:

- Creates a rate stabilization fund of US$500 million managed by the Republic General Treasury, which will be financed by end customers through an additional public service charge that will have differentiated ranges by level of power consumption. The objective of the fund will be the stabilization of the energy tariff of regulated clients. This fund will have a validity that may not exceed December 31, 2032.
- Commits fiscal resources with a limit of US$1,800 million for the payment of the differences that occur between the billing of the distribution companies to the final customers and the amount that corresponds to pay for the power supply to the generation companies. Said differences may be collected by the suppliers through a transferable credit instrument, issued by the Ministry of Finance, and which considers the financial costs and has a State guarantee. Said documents will establish the date of restitution of the amount owed, which may not be later than December 31, 2032.

The project is currently awaiting the publication of the decree.

Within the framework of the health crisis that is affecting the country as a result of the COVID-19 pandemic, on January 5, 2021, Law No. 21,301 was enacted, which extended the effects of Law No. 21,249, which contemplates exceptional measures in favor of end users of sanitary services, power and gas network that establishes the prohibition of the cut for non-payment of basic services and allows apportioning delinquent debts. Then, through extensions, this initiative extended the term of benefits to end users (no cutoff of supply due to default and the accumulation of debts with distribution companies) until December 31, 2021. In view of the debt problem that has been accumulating among users of basic services, in January 2022 Congress approved a bill introduced by the Executive that regulates the apportionment and payment of debts for basic services,

establishes subsidies for vulnerable clients, extends the deadline for avail themselves of the benefits of the Law and regulates the debt contracted.

Also, in the Senate a bill that aims to advance the phasing out of coal-fired plants is being processed. This bill, initiated by parliamentary motion, seeks to prohibit the installation and operation of coal-fired thermoelectric generation plants throughout the national territory from January 1, 2026 onwards. Currently, this initiative is being reviewed by the Senate's Mining and Energy Commission, which has received various guests to present their assessments. It is important to recall that in 2019 the generators signed a voluntary agreement with the government by means of which they committed not to build new coal-fired plants and the progressive closure of the coal-fired plants was agreed until 2040, along with reviews every 5 years in conjunction with the regulator.

At the same time, within the framework of this discussion, a bill that prohibits injecting energy from fossil sources into the National Electric System from January 1, 2030 was submitted for processing via motion in the Senate. After being approved by the Commission of Mining and Energy of the Senate this initiative was approved in general (idea to legislate) in the Senate Chamber, setting a deadline to present indications on April 14, 2022.

In addition, a parliamentary motion was introduced in the Chamber of Deputies that regulates the construction, installation and operation, its environmental impact and the control of Wind Turbine Complexes. The Bill, which establishes requirements in the design of projects, defines compensation for the surrounding communities and includes a modification to the law on general environmental bases, is not urgent and the Chamber agreed that it be known by the Commission of Environment and then by the Mining and Energy Commission of the Chamber. So far there has been no major progress in this discussion.

Additionally, on July 15, 2020, a motion was submitted to the Senate that expands the definition of Environmental Protection in Law No. 19,300 on General Bases of the Environment and adds a subsection that establishes that any project or activity likely to cause environmental impact will require for its approval and/or execution, the resolution that qualifies it environmentally. This is complemented by the incorporation of a transitory article that establishes that projects or activities that do not currently have an Environmental Qualification Resolution will have a fatal term of 12 months to obtain it, from the publication of this modification. The processing of the project was resumed in December 2021 and is currently extremely urgent and must be reviewed in the Senate by the Environment and National Assets and Mining and Energy Commissions.

Likewise, a motion was submitted to the Chamber of Deputies on June 29, 2022 that modifies Law 19,300 and aims to regulate the process of social, environmental, energy and economic transition within the framework of the commitments and needs to reduce GHG emissions, protection of sinkholes and ecosystems. The project defines the concept of just socio-ecological transition in addition to establishing seven principles, which will guide said process. In addition, it establishes that the State may approach production and consumption cycles holistically, considering communities and nature, in order to move towards a declining, decarbonized, waste-free economy that promotes nature-based solutions. The project is currently without urgency and must be reviewed by the Environment and Natural Resources Commission.

