



**Interim Consolidated Financial Statements**  
for the period ended September 30, 2020

**COLBÚN S.A. AND SUBSIDIARIES**  
Thousands of U.S. dollars

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This report contains the following:

- Interim Consolidated Financial Statements
- Notes to the Interim Consolidated Financial Statements

## Colbún S.A. and Subsidiaries

Interim Consolidated Classified Statements of Financial Position  
as of September 30, 2020 (unaudited) and December 31, 2019  
(In thousands of U.S. dollars)

ASSETS	Note N°	September 30, 2020 ThUS\$	December 31, 2019 ThUS\$
<b>Current assets</b>			
Cash and cash equivalents	8	753,015	326,886
Other financial assets, current	9	213,989	472,784
Other non-financial assets, current	21	9,899	20,683
Trade and other receivables, current	10	213,326	252,566
Receivables due from related parties, current	12.b	42	833
Inventories, current	13	34,019	48,559
Current tax assets	20.a	7,823	17,140
<b>Total current assets</b>		<b>1,232,113</b>	<b>1,139,451</b>
<b>Non-current assets</b>			
Other financial assets, non-current	9	83	1,918
Other non-financial assets, non-current	21	44,586	40,494
Trade and other receivables, non-current	10	94,304	28,923
Equity-accounted investees	16.a	25,195	24,718
Intangible assets other than goodwill	17	122,916	124,362
Goodwill	6	4,037	
Property, plant and equipment	18	5,053,485	5,171,850
Right-of-use assets	19	126,580	135,826
Deferred tax assets	22.b	28,341	37,808
<b>Total non-current assets</b>		<b>5,499,527</b>	<b>5,565,899</b>
<b>TOTAL ASSETS</b>		<b>6,731,640</b>	<b>6,705,350</b>

See the accompanying notes to the Interim Consolidated Financial Statements

**Colbun S.A. and Subsidiaries**  
**Interim Consolidated Classified Statements of Financial Position (continued)**  
**as of September 30, 2020 (unaudited) and December 31, 2019**  
**(In thousands of U.S. dollars)**

LIABILITIES AND EQUITY	Note N°	September 30, 2020 ThUS\$	December 31, 2019 ThUS\$
<b>Current liabilities</b>			
Other financial liabilities, current	23.a	101,519	72,292
Short-term lease liabilities	24	9,416	9,482
Trade and other payables	25	105,853	147,820
Payables due to related parties, current	12.b	24	5,936
Other current provisions	26	25,971	26,694
Current tax liabilities	20.b	194	32,146
Current provisions for employee benefits	27	18,597	19,832
Other non-financial liabilities, current	28	23,747	24,096
<b>Total current liabilities</b>		<b>285,321</b>	<b>338,298</b>
<b>Non-current liabilities</b>			
Other financial liabilities, non-current	23.a	1,563,510	1,464,336
Long-term lease liabilities	24	127,709	134,390
Trade and other payables, non-current	25	12,952	17,936
Other provisions, non-current	26	36,298	35,259
Deferred tax liabilities	22.b	922,002	922,963
Provisions for employee benefits, non-current	27	36,779	35,576
Other non-financial liabilities, non-current	28	20,822	20,957
<b>Total non-current liabilities</b>		<b>2,720,072</b>	<b>2,631,417</b>
<b>Total liabilities</b>		<b>3,005,393</b>	<b>2,969,715</b>
<b>Equity</b>			
Share capital	29.a	1,282,793	1,282,793
Retained earnings	29.f	1,488,930	1,458,332
Share premium	29.c	52,595	52,595
Other reserves	29.e	712,689	742,573
<b>Equity attributable to the shareholders of the Parent</b>		<b>3,537,007</b>	<b>3,536,293</b>
Non-controlling interests	-	189,240	199,342
<b>Total equity</b>		<b>3,726,247</b>	<b>3,735,635</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>6,731,640</b>	<b>6,705,350</b>

See the accompanying notes to the Interim Consolidated Financial Statements

**Colbún S.A. and Subsidiaries**  
**Interim Consolidated Statements of Comprehensive Income, by Nature**  
**for the periods ended September 30, 2020 and 2019 (unaudited)**  
**(In thousands of U.S. dollars)**

STATEMENTS OF COMPREHENSIVE INCOME BY NATURE	Note	January - September		July - September	
		2020	2019	2020	2019
	N°	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Revenue	7 y 30	1,013,127	1,135,317	344,002	361,712
Raw materials and consumables	31	(446,608)	(549,341)	(147,178)	(160,203)
Employee benefit expenses	32	(47,613)	(54,977)	(16,547)	(18,132)
Depreciation and amortization expenses	33	(183,659)	(189,846)	(62,102)	(63,854)
Other expenses, by nature	-	(16,309)	(16,859)	(5,291)	(4,661)
Other gains (losses)	37	(46,846)	(25,250)	(7,998)	(9,979)
<b>Income from operations</b>	-	<b>272,092</b>	<b>299,044</b>	<b>104,886</b>	<b>104,883</b>
Finance income	34	9,772	16,197	1,772	4,917
Finance costs	34	(68,152)	(68,520)	(22,934)	(22,900)
Share of profit of equity-accounted investees and joint ventures	16 y 36	6,670	7,089	2,184	2,181
Foreign currency translation differences	35	2,222	(5,630)		-
Resultados por unidades de reajuste	35	2,222	(5,630)	2,129	(7,752)
<b>Profit before income taxes</b>	-	<b>222,604</b>	<b>248,180</b>	<b>88,037</b>	<b>81,329</b>
Tax expense (benefit) from continuing operations	22.a	(70,270)	(65,698)	(25,830)	(26,636)
<b>Profit from continuing operations</b>		<b>152,334</b>	<b>182,482</b>	<b>62,207</b>	<b>54,693</b>
<b>NET PROFIT</b>		<b>152,334</b>	<b>182,482</b>	<b>62,207</b>	<b>54,693</b>
<b>Net profit attributable to</b>					
Shareholders of the Parent	29.h	162,436	184,807	64,606	59,087
Non-controlling interests	-	(10,102)	(2,325)	(2,399)	(4,394)
<b>PROFIT</b>		<b>152,334</b>	<b>182,482</b>	<b>62,207</b>	<b>54,693</b>
<b>Earnings per share</b>					
Basic earnings per share - Continuing operations <b>US\$/share</b>	29.h	0.00926	0.01054	0.00355	0.00312
<b>Basic earnings per share</b>		<b>0.00926</b>	<b>0.01054</b>	<b>0.00355</b>	<b>0.00312</b>
Diluted earnings per share - Continuing operations <b>US\$/ share</b>	29.h	0.00926	0.01054	0.00355	0.00312
<b>Diluted earnings per share</b>		<b>0.00926</b>	<b>0.01054</b>	<b>0.00355</b>	<b>0.00312</b>

See the accompanying notes to the Interim Consolidated Financial Statements

**Colbún S.A. and Subsidiaries**  
**Interim Consolidated Statements of Other Comprehensive Income**  
for the periods ended September 30, 2020 and 2019 (unaudited)  
(In thousands of U.S. dollars)

STATEMENTS OF OTHER COMPREHENSIVE INCOME	Note	January - September		July - September	
		2020	2019	2020	2019
	N°	ThUS\$	ThUS\$	ThUS\$	ThUS\$
<b>Net profit</b>		<b>152,334</b>	<b>182,482</b>	<b>62,207</b>	<b>54,693</b>
<b>Components of other comprehensive income that will not be reclassified to profit or loss for the period, before taxes</b>					
Profit (loss) for new measurements of defined benefit plans	-	(2,258)	(7,921)	1,937	(2,851)
<b>Total other comprehensive (loss) income that will not be reclassified to profit or loss for the period, before taxes</b>	<b>-</b>	<b>(2,258)</b>	<b>(7,921)</b>	<b>1,937</b>	<b>(2,851)</b>
<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss for the period, before taxes</b>					
Gain (loss) for foreign currency translation differences	16.a	(406)	(275)	319	(211)
Gain (loss) from cash flow hedges	-	(11,139)	6,412	(86)	444
Share of comprehensive income (loss) on associates and joint ventures using the equity	-	(18)	(47)	(18)	-
		<b>(11,563)</b>	<b>6,090</b>	<b>215</b>	<b>233</b>
		<b>(13,821)</b>	<b>(1,831)</b>	<b>2,152</b>	<b>(2,618)</b>
<b>Income tax related to components of other comprehensive income that will not be reclassified to profit or loss for the period</b>					
Income tax related to new measurements of defined benefit plans	22.c	610	2,139	(523)	770
<b>Income tax related to components of other comprehensive income that will be reclassified to profit or loss for the period</b>					
Income tax related to share of other comprehensive income (loss) on associates and joint ventures using the equity method	22.c	5	13	5	-
Income tax related to cash flow hedges	22.c	3,008	(963)	24	344
		<b>3,623</b>	<b>1,189</b>	<b>(494)</b>	<b>1,114</b>
		<b>(10,198)</b>	<b>(642)</b>	<b>1,658</b>	<b>(1,504)</b>
		<b>142,136</b>	<b>181,840</b>	<b>63,865</b>	<b>53,189</b>
<b>Comprehensive income (loss) attributable to:</b>					
		152,238	184,165	66,264	57,583
		(10,102)	(2,325)	(2,399)	(4,394)
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>142,136</b>	<b>181,840</b>	<b>63,865</b>	<b>53,189</b>

See the accompanying notes to the Interim Consolidated Financial Statements

**Colbún S.A. and Subsidiaries**  
**Interim Consolidated Statements of Cash Flows - Direct Method**  
**for the periods ended September 30, 2020 and 2019 (unaudited)**  
**(In thousands of U.S. dollars)**

STATEMENTS OF CASH FLOWS - DIRECT METHOD	Note N°	September 30, 2020 ThUS\$	September 30, 2019 ThUS\$
<b>Cash flows from (used in) operating activities</b>			
<b>Cash receipts from operating activities</b>			
Cash receipts from sale of goods and rendering of services	-	1,199,110	1,354,080
Cash receipts from premiums and services, annuities and other benefits of subscribed policies	-	21,792	102
Other cash receipts from operating activities	-	3,634	4,794
<b>Cash payments for operating activities</b>			
Cash payments to suppliers for goods and services	-	(591,826)	(740,399)
Cash payments to and on behalf of employees	-	(45,104)	(54,203)
Cash payments for premiums and services, annuities and other benefits of subscribed policies	-	(18,954)	(15,618)
Other cash payments for operating activities	-	(124,441)	(128,866)
<b>Cash generated from operating activities</b>	-	<b>444,211</b>	<b>419,890</b>
Dividends received	-	6,596	12,251
Interest received	-	9,613	16,859
Income taxes paid	-	(77,998)	(22,624)
Other cash receipts (payments)	-	(5,875)	(8,372)
<b>Net cash flows from operating activities</b>		<b>376,547</b>	<b>418,004</b>
<b>Cash flows from (used in) investing activities</b>			
Other payments to acquire interests in joint ventures	-	(4,280)	61
Recursos por ventas de otros activos a largo plazo, clasificados como actividades de inversión	-	-	-
Acquisition of property, plant and equipment	-	(74,906)	(64,796)
Other cash receipts (payments)	-	257,655	64,320
<b>Net cash flows from (used in) investing activities</b>		<b>178,469</b>	<b>(415)</b>
<b>Cash flows from (used in) financing activities</b>			
<b>Proceeds from borrowings</b>			
Amounts proceeds from long-term loans	-	500,000	-
Amounts proceeds from short-term loans	-	46,800	-
Payment of lease liabilities	-	(7,304)	(5,628)
Payment of loans	-	(399,208)	(29,616)
Dividends paid	-	(161,668)	(256,690)
Interest paid	-	(61,804)	(61,498)
Other cash (payments) receipts	-	(44,181)	(3,137)
<b>Net cash used in financing activities</b>	7.c	<b>(127,365)</b>	<b>(356,569)</b>
<b>Net increase (decrease) in cash and cash equivalents before the effect of movements in exchange rates on cash held</b>		<b>427,651</b>	<b>61,020</b>
<b>Effects of movements in exchange rates on cash and cash equivalents</b>			
Effects of movements in exchange rates on cash and cash equivalents		(1,522)	(5,896)
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>426,129</b>	<b>55,124</b>
Cash and cash equivalents as of January 1		326,886	219,191
<b>Cash and cash equivalents as of September 30</b>	8	<b>753,015</b>	<b>274,315</b>

See the accompanying notes to the Interim Consolidated Financial Statements

**Colbún S.A. and Subsidiaries**  
**Interim Statements of Changes in Equity**  
**for the periods ended September 30, 2020 and 2019 (unaudited)**  
(In thousands of U.S. dollars)

Statement of Changes in Equity	Note	Equity attributable to shareholders of the Parent										Non-controlling interests	Equity
		Changes in other reserves								Retained earnings (accumulated deficit)	Equity attributable to shareholders of the Parent		
		Share capital	Share premium	Translation difference reserve	Hedging reserve	Actuarial profit or loss reserve of defined benefit plans	Other miscellaneous reserves	Other reserves					
ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$		
Balance as of January 1, 2020		1,282,793	52,595	(256,631)	13,341	-	985,863	742,573	1,458,332	3,536,293	199,342	3,735,635	
Increase (decrease) of equity due an error		-	-	-	-	-	-	-	-	-	-	-	
Balance as of January 1, 2020, adjusted		1,282,793	52,595	(256,631)	13,341	-	985,863	742,573	1,458,332	3,536,293	199,342	3,735,635	
<b>Changes in equity</b>													
<b>Comprehensive income</b>													
Profit (loss) for the period									162,436	162,436	(10,102)	152,334	
Other comprehensive income				(406)	(8,144)	(1,648)	-	(10,198)	-	(10,198)	-	(10,198)	
Dividends									(151,524)	(151,524)	-	(151,524)	
Increase (decrease) from other changes		-	-	-	-	1,648	(21,334)	(19,686)	19,686	-	-	-	
Total changes in equity		-	-	(406)	(8,144)	-	(21,334)	(29,884)	30,598	714	(10,102)	(9,388)	
<b>Equity as of September 30, 2020</b>	<b>29</b>	<b>1,282,793</b>	<b>52,595</b>	<b>(257,037)</b>	<b>5,197</b>	<b>-</b>	<b>964,529</b>	<b>712,689</b>	<b>1,488,930</b>	<b>3,537,007</b>	<b>189,240</b>	<b>3,726,247</b>	

  