In December 2021, the previous Government submitted the following 3 bills to the Chamber of Deputies:

- Promotion of Storage and Electromobility

  It seeks to enable a greater participation of renewable energies in the power matrix by promoting storage technologies, for which it allows "pure" or "isolated" storage systems, that is, those that are not part of a power plant, being remunerated for the power and capacity injected into the system, allowing them to participate in the balance of economic transfers in the short-term wholesale market. In addition, the project enables the efficient connection of "generation - consumption" systems, which have their own generation capacity with renewable energies and seeks to encourage the sale of electric vehicles, equating the value of their circulation permits to that of internal combustion cars and enabling them to participate in the electricity market as storage systems.

This initiative was approved in general and in particular by the Chamber of Deputies and passed to the Senate for its second constitutional procedure. It will be reviewed by the Senate's Mining and Energy Committee and Finance Committee.

- Promotion of the participation of Renewable Energies in the power matrix

It seeks to accelerate the incorporation of renewable energies in the matrix, for which it considers:

a) To increase the large-scale goals of renewable generation, forcing generating companies to trade at least 40% of VREs by 2030 and, in addition, to trade at least 30% of VREs by 2030 in each time block within the day, promoting the management of energy from variable sources through storage systems.
b) To establish a traceability system for the renewable nature of the energy that is traded, for which it obliges the National Electrical Coordinator to have information systems for monitoring and registering the traceability of the power market.
c) To recognize the benefit of distributed generation in transmission savings due to the reduction of network losses and lower infrastructure needs, so that users of these systems receive a discount on their transmission charges. In addition, it establishes that it is no longer the responsibility of the infrastructure owners to pay for the additional connection works, since said costs will be charged.

This initiative is in its first constitutional process in the Chamber of Deputies and will be reviewed by the Mining and Energy Commission and by the Finance Commission of the Chamber.

- Promotion of the production and use of Green Hydrogen

It seeks to promote the national green hydrogen market by establishing hydrogen mixtures in the Natural Gas concession networks and enabling the National Oil Company (ENAP) to participate in the development and marketing of H2V and its derivatives. Starting in 2030, network gas distributors are required to annually distribute a percentage of green hydrogen with respect to the total volume distributed, which will be calculated every 6 years by the CNE, following feasibility reports from the SEC. The Coordinator must verify that the green hydrogen originates from generated or contracted renewable energies.

This initiative is in its first constitutional process in the Chamber of Deputies and will be reviewed by the Mining and Energy Commission and by the Chamber's Finance Commission.

On the other hand, the government continues to promote the following regulatory changes, which depending on the way these changes are implemented, could represent opportunities or risks for the Company:

(i) The "Modernization of the Distribution segment", which seeks to update the regulation of the distribution sector regulation to better address the technological and market advances that have occurred and are foreseen for the future, encourage investment and improve the quality of service to end users. In the context of the modernization and comprehensive reform of this segment, the Executive submitted to the Chamber of Deputies the Bill that establishes the right to electrical portability, creating the figure of trader as a new market agent, in addition to consider the modernization of the supply bidding mechanism and the introduction of the information manager role to reduce information asymmetries and protect customer's consumption data.

This bill corresponds to the first of three initiatives in which the Executive subdivided the Long Distribution Law. The other two bills, which have not yet entered the Congress, correspond to:

a. Quality of Service, which seeks to improve the efficient pricing scheme, define a long-term strategic quality of service plan and establish compensations to clients for excessive long interruptions; and
b. Distributed Generation, which purpose is to promote distributed generation, define new actors and enable pilot projects with a coordinated expansion of distribution and transmission networks.

(ii) The "Flexibility Strategy", which aims to address the systemic and market consequences that will arise due to the increasing incorporation of variable renewable energy. The Strategy defined by the Ministry of Energy considers three axes or pillars: (a) Market design for the development of a Flexible System, (b) Regulatory framework for Storage Systems, and (c) Flexible operation of the system.