Statement of Changes in Equity	Note	Equity attributable to shareholders of the Parent										Non-controlling interests	Equity
		Changes in other reserves								Retained earnings (accumulated deficit)	Equity attributable to shareholders of the Parent		
		Share capital	Share premium	Translation difference reserve	Hedging reserve	Actuarial profit or loss reserve of defined benefit plans	Other miscellaneous reserves	Other reserves					
ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	
Balance as of January 1, 2019		1,282,793	52,595	(256,137)	10,316	-	1,016,270	770,449	1,550,677	3,656,514	200,424	3,856,938	
Increase (decrease) of equity due an error		-	-	-	-	-	-	-	-	-	-	-	
Balance as of January 1, 2019, adjusted		1,282,793	52,595	(256,137)	10,316	-	1,016,270	770,449	1,550,677	3,656,514	200,424	3,856,938	
<b>Changes in equity</b>													
<b>Comprehensive income</b>													
Profit (loss) for the period									184,807	184,807	(2,325)	182,482	
Other comprehensive income				(275)	5,415	(5,782)	-	(642)	-	642	-	642	
Dividends									(220,027)	(220,027)	-	(220,027)	
Increase (decrease) from other changes		-	-	-	-	5,782	(22,363)	(16,581)	16,582	1	(1)	-	
Total changes in equity		-	-	(275)	5,415	-	(22,363)	(17,223)	(18,638)	(35,861)	(2,326)	(38,187)	
<b>Equity as of September 30, 2019</b>	<b>29</b>	<b>1,282,793</b>	<b>52,595</b>	<b>(256,412)</b>	<b>15,731</b>	<b>-</b>	<b>993,907</b>	<b>753,226</b>	<b>1,532,039</b>	<b>3,620,653</b>	<b>198,098</b>	<b>3,818,751</b>	

See the accompanying notes to the Interim Consolidated Financial Statements

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**COLBÚN S.A. AND SUBSIDIARIES**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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**COLBÚN S.A. AND SUBSIDIARIES**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
(In thousands of U.S. dollars)

**1. General Information**

Colbún S.A. was incorporated via public deed on April 30, 1986, witnessed by the Public Notary Mr. Mario Baros G. and registered at sheet 86 with the Trade Register of the Real Estate Registry of Talca on May 30, 1986. The Company's Tax Identification Number is 96.505.760-9.

The Company is registered as a publicly-held shareholders' corporation in the Securities Registry under number 0295 on September 1, 1986, and subject to the inspection by the Financial Market Commission. The Company's shares are traded on the Santiago Stock Exchange and Santiago Electronic Stock Exchange.

As of September 30, 2020, Colbún is a power generation company and the Parent of the Group (hereinafter, the Company, the Entity or Colbún), which is composed of twelve entities: Colbún S.A. and eleven Subsidiaries.

The Company's registered address is located at Avenida Apoquindo 4775, 11th floor, Las Condes, Santiago.

The Company's line of business is the generation, transportation and distribution of energy, as explained in Note 2.

The control of the Company is performed in accordance with a control and joint venture agreement entered into by Forestal O'Higgins S.A. and other companies. It is hereby expressly established that the aforementioned joined control and operation agreement considers limitations to the free disposal of shares. The Parent is controlled by the members of the Larraín Matte, Matte Capdevila and Matte Izquierdo families, in the form and proportional interests indicated below.

- Patricia Matte Larraín, Taxpayer ID 4.333.299-6 (6.49%) and his children María Patricia Larraín Matte, Taxpayer ID 9.000.338-0 (2.56%); María Magdalena Larraín Matte, Taxpayer ID 6.376.977-0 (2.56%); Jorge Bernardo Larraín Matte, Taxpayer ID 7.025.583-9 (2.56%), and Jorge Gabriel Larraín Matte, Taxpayer ID 10.031.620-K (2.56%).
- Eliodoro Matte Larraín, Taxpayer ID 4.336.502-2 (7.15%) and his children Eliodoro Matte Capdevila, Taxpayer ID 13.921.597-4 (3.26%); Jorge Matte Capdevila, Taxpayer ID 14.169.037-K (3.26%), and María del Pilar Matte Capdevila, Taxpayer ID 15.959.356-8 (3.26%).
- Bernardo Matte Larraín, Taxpayer ID 6.598.728-7 (8.05%) and his children Bernardo Matte Izquierdo, Taxpayer ID 15.637.711-2 (3.35%); Sofía Matte Izquierdo, Taxpayer ID 16.095.796-4 (3.35%), and Francisco Matte Izquierdo, Taxpayer ID 16.612.252-K (3.35%).

Natural persons indicated above are part of the same corporate group due to family relationship.

As of September 30, 2020, in accordance with Title XV of Law No. 18,045, shareholders representing 49.96% of the voting right shares are detailed as follows:

Controlling Group	No. of shares	Ownership %
Minera Valparaíso S.A.	6,166,879,733	35.17
Forestal Cominco S.A.	2,454,688,263	14.00
Forestal Bureo S.A.	49,078,961	0.28
Forestal Constructora y Comercial del Pacífico Sur S.A.	34,126,083	0.19
Forestal Cañada S.A.	22,308,320	0.13
Inversiones Orinoco S.A.	17,846,000	0.10
Inversiones Coillanca Ltda.	16,473,762	0.09
Inmobiliaria Bureo S.A.	38,224	0.00
<b>Total ownership interest</b>	<b>8,761,439,346</b>	<b>49.96</b>

## 2. Business Description Company's line of business

The Company's line of business is the production, transportation, distribution, and supply of energy and capacity, for which it may acquire and exploit concessions and grants or use rights obtained. Likewise, it is empowered to transport, distribute, supply and commercialize natural gas for sale to industrial or generating processes. It can provide advisories in the field of engineering both domestically and abroad.

### Description of business in Chile

#### Main assets

The power generation fleet is composed of hydroelectric power plants (reservoir and run-of-the-river) and coal-fired, diesel and gas power plants (combined and conventional cycles), and renewable energies from variable sources, which in total provide an installed capacity of 3,236 MW to the National Power System ("SEN" for its Spanish acronym).

Hydroelectric power plants have an installed capacity of 1,626 MW distributed among 17 plants: Colbún, Machicura, San Ignacio, Chiburgo, San Clemente and La Mina, located in the Maule Region; Rucúe, Quilleco and Angostura, located in the Biobío Region; Carena, in the Metropolitan Region; Los Quilos, Blanco, Juncal, Juncalito, Chacabuquito and Hornitos, in the Valparaíso Region; and Canutillar, in Los Lagos Region. Colbún, Machicura, Canutillar and Angostura power plants have their own reservoirs, whereas the remaining hydroelectric power plants are run-of-the-river.

Thermal power plants have an installed capacity of 1,601 MW and are distributed in the Nehuenco located in the Valparaíso Region; Candelaria power plant in the O'Higgins Region; and Los Pinos and Santa María power plants, located in the Biobío Region.

In addition, during 2018, the photovoltaic plant "Ovejería" (9MW) located in Tiltill in the Metropolitan Region of Chile was commissioned.

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## Business policy

The Company's commercial policy is to achieve a proper balance between commitments to sell power and its own efficient generation capacity with the objective of increasing and stabilizing operation margins, with acceptable levels of risk in the events of droughts. In addition, this requires an appropriate combination of thermal and hydro power generation. As a result of this policy, the Company intends to maintain sales or purchases in the spot market from reaching significant volumes, since prices in this market experience significant variations, the hydrologic condition being the most relevant variable.

## Main customers

Customer's portfolio is composed of regulated and unregulated customers:

The regulated customers supplied during 2020 are: CGE Distribución S.A. and Enel Distribución Chile S.A.

The main unregulated customers supplied during 2020 are: Codelco for its divisions Salvador, Andina, Ventanas y El Teniente, Anglo American Sur S.A. for its work sites de Los Bronces/Las Tórtolas, Compañía Minera Zaldivar SpA, Cartulinas CMPC.S.A., CMPC Pulp S.A., CMPC Maderas S.A., Cementos Polpaico S.A., Walmart Chile S.A., Bio-Bío Cementos S.A., Cementos Bio Bio del sur S.A., Comercial ECCSA S.A (Ripley Store), Grupo Camanchaca (Camanchaca Cultivos Sur S.A., Camanchaca Pesca Sur S.A., Compañía Pesquera Camanchaca S.A. y Salmones Camanchaca S.A.), Sociedad Contractual Minera Franke, Minera Meridian Ltda, Molibdenos y Metales S.A., Inacal S.A., Nuevo Sur S.A., Sonda S.A., Atacama Kozan and Essbio S.A.

## The Electricity Market

The Chilean power sector has a regulatory framework of almost 3 decades of operations. Such framework allowed developing a highly dynamic industry with significant private equity interest. This sector has been able to comply with the increasing power demand, which has grown at an annual average rate of approximately 2.9% during the last 10 years, slightly lower compared to the GDP during the same period.

Chile has 3 interconnected systems and Colbún operates in the largest, the National Power System (SEN), which comprises Arica in the north and Isla Grande de Chiloé in the south. The consumption in this zone represents 99% of total power demand in Chile. Colbún has a market share of approximately 15% in power generation.

The pricing system identifies different mechanisms for the short and long-term. For short-term pricing, the sector is based on a marginal cost scheme, including security and efficiency criteria in distributing resources. Power marginal costs result from the actual operation of the electric system in accordance with the financial merit programming conducted by the National Electrical Coordinator (CEN, for its Spanish acronym) and relate to the variable cost of production of the most expensive unit under operation at all times. Capacity payments are calculated based on the sufficiency power of plants, i.e., the reliable level of capacity that could be provided to supply the system at the point of high demand, considering the uncertainty associated with the availability of supplies, forced and programmed unavailabilities, and unavailability of the facility which connects the unit to the Transmission and Distribution System. The Power capacity price is determined as an economic indicator, which represents the investment in most efficient units to address power demand during high demand hours.

For long-term pricing, power generation companies may have two types of customers: regulated and unregulated.

As a result of Law No. 20,018 passed on January 1, 2010, in the market of regulated customers, composed of distribution companies, generation companies' sale power at the price resulting from competitive and public tenders.

Unregulated customers comprise those with a connection power exceeding 5,000 KW, and they freely negotiate their prices with suppliers.

Note that the regulation allows users with connection power between 500 KW and 5,000 KW to select between systems of regulated or unregulated prices, with a minimum of four years in each system.

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Spot market is where power generation companies trade at marginal cost energy and capacity (on an hourly basis) surplus or deficit resulting from their commercial position, net of production capacity, since dispatch orders relate to financial merit and are exogenous to each power generation company.

To inject energy into the system and supply energy and capacity to its customers, Colbún uses own and third-party transmission facilities as per the rights granted by the power legislation.

In this context, on July 20, 2016, a new law was published in the Official Gazette that establishes a new Power Transmission System and also creates a coordinating agency independent to the National Power System. The principal amendments included in this law indicate that the transmission remuneration will be charged fully in connection with power demand. Additionally, a new Coordinator with its own legal personality is established to operate the National Electric System, which began to exercise its functions as of January 1, 2017.

## Description of business in Peru

### Main assets

Combined cycle gas-fired thermoelectric power plant of 565 MW located in Las Salinas, Chilca district, 64 kilometers south of Lima, owned by the subsidiary Fenix Power Peru. Its location is considered strategic, since it is near the Camisea gas pipeline and Chilca power substation, allowing power generation at an efficient cost.

This power plant began its commercial operation in December 2014 and is composed of two General Electric dual (gas or diesel) turbines generating 60% of its power, and a General Electric steam turbine generating the remaining 40%. This plant is considered a strategic asset in the Peruvian power market since it is one of the most efficient in the country and the third largest at domestic level.

Fenix has capacity of 565 MW, which results in a market share of approximately 8% in the SEIN.

### Main customers

Regulated customers with long-term contracts: Grupo Distriluz, comprised by Electro Norte S.A., Electro Noreste S.A. y Electrocentro S.A. e Hidrandina, COELVISAC, Enel Distribución S.A.A., Electricidad del Oriente S.A., Electro Dunas S.A.A. and Luz del Sur S.A.A.

Customers with short-term contracts: Celepsa S.A., Atria Energía (Ex GCZ), Ege Junín, Enel Distribución S.A.A and Distriluz Group (option contract).

Unregulated customers: Pamolsa, Austral, Minera Luren, B Braun, Garment, Del Ande, Grupo Patio and UTP.

## The Electricity Market

Peru restructured the power market in 1992 (The Electricity Act No. 25,844: Energy Concessions Act), and during the last 4 years significant reforms have been made to the sector's regulatory framework.

As of September 2020, the Peruvian power market has an installed capacity, at a domestic level, of approximately 15.3 GW, of which 13.2 GW corresponds to the capacity installed in the National Interconnected Power System (SEIN); out of this amount, nearly 56% relates to thermal power, 39% to hydro power, and the remaining 5% to renewable energies. Accordingly, natural gas is critical at the domestic thermal power generation level, because of its significant reserves and exploration wells, being Camisea the main deposit with approximately 10.0 trillion cubic feet.

The pricing system identifies two types of customers: regulated users that consume less than 200 kW and unregulated customers (large private users that consume more than 2,500 kW). Customers with a demand between 200 kW and 2,500 kW have the option to be considered as regulated or unregulated.

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The National Interconnected Power System (SEIN for its Spanish acronym) is managed by a System Economic Operation Committee (COES for its Spanish acronym), incorporated as a nonprofit private entity and as a legal personality under public law. The COES is composed of other SEIN agents (Power Generation Companies, Transmitters, Distribution Companies and Unregulated Customers) and their decisions are mandatory for all agents. Its objective is to coordinate SEIN's short, medium, and long-term operations, ensuring system security, use of power resources, as well as planning the development of SEIN transmission and managing the Short-Term Market, the latter based on marginal costs.

In terms of energy consumption, the annual energy demand until the third quarter of 2020 was approximately 36 TWh, concentrated in the mining and residential sectors. In 2019, the system demand was 52.9 TWh.

### 3. Significant accounting policies

#### 3.1 Accounting policies

These Interim Consolidated Financial Statements of Colbún S.A. and subsidiaries as of September 30, 2020, have been prepared in accordance with International Financial Standards (IFRS) as issued by International Accounting Standards Board (IASB).

These Interim Consolidated Financial Statements have been prepared assuming that the company will continue as a going concern and were approved by the Board of Directors for issue at their Meeting held on October 27, 2020.

The accounting policies set out below have been used in the preparation of these Interim Consolidated Financial Statements.

**a. Basis of preparation and period** - These Interim Consolidated Financial Statements of Colbún S.A. and subsidiaries comprise the following:

- Statement of Financial Position as of September 30, 2020 and December 31, 2019.
- Statement of Comprehensive Income for the nine months ended September 30, 2020 and 2019.
- Statement of Cash Flows for the nine months ended September 30, 2020 and 2019.
- Statements of Changes in Equity for the nine months ended September 30, 2020 and 2019.
- Notes to the Financial Statements.

The information contained in these Interim Consolidated Financial Statements is the responsibility of the Company.

These Interim Consolidated Financial Statements have been prepared under the historical cost basis, with the exception of those assets and liabilities recognized at fair value (note 3 h. and 3 i).

**a.1 Functional currency** - The Company's functional currency is the United States dollar, which is the currency that mainly impacts sale prices of goods and services in the markets in which the Company operates. All financial information in these Interim Consolidated Financial Statements has been rounded in Thousands of United States dollar (ThUS\$) to the nearest number, except otherwise indicated.