Within the framework of this Strategy, normative modifications are being developed at the regulatory and technical standards level, among which the process of elaboration of a new Regulation of Power Transfers that seeks to enhance the remuneration mechanism of sufficiency and introduce signals of long-term market that encourage investment in technologies that provide flexibility to the electrical system. The final proposal for this new regulation was submitted to Public Consultation in September 2021. Subsequently, in February 2022, the final version of the regulation that considered the observations of the Consultation process entered the Comptroller's Office for review. The new regulation considers modifications such as the redefinition of the peak hours of the system, the use of a probabilistic methodology for the recognition of power, the incorporation of a cost-efficiency signal within the recognition of power, the modification to the margin of theoretical power reserve, a transitory regime for its application, among others.

After 11 years of processing, the bill that reforms the Water Code, initiated in March 2011 and approved by the National Congress in January 2022, was enacted in March 2022. In the text, it can be highlighted the establishment of the temporary nature for the granting of the new water rights and the prioritization of human consumption, subsistence, and sanitation over other uses, the total or partial extinction of the rights for various reasons, mainly due to non-use of the same, the setting of a flow retroactive ecological for some rights already granted, particularly those existing in areas declared under official protection of biodiversity, among others.

The new Water Code also contemplates that each of the 101 basins in the country must have a public Strategic Plan for Water Resources aimed at promoting water security in the context of the restrictions associated with climate change.

In August 2021, a "Preventive" Rationing Decree (DS No. 51/2021) was published by the Ministry of Energy that establishes a series of preventive measures to avoid electricity rationing, which were originally in force until March 31, 2021. 2022, in order to "avoid, manage, reduce or overcome the generation deficits that may occur in the National Electric System, thereby preserving security." This Decree considered initiatives applicable to generation, transmission and distribution, in addition to other actions applicable to demand.

In this context, in February 2022 the Ministry of Energy, through the Decree N°1/2022, modified the "Preventive" Rationing Decree to extend its validity period until September 30th, 2022 and establish new measures that seek to implement a new acquisition scheme and special remuneration for the purchase of safety diesel, in order to ensure supply and reduce generation risk. In this scheme, it is considered that the exceptional requirements that are established will be remunerated in proportion to the withdrawals made by the generators in the system. Additionally, the new Decree establishes new rules for the recognition of power of thermoelectric plants that use diesel fuel and natural gas for their operation.

Subsequently, in March 2022, the Ministry of Energy issued Supreme Decree N°29, which again modifies the "Preventive" Rationing Decree, indicating that the Coordinator must coordinate the reservoir hydroelectric plants to guarantee a water reserve of 650 GWh, considering restrictions technical and operational. In addition, it enabled the National Electrical Coordinator to adjust the values of security diesel upwards and downwards.

Perú

On February 26th, 2022, Law N°31429 was published in the official Journal El Peruano, which modifies Law N° 27510, Law that creates the Electricity Social Compensation Fund (hereinafter, “FOSE Law”). These modifications will be applicable as of the tariff schedule for the month of January 2023 and have a special impact on unregulated clients of the power sector, since these have been included as subjects that will be affected by the FOSE surcharge. Before the approved modifications, unregulated clients were already making monthly contributions to finance the Energy Social Inclusion Fund (FISE), a support program to expand the energy frontier in vulnerable segments of the population. Consequently, the inclusion of unregulated

users as subjects affected by the FOSE surcharge would mean that they make a double contribution to finance the same purpose, that is, offset the residential electricity rate.

Through Ministerial Resolution No. 227-2022-MINEM dated June 24, 2022, the Ministry of Energy and Mines ("MINEM") ordered the publication of the proposed legislative initiative "Law that modifies Law 28832, Law to ensure the efficient development of Electricity Generation" Along with its explanatory statement, in order to receive contributions and/or comments from interested parties and citizens, within a period of 30 calendar days. As indicated in the Bill, its purpose is to guarantee the safe, reliable and efficient supply of electricity, and to promote the diversification of the energy matrix.

B.1.7. Risk of change in demand/supply and selling price of electricity

The projection of future energy consumption is very relevant for the determination of its market price.

In Chile, a lower growth in demand, a decrease in fuel prices and an increase in the inflow of solar and wind renewables energy projects led to a decrease in the short-term price of energy (marginal cost) in the last years.

Regarding long-term values, the bidding process for the supply of regulated customers concluded in August 2016, October 2017 and August 2021 resulted in a significant drop in the bid and awarded prices, reflecting the greater competitiveness in the market and the impact of the emergence of new technologies - solar and wind fundamentally - with a significant reduction of costs due to its massification.