**b. Consolidation basis** - The Interim Consolidated Financial Statements include the financial statements of the Parent and controlled companies.

Control is established as the base for determining which entities are consolidated in the Interim Consolidated Financial Statements.

Subsidiaries are those in which Colbún S.A. is exposed to, or has rights to, variable returns from its interests in those entities and has the ability to affect those returns through its power over the entities. In general, the Company's power over its subsidiary arises from holding the majority of the voting rights provided by the subsidiary's equity instruments.

The detail of subsidiaries is as follows:

Consolidated company	Country	Currency	TAX ID No.	Ownership % as of				
				09.30.2020			09.30.2019	12.31.2019
				Direct	Indirect	Total	Total	Total
Termoeléctrica Nehuenco S.A., en Liquidación <sup>(2)</sup>	Chile	US\$	76.528.870-3	100	-	100	100	100
Termoeléctrica Antilhue S.A. <sup>(3)</sup>	Chile	US\$	76.009.904-K	-	-	-	100	-
Colbún Transmisión S.A.	Chile	US\$	76.218.856-2	100	-	100	100	100
Colbún Desarrollo SpA	Chile	US\$	76.442.095-0	100	-	100	100	100
Santa Sofía SpA	Chile	US\$	76.487.616-4	100	-	100	100	100
Colbún Perú S.A.	Peru	US\$	Foreign	100	-	100	100	100
Inversiones de Las Canteras S.A.	Peru	US\$	Foreign	-	51	51	51	51
Fenix Power Perú S.A.	Peru	US\$	Foreign	-	51	51	51	51
Efizity Ingeniería SpA. <sup>(1)</sup>	Chile	US\$	76.362.527-3	100	-	100	-	-
Efizity SpA	Chile	US\$	76.236.821-8	-	100	100	-	-
Efizity S.A.C.	Perú	US\$	Foreign	-	100	100	-	-
Efizity Ingeniería S.A.S.	Colombia	US\$	Foreign	-	100	100	-	-

### Differences in the consolidation perimeter

During the 2020 period, we can see the following variations in the consolidation perimeter:

(1) On September 3, 2020, Colbún S.A. acquired 100% of the shares of Sociedad Efizity Ingeniería SpA, a joint stock company incorporated in accordance with the Chilean laws.

a) Efizity SpA is a joint stock company constituted in accordance with the Chilean laws, Efizity Ingeniería SpA is the only and exclusive owner of all the shares.

b) Efizity S.A.C is a closed stock company organized in accordance with the laws of the Republic of Peru, Efizity Ingeniería SpA and Colbún Perú S.A. are owners of all its shares.

c) Efizity Ingeniería S.A.S is a simplified joint stock company organized in accordance with the laws of the Republic of Colombia, Efizity Ingeniería SpA is only and exclusive owner of all the shares.

In 2019, changes in the consolidation perimeter were as follows:

(2) On December 2, 2019, the early dissolution of Termoeléctrica Nehuenco S.A. was approved starting its liquidation process. In addition, on such date, the company changed its name adding "en liquidación" (under liquidation in the end) as established by Article 109 of the Chilean Law resulting in the name "Termoeléctrica Nehuenco S.A. en Liquidación" surviving as legal entity for its liquidation purposes.

(3) On December 11, 2019, Colbún sold 100% of its stake in Termoeléctrica Antilhue S.A. to Prime Energía Antilhue SpA.

All intercompany transactions and balances have been eliminated in consolidation, as well as non-controlling interest have been recognized which relates to the ownership interest percentage of third parties in subsidiaries, which is included separately in Colbún's consolidated equity.

**b.1 Business combinations and goodwill** - Business combinations are recognized using the acquisition method. The acquisition cost is the sum of the consideration transferred, measured at fair value at the acquisition date,

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and the amount of the acquire non-controlling interest, if any. For each business combination, the Company determines whether the non-controlling interest of the acquire is measured at fair value or proportional to the net identifiable assets of the acquire. Related acquisition costs are accounted for as incurred in other expenses.

When the Company acquires a business, it assesses the financial assets and financial liabilities acquired for their appropriate classification based on contractual terms, economic conditions and other related conditions at the acquisition date. This includes separating the embedded derivatives of the acquired business' main contracts.

If the business combination is conducted by stages, ownership interests previously maintained in the acquired equity are measured at fair value at the acquisition date, and gains or losses are recognized in the income statement.

Any contingent consideration transferable by the acquired is recognized at fair value at the acquisition date. Contingent considerations which are classified as financial assets or financial liabilities in accordance with IFRS 9 Financial Instruments are measured at fair value, accounting for changes in fair value as gain or loss or through comprehensive income. In the events contingent considerations are not within the scope of IFRS 9, these are measured in accordance with the related IFRS. If the contingent consideration classified as equity, this is not revalued, and any subsequent settlement is recorded in net equity.

Goodwill is the excess of the sum of the consideration transferred recognized on the net value of assets acquired and liabilities assumed. If the fair value of net assets acquired exceeds the amount of the transferred consideration, the Company conducts a new assessment to ensure that all assets acquired and liabilities assumed have been appropriately identified, and reviews all procedures applied to conduct the measurement of the amount recognized at the acquisition date. If the new assessment results in an excess of fair value of net assets acquired on the aggregate amount of the consideration transferred, the difference is recognized as profit in the income statement.

Subsequent to initial recognition, goodwill is recognized at cost less any accumulated impairment losses. For impairment testing, goodwill acquired in a business combination is allocated, at the acquisition date, to each Company's cash-generating unit which is expected to receive benefits, regardless if there are other assets or liabilities of the acquire allocated to those units. Once the business combination is completed (concludes the measurement process) goodwill is not amortized and the Company reviews on a regular basis it's carrying amounts to recognize any impairment losses.

When goodwill is part of the cash-generating unit and a portion of such unit is derecognized, goodwill related to such disposed operations is included in the carrying amount of the operations when determining gains or losses obtained at disposal. Goodwill derecognized is measured based on the relative value of the disposed operation and the portion of the cash-generating unit maintained.

**b.2 Non-controlling interest** - The value of non-controlling interest in subsidiaries' equity and comprehensive income is presented under captions "Total Equity: Non-controlling interest" of the interim consolidated statement of financial position and "Net profit attributable to non-controlling interests" and "Comprehensive income attributable to non-controlling interest" in the statement of comprehensive income.

**b.3 Interest in unconsolidated structured entities** - On May 17, 2010, as per the D.E. No.3,024, the Ministry of Justice grants legal personality and approves the Colbún Foundation's bylaws (hereinafter the "Foundation"). Main objectives of the Foundation address the following:

The promotion, encouragement and support of all type of projects and activities that aim to improve living conditions in the neediest sectors.

Research, development and dissemination of culture and arts. The Foundation will be able to participate in the formation, organization, management and support of all entities, institutions, associations, groups and organizations, either public or private, which have the same goals.

The Foundation will support all entities mainly involved in the dissemination, research, encouragement and



development of culture and arts.

The Foundation may finance the acquisition of real estate, equipment, furniture, laboratories, classrooms, museums and libraries, and finance the collection of infrastructures to support professional enhancement.

Additionally, the Foundation may finance research and development, prepare and implement training programs, provide training for development and finance the publishing and distribution of books, brochures and any types of publications.

This legal entity is not considered in the consolidation process, as being a non-profit entity, the Company expects no economic benefit from it.

**c. Equity-accounted investees** - Correspond to interests in entities where Colbún has joint control with other company or in which it exercises significant influence.

The equity method comprises recognizing initially at acquisition cost and subsequently adjusted for the changes in net assets of the acquire.

If the amount is negative the interest is zero unless there is a commitment by the Company to restore the entity's equity, which then records the related provision for risks and expenses.

Dividends received by these companies are recognized by reducing the interest value, and profit or loss obtained by these entities, which corresponds to Colbún as per its interest, are included net of tax effects in the profit or loss account "Interest in gains (losses) of associates and joint ventures accounted for using the equity method."

The detail of companies accounted for using the equity method is as follows:

Relationship	Company	Country	Currency	Tax ID No.	Ownership % as of		
					09.30.2020	09.30.2019	12.31.2019
					Direct	Direct	Direct
Associate	Electrogas S.A.	Chile	US\$	96.806.130-5	42.5	42.5	42.5
Joint Venture	Transmisora Eléctrica de Quillota Ltda.	Chile	Ch\$	77.017.930-0	50.0	50.0	50.0

**c.1 Investment in associates** - Associates are those entities in which the Company has significant influence, but not control or joint control, over their financial and operating policies. Overall, significant influence exists when the Company has between 20% and 50% of voting rights of other company.

**c.2 Investments in joint ventures** - Relate to entities in which the Company has joint control over its activities, as established by contractual terms and which requires unanimous consent to make relevant decisions by all venturers.

**d. Effect of foreign exchange rate fluctuations** - Transactions in foreign and domestic currency, other than functional currency, are translated to the functional currency using the exchange rates prevailing at the transaction dates.

Profits and losses in foreign currency that result from the settlement of these transactions and from conversion at the closing exchange rates for monetary assets and liabilities denominated in currencies other than the functional currency, are recognized in the statement of comprehensive income, unless they have to be recognized in other retained earnings, as in the case of cash flow hedges and net investment hedges. In addition, the translation of balances receivable and payable at each reporting date in currency other than functional currency of the financial statements which are part of the consolidation perimeter, is conducted at closing exchange rates. Differences in measurement are recognized as finance income and finance costs under foreign currency translation differences.

**e. Translation Basis** - Assets and liabilities denominated in Chilean pesos, Euros, Peruvian soles and inflation adjusted units have been translated into United States dollars at the exchange rates at the reporting date, as per the following:

Exchange rate	09.30.2020	09.30.2019	12.31.2019
Pesos	788.15	728.21	748.74
Euros	0.8538	0.9173	0.8918
Soles	3.5990	3.3850	3.3170
Unidades de fomento	0.0275	0.0260	0.0264

**f. Property, plant and equipment** - Property, plant and equipment held for the generation of power services or administrative purposes, are presented at cost less subsequent depreciation and impairment losses, if applicable. This cost value includes, separate from the acquisition price of assets, the following concepts as permitted by IFRS:

- Finance cost of loans intended to finance assets under construction is capitalized during the construction period.
- Personnel expenses directly related to assets under construction.
- Costs of extensions, modernization or improvements representing an increase in the productivity, capacity or efficiency or lengthening of the useful lives of assets, are capitalized as higher cost of the related assets.
- Substitutions or renovations of assets that increase their useful lives, or their economic capacity, are recorded as the higher value of the respective assets, with the consequent accounting derecognition of the substituted or renovated assets.
- Dismantling, removal and restoration costs of property, plant and equipment are recognized based on the legal obligation of each project (note 3.n.2).
- Assets under construction will be transferred to property, plant and equipment in operation after the end of the test period, from which date their depreciation commences.
- Periodic maintenance, conservation and repair expenses are recorded directly in profit or loss as costs for the period in which they are incurred.

Items of property, plant and equipment, net of their residual value is depreciated by allocating, on a straight-line basis, the cost of different items comprising over their estimated useful life (note 5 a. (i)).

The residual values and useful lives of items of property, plant and equipment are reviewed at each reporting date and adjusted if required.

**g. Intangible assets other than goodwill** - Intangible assets acquired individually are measured initially at cost. The cost of intangible assets acquired in business combinations is their fair value at the date of acquisition. Subsequent to initial recognition, are measured at cost less accumulated amortization and impairment losses.

The Company assesses at initial recognition if the useful life of intangible assets is definite or indefinite.

Assets with finite useful life are amortized throughout their remaining economic useful life and assessed for impairment when such indicators exist. The amortization period and amortization of intangible assets with definite useful life are reviewed at least at each reporting date. The criteria used for the recognition of impairment losses of these assets and their recoveries are recorded in note 5 b.

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Changes in expected useful life or consumption pattern of future economic benefits materialized in the asset are considered to change the period or amortization method, if applicable, and treated as a change in the accounting estimate. Amortization expenses of intangible assets with definite useful life are recognized in the statement of comprehensive income.

## **h. Financial instruments**

**h.1 Financial assets** - Financial assets are classified at initial recognition in three measurement categories:

- a) At amortized cost
- b) Fair value through other comprehensive income (equity)
- c) Fair value through profit or loss

**h.1.1 Amortized cost** - It is intended to maintain a financial asset until obtaining contractual cash flows on an established date. Expected cash flows relate mainly to payments of principal and interest on the principal amount outstanding.

**h.1.2 Fair value through other comprehensive income (equity)** - To classify an asset at fair value through other comprehensive income as principle it has to comply with the requirement of the sale of financial assets for which the principal owed amount is expected to be recovered in a given term in addition to interests, if applicable.

**h.1.3 Fair value through profit or loss** - The last classification provided as an option by IFRS 9 is financial assets at fair value through profit or loss for the year.

Based on its business model, the Company holds financial assets at amortized costs as the main financial asset as it aims to recover its future cash flows on a given date seeking the collection of principals owed plus interests on the principal, if applicable. Loans and receivables are the main financial assets non-derivative from the Group, with fixed or determinable payments that are not quoted in an active market. Loans and receivables are included in the caption Trade and other receivables in the Statement of Financial Position. They must initially be recognized at fair value and subsequently at amortized cost in accordance with the effective interest method less the allowance account for impairment losses.

**h.1.4 Derecognition of financial assets** - The Company derecognizes financial assets only when the rights to receive the cash flows have been canceled, voided, expired or have been transferred.

**h.1.5 Impairment of non-derivative financial assets** - The Company applies a simplified approach and records expected credit losses in all its debt securities, loans and trade receivables, whether for a 12-month period or for lifetime, as established by IFRS 9.

Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or arrears in the payment, are considered indicators that the trade receivable is impaired. Impairment is the difference between the carrying amount of the asset and the real value of estimated future cash flows discounted at the effective interest rate. Losses are recognized in the statement of comprehensive income and reflected in a provision account.

When a receivable is classified as a doubtful account, after all reasonable mechanisms of collection, either judicial or pre-judicial, have been exhausted as per the related legal report; and its related write-off applies, this is recorded against the impaired trade receivables account.

When the fair value of an asset is lower than the acquisition cost, if objective evidence exists that the asset is impaired and such impairment is not temporal, the difference is recorded directly in losses for the year.

Financial assets at fair value through profit or loss are not subject to impairment tests.

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## **h.2. Financial liabilities**

**h.2.1 Classification as debt or equity** - Debt instruments and equity instruments are classified as either financial liabilities or equity, as per their contractual terms.

**h.2.2 Equity instruments** - Correspond to any agreement representing a residual interest in the net assets of an entity after all its liabilities are deducted. Equity instruments issued by Colbún S.A. are recognized at the amount of the consideration received, net of direct costs of issuance. Currently, the Company only issues single series shares.

**h.2.3 Financial liabilities** - Financial liabilities are classified as financial liability at "fair value through profit or loss" or "other financial liabilities".