Additionally, given the price difference between regulated and unregulated clients, a portion of regulated clients have chosen a non-regulated regime. This can occur because the electricity legislation allows clients with connected capacity between 500 kW and 5,000 kW to choose to be categorized as regulated or unregulated customers. Colbun has one of the most efficient generation matrixes in the Chilean system, thus we have the ability to offer competitive conditions and costs to customers who require it.

In Peru, there is also a scenario of a temporary imbalance between supply and demand, mainly due to the increase of efficient supply (hydroelectric and natural gas plants).

The growth that has been observed in the Chilean (and potentially in the Peruvian) market of variable renewable energy sources such as solar and wind may generate integration costs and therefore affect the operating conditions of the rest of the electrical system especially in the absence of a market for ancillary services that adequately remunerates the services necessary to manage the variability of such generation sources.

Energy demand in Chile increased 4.1% during 2Q22 compared to 2Q21, while in Peru, there was an increase of 2.6% compared to 2Q21.

Additionally, the complex world economic outlook might lead to a contraction of the Chilean and Peruvian economies, which will probably affect future energy demand.

B.2 Financial risks

Financial risks are those associated with the inability to perform transactions or non-compliance of obligations due to lack of funds, as well as variations in interest rates, exchanges rates, counterparty financial stress or other financial market variables that may affect Colbun' s equity.

B.2.1 Exchange rate risk

The exchange rate risk is mainly caused by currency fluctuations that come from two sources. The first source of exposure comes from cash flows corresponding to revenues, costs and disbursements of investments denominated in currencies other than the functional currency (U.S. dollar).

The second source of risk corresponds to the accounting mismatch between assets and liabilities of the Statement of Financial Position denominated in currencies other than the functional currency.

Exposure to cash flows in currencies other than USD is limited because virtually all sales of the Company are denominated directly in or indexed to USD.

Similarly, the main costs are related to natural gas and coal purchases, which incorporate pricing formulas based on international prices denominated in USD.

Regarding investment projects disbursements, the Company incorporates indexers in its contracts with suppliers and occasionally resorts to the use of derivatives to fix the expenses in currencies other than USD.

Exposure to the Balance Sheet accounts mismatch is mitigated by applying a policy of maximum mismatch between assets and liabilities for those structural items denominated in currencies other than USD. For purposes of the above, Colbun maintains a significant proportion of its cash surpluses in dollars and occasionally resorts to the use of derivatives, mainly using currency swaps and forwards.

B.2.2 Interest rate risk

Is related to changes in interest rates that affect the value of future cash flows tied to a floating interest rate, and changes in the fair value of assets and liabilities linked to fixed interest rate that are measured at fair value. In order to mitigate these risks, interest rate swaps are used.

As of June 2022, the Company's financial debt is 100% denominated in fixed rate.

B.2.3 Credit risk

The Company is exposed to the risk arising from the possibility that a counterpart fails to meet its contractual obligations, producing an economic or financial loss. Historically, all counterparties with which Colbun has maintained energy supply contracts have correctly made the corresponding payments.

In recent times, given that Colbun has expanded its presence in the medium and small unregulated clients segment, the Company has implemented new procedures and controls related to the risk assessment of this type of clients and collection monitoring. On a quarterly basis, un-collectability provisions are calculated based on risk analysis of each client considering the client's credit rating, payment behavior and industry, among other factors.

With respect to cash and derivatives statements, Colbun has entered into these transactions with financial institutions with high credit ratings. Additionally, the Company has established limits by counterparty, which are approved by the Board of Directors and periodically reviewed.

As of June 2022, cash surpluses are invested in interest-bearing current accounts, mutual funds (short-term mutual funds with maturities of less than 90 days, which are known as "money market") and in time deposits in local and international banks. Additionally, Colbun also holds investments in a fixed-income portfolio with a term of 2 to 3 years that is estimated to be held until maturity.

Information on contractual maturities of the main financial liabilities is disclosed in note 11.b of the Financial Statements.

B.2.4 Liquidity Risks

This risk results from different funding requirements to meet investment commitments and business expenses, debt payments, among others. The funds needed to meet these cash flow outputs are obtained from Colbun's own resources generated by the Company's ordinary activities and by contracting credit lines to ensure sufficient funds to cover projected needs for a given period.