**h.2.4 Financial liabilities at fair value through profit or loss** - Financial liabilities are classified at fair value through profit or loss when the financial liability is either held for trading or it is designated at fair value through profit or loss. These are measured at fair value and changes therein, including any interest expenses, are recognized in profit or loss.

**h.2.5 Other financial liabilities** - Other financial liabilities, including bank borrowings and bonds payable and promissory notes, are measured initially at the amount of cash received, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method.

The effective interest method is a method for calculating the amortized cost of a financial liability and allocating interest expense throughout the relevant period. The effective interest rate corresponds to the rate that discounts estimated future cash flows payable throughout the expected life of the financial liability or, if appropriate, a shorter period when the associated liability has a prepayment option to be applied.

**h.2.6 Derecognition of financial liabilities** - The Company derecognizes financial liabilities only when obligations are canceled, voided or expired.

**i. Derivatives** - The Company entered into derivative instruments to mitigate its exposure to interest rate fluctuation related to exchange rates and fuel prices.

Changes in fair value of these instruments at the reporting date are recognized in the interim consolidated statement of comprehensive income unless these are designated as hedge accounting and meet the conditions established in IAS 39 to apply such criterion. For hedge accounting purposes, the Company continues to apply the criteria established in IAS 39.

Hedges are classified as follows:

- **Fair value hedges:** correspond to a hedge of the exposure to changes in fair value of a recognized asset or liability or an unrecognized firm commitment attributable to a particular risk. For this hedge, both the hedge instrument value and the hedged item are recognized in the statement of comprehensive income, offsetting both effects in the same caption.
- **Cash flow hedges:** corresponds to a hedge of the exposure to the fluctuation in cash flows attributable to a particular risk associated with a recognized asset or liability, or a highly probable forecasted transaction. Changes in the fair value of derivatives are recognized, with respect to the effective portion of the hedges, in equity reserve under "Cash flow hedges." Retained earnings or an accumulated deficit in such caption are transferred to the statement of comprehensive income to the extent that the underlying portion has an impact on the statement of comprehensive income for the hedged risk, netting such effect in the same heading in the statement of comprehensive income. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in the statement of comprehensive income.

A hedge is considered to be highly effective when changes in fair value or in cash flows of the underlying asset directly attributable to the hedged risk are offset by the changes in the fair value or cash flows of the hedged

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instrument with an effectiveness within a range between 80% and 125%. For the period covered by these Interim Consolidated Financial Statements, the Company designated certain derivatives as hedging instruments of highly probable forecasted transactions or hedging instruments related to foreign currency risks of a firm commitment (cash flow hedging instruments).

The Company has designated all its derivatives as hedge accounting instruments.

**j. Inventory** - This caption includes gas, oil and coal stock, and warehouse inventory (spare parts and materials), which are valued at cost, net of possible obsolescence determined in each period. Cost is determined using their weighted average purchase price.

**j.1 Impairment of spare parts (obsolescence) basis** - The impairment of spare parts estimate (obsolescence) is established based on an individual and general assessment performed by specialists of the Company, who assess turnover and technological obsolescence criteria on the stock held in warehouses of each Power plant.

**k. Statement of cash flows** - For the preparation of the statement of cash flows, the Company uses the following definitions:

Cash and cash equivalents comprise cash on hand, term deposits in credit institutions and other highly liquid short-term investment with original maturities up to three months and subject to an insignificant risk of changes in their valuation. Bank overdrafts are classified as current liabilities in the statement of financial position.

Operating activities: are the principal revenue-producing activities usually conducted by the Company and other activities that are not investing or financing activities.

Investing activities: Correspond to acquisition, disposal or sale activities by other means of long-term assets and other investments not included in cash and cash equivalents.

Financing activities: Activities that generate changes in the size and composition of net equity and financial liabilities.

**l. Income tax** - The Company determines the taxable basis and calculates income tax in accordance with current tax legislation in each period.

Deferred taxes arising from temporary differences and other events generating differences between the accounting and tax basis of assets and liabilities are recorded in accordance with IAS 12 "Income Taxes."

Current income tax is recognized in the statement of income or in the statement of other comprehensive income based on where the profit or loss from which they arose are recorded. Differences between the carrying amount of the assets and liabilities and their tax base generate the basis on which deferred taxes are calculated using the tax rates that are expected to be in force when the assets are realized, and liabilities are settled.

Changes in deferred tax assets or liabilities generated are recorded in profit or loss in the interim consolidated statement of comprehensive income or in total equity captions under the statement of financial position, based on where the profit or loss from which they arose are recorded.

A deferred tax asset is recognized only to the extent that is probable that future taxable profits will be available against which the temporary difference can be utilized to recover temporary difference deductions and use the tax losses.

At each reporting date, the Company reviews the deferred tax assets and liabilities recorded to verify that they remain effective and adjusted on a timely basis based on the results of such analysis.

For the interim consolidated financial statement balances, the Company and its subsidiaries offset deferred tax assets and liabilities if, and only if, they relate to the income tax, which corresponds to that same tax

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administration, only to the extent that the Company is legally entitled to offset current tax assets with current tax liabilities.

**m. Severance indemnity payments** - Obligations recognized as severance indemnity payments arise as a result of collective and individual agreements subscribed by employees of the Company, in which the Company's commitment is established, and are classified as "Defined post-employment benefits." The Company recognizes employee benefit costs based on an actuarial calculation in accordance with IAS 19 "Employee benefits", which includes variables such as life expectancy, salary increases and turnover, among others.

At the reporting date, the amount of net actuarial liabilities accrued is presented in the item Provisions for employee benefits, current and Provisions for employee benefits, non-current in the interim consolidated statement of financial position.

The Company recognizes all actuarial gains and losses arising from the valuation of defined benefit plans in other comprehensive income. Accordingly, all costs related to benefit plans are recorded as personnel expenses in the statement of comprehensive income.

**n. Provisions** - Obligations maintained at the reporting date in the statement of financial position, arising as a result of past events which may generate highly-probable equity losses to the Company, which amount and timing can be reliably estimated, are recorded as provisions at the amount which it is estimated that the Company would have to disburse to settle the obligation.

Provisions are reviewed on a regular basis and are quantified considering the best information available at the reporting date of these interim consolidated financial statements.

**n.1 Restructuring** - A provision for restructuring expenses is recognized when the Company approves a detailed and formal restructuring plan, and such restructuring has commenced or is publicly announced. The Company accrues no future operating costs.

**n.2 Dismantling** - Future disbursements by the Company related to the closure of its facilities are included at the asset amount at fair value, recognizing the related provision for dismantling or remediation at the commencement of the plant's operations. The Company assesses on an annual basis its estimate on future disbursements indicated above, increasing or decreasing the asset value based on the results of such estimate (see Note 26 c).

**o. Accrued vacations** - Vacation expenses are recorded in the year the right is accrued, in conformity with IAS 19.

**p. Revenue from contracts with customers** - Revenue from the sale of power in Chile and Peru is recognized at the fair value of the amount received or receivable and represents the amount for services rendered during the normal course of business, less any related discount or tax, in accordance with IFRS 15.

Revenue is classified in the following categories:

**Sale of goods** - For contracts with customers in which the sale of equipment is the unique obligation, the adoption of IFRS 15 has no impact on the Company's revenue or profit or loss because revenue is recognized at a point in time when the control of the asset is transferred to the customer upon delivering the goods. The Company has impact associated with the individual sale of goods, because it is not currently engaged in the sale of goods as a single contract for the sale of goods.