As of June 30, 2022, Colbún has cash of approximately US$990 million, invested in remunerated current accounts, time Deposits and mutual funds with an average duration of 57 days (Deposits with a duration of less than and greater than 90 days

are included, the latter are recorded as "Other Current Financial Assets" in the Consolidated Financial Statements) and fixed income investments with a term of 2 to 3 years that is estimated to be held until maturity.

The Company also has as additional liquidity sources available to date: (i) three bond lines registered in the local market, two for a total joint amount of UF 7 million and another line for a total amount of UF 7 million, and (ii) uncommitted bank lines of approximately US$150 million. On its part, Fenix has uncommitted lines for a total of US$56 million.

In the next 12 months, the Company must disburse approximately US$105 million in interests and principal amortization. These obligations are expected to be funded with the Company's own cash flow generation.

As of June 30, 2022, Colbún has a local credit rating of AA by Fitch Ratings and Feller Rate, both with stable outlook. At international level, the Company's rating is Baa2 by Moody's, BBB by Standard & Poor's (S&P Global), and BBB+ by Fitch Ratings, all with stable outlook.

As of June 30, 2022, Fenix has international credit ratings of BBB- by S&P and Fitch Ratings, both with stable outlook.

Considering the foregoing, it is assessed that the Company's liquidity risk is currently limited.

Information on contractual maturities of the main financial liabilities is disclosed in note 23 of the Financial Statements.

B.2.5 Risk exposure measurement

The Company periodically analyzes and measures its exposure to the different risk variables, in accordance with the previous paragraphs. Risk management is performed by a Risk Committee with the support of the Corporate Risk Management and in coordination with other divisions of the Company.

Regarding business risks, specifically those related to changes in commodity prices, Colbun has implemented mitigation measures consistent of indexers in energy sale contracts and of hedges with derivative instruments to cover any possible remaining exposure. It is for this reason that a sensitivity analysis is not presented.

To mitigate the risk of failures in equipment or in the project's construction, the Company has insurance coverage for damage to its physical property, business interruption damages and loss of profit for the delay in the commissioning of a project. This risk is considered fairly limited.

Regarding financial risks, for purposes of measuring exposure, Colbun prepares a sensitivity analysis and value at risk in order to monitor potential losses assumed by the Company in the event that the exposure exists.

The exchange rate risk is considered to be limited, since the Company's main flows (revenues, costs and projects disbursements) are denominated directly in or indexed to USD.

Exposure to the mismatching of accounts is mitigated by applying a policy of maximum mismatch between assets and liabilities for those structural balance items denominated in currencies other than USD. Given the above, as of June 30, 2022, the Company's exposure to the impact of exchange differences on structural items translates into a potential effect of approximately US$6.2 million, in quarterly terms, based on a sensitivity analysis with 95% confidence.

There is no interest rates variation risk, since 100% of the financial debt is contracted at fixed rate.

Credit risk is limited because Colbun operates only with local and international banking counterparties with high credit ratings and has established policies of maximum exposure per counterparty that limits the specific concentration with these institutions. In the case of banks, local institutions have a local risk rating equal to or greater than BBB and foreign entities have an investment grade international rating.

At the end of the period, the financial institution that has the largest share of cash surpluses reached 15%. Regarding existing derivatives, the Company's international counterparts have a credit rating equivalent to BBB+ or higher and national counterparts have local credit rating of BBB+ or higher. It should be noted that no counterparty concentrates more than 58% in notional terms.

Liquidity risk is considered low because of the relevant cash position of the Company, the amount of financial obligations over the next twelve months and the access to additional sources of funding.

DISCLAIMER

This document provides Information about Colbún S.A. In no case this document constitutes a comprehensive analysis of the financial, production and commercial situation of the Company.

This document may contain forward-looking statements concerning Colbún's future performance and should be considered as good faith estimates by Colbún S.A.

In compliance with the applicable laws, Colbún S.A. publishes on its website (www.colbun.cl) and sends the financial statements and its corresponding notes to the Comisión para el Mercado Financiero, those documents should be read as a complement to this report.