**Rendering of services** - Colbún provides power supply and capacity to both unregulated and regulated customers. The Company recognizes revenue for services based on the physical delivery of energy and capacity. Services are satisfied over time because the customer simultaneously receives and consumes the benefits provided by the Company. Consequently, the Company recognizes revenue from such service contracts over time instead of at a point in time.

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A description of the Company's main revenue recognition policies for each type of customer is presented below.

- Regulated customers - distribution companies: Revenue from the sale of power is recorded based on physical delivery of energy and capacity in conformity with long-term agreements at a bid price.
- Unregulated customers - Connection capacity exceeding 5,000 KW in Chile and between 200 KW and 2,500 KW in Peru: Revenue from the sale of power for these customers is recorded based on the physical delivery of energy and capacity, at fees established in the related contracts.
- Spot market customers: Revenue from the sale of power is recorded based on the physical delivery of energy and capacity to other power-generation companies at the marginal cost of energy and capacity. The spot market is legally organized through Delivery Centers (CEN in Chile and COES in Peru) where energy and capacity surplus and deficit is traded. Energy and capacity surpluses are recognized as revenue, and deficits are recorded as costs in the interim consolidated statement of comprehensive income.

The Company only receives short-term prepayments from its customers related to operations and maintenance services. These are recognized as other financial liabilities. However, the Company may receive long-term prepayments from customers from time to time. In accordance with the current accounting policies, the Company recognizes such prepayments as deferred revenue by virtue of non-current liabilities classified in the statement of financial position. No interests were accrued on long-term prepayments received by virtue of the accounting policy currently in force.

The Company should determine whether a significant finance component exists in its contracts. However, the Company decided to use the practical expedient provided by IFRS 15, and will not adjust the amount committed in the consideration for the effects of a significant financing component in the contracts, when the Company expects, at the onset of the contract, that the period between the time in which the entity transfers an asset or service committed with the customer and the time in which the customer pays for such good or service is one year or less. Consequently, at short-term the Company shall not account for a financing component, even if this is a significant component.

Based on the nature of the services offered and the objective of the payment terms, the Company has concluded that there is no significant financing component in these contracts.

The Company does not record under revenue the gross income from economic benefits received when it acts as agent or commission agent on behalf of third parties, and it only records the payment or commission it expects to receive.

Any tax received by customers and forwarded to government authorities (e.g. VAT, taxes on sales and tributes, etc.) is recorded on a net basis, and therefore excluded from revenue in the interim consolidated statement of comprehensive income.

Finance income is composed of interest income in funds invested, gains from the sale of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss and gains from hedge instruments that are recognized in comprehensive income. Interest income is recognized as it accrues in profit or loss at the amortized cost using the effective interest method.

**q. Dividends** - Article No. 79 of the Chilean Public Company Act establishes that, except otherwise unanimously agreed in at the Annual Shareholder's Meeting, by unanimity of the issued shares, publicly traded companies must annually distribute as cash dividend to their shareholders, at pro rata of their interests or in the proportional amount established by the Company's by-laws, in the event preference shares exist, at least 30% of net profit for each year, except if the Company has to absorb accumulated losses from prior years.

At each reporting date, the Company estimates the amount of the obligation with its shareholders, net of provisional dividends that have been approved during the year, and recognizes them as "Trade and other payables, current" and as "Trade payables due to related parties", as appropriate, with a charge to equity.

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Provisional and definitive dividends are recorded as decreases in equity at their approval by the relevant individuals which, in the first case, generally corresponds to the Company's Board of Directors, and in the second case the responsibility relates to the Shareholders' Ordinary Meeting.

**r. Environment** - In the event of environmental liabilities, these are recognized on based on the current interpretation of environmental laws and regulations, when is probable that a current obligation will be produced and the amount of such liability can be estimated reliably.

Investments in infrastructure projects intended to comply with environmental requirements are performed in conformity with the general accounting criteria related to property, plant and equipment.

**s. Classification of balances as current or non-current** - Balances in the accompanying interim consolidated statement of financial position are classified on the basis of their maturities - i.e., balances maturing within twelve months or less are classified as current; whereas balances maturing in periods exceeding twelve months are classified as non-current.

**t. Leases** - The implementation of IFRS 16 implies that, for lessees, most of the leases are recognized in the balance sheet, which significantly changes the companies' financial statements and related ratios. Colbun maintains lease agreements for its offices, parking lots, warehouses, pickup trucks and printers.

**t.1 Lessee** - From the lessee's standpoint, in the commencement date of a lease, the Company recognizes an asset representing the right to use the underlying asset during the lease term (right-of-use asset) and a liability representing its obligation to make lease payments (lease liability), except leases which term is less than 12 months (with no renewal), and leases where the underlying asset amounts to less than US\$5,000. The lessee shall recognize interest expense on the lease liability separately from the amortization expense for the right-of-use asset.

**t.1.1 Initial recognition** - At the commencement date, a lessee shall measure the right-of-use asset at cost; whereas a lessee shall measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.

**t.1.2 Classification** - All leases are classified as finance lease, as the lessee records a right-of-use asset and a lease liability at the commencement date.

**t.1.3 Remeasurement** - In addition, lessees will be required to remeasure the lease liability if certain events occur (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or a rate used to determine those payments). A lessee shall recognize the amount of the lease liability as an adjustment to the right-of-use asset.

**t.1.4 Depreciation charge** - A lessee shall apply the depreciation requirements in IAS 16 Property, Plant and Equipment in depreciating the right-of-use asset.

**t.1.5 Impairment** - A lessee shall apply IAS 36 Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

**t.2 Lessor** - Lessor accounting in accordance with IFRS 16 is substantially similar to the accounting under IAS 17. Lessors will continue to classify leases as finance or operating leases at the commencement date, based on the substance of the transaction. Leases in which substantially all the risks and rewards inherent to the ownership of the underlying asset are transferred are classified as finance leases. The remaining leases are classified as operating leases.

Operating lease payments are expended on a straight-line basis over the term of the lease, unless another systematic basis of distribution is more representative.



**u. Transaction with related parties** - The transactions between the Company and its dependent subsidiaries, which are related parties, are part of the Company's usual transactions with respect to its objective and conditions, and these are eliminated in the consolidation process. The identification of the relationship between the Parent, Subsidiaries, Joint Ventures and Related Parties are detailed in Note 3.1 and section b and c.

All transactions are performed under the market terms and conditions.

**v. Government grants** - Government grants are measured at the fair value of the asset received or receivable. A grant with no specific future performance conditions is recognized in income when the amount obtained for the grant is received. A grant establishing specific future performance conditions is recognized in income when such conditions are met.

Government grants are presented separated from the asset to which they relate. Government grants recognized in income are presented separately in the notes. Government grants received before the compliance with the revenue recognition criteria are presented as a separate liability in the statement of financial position.

The Company recognizes no amount for types of government aid to which no fair value can be allocated. However, if these exist, the Company discloses the information of such aid.

**w. Interest costs** - Interest costs directly attributable to the acquisition, construction or development of an asset which implementation or sale requires an extended period, are capitalized as part of the cost of such asset. The Company has established as a policy the capitalization of interests based on the construction phase. The remaining interest costs are recognized as expenses in the period they are incurred. Financial expenses include interests and other costs incurred by the Company with respect to the financing obtained.

**x. Contingent assets and liabilities** - A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly under the Company's control, or a present obligation arising from past events which has not been recognized because:

- It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. These will not be recognized in the financial statements but will have to be disclosed in the notes to the financial statements.

**y. Reclassifications** - For comparative purposes and regarding of a taxonomy change instructed by the CMF, the items related to the rights-of-use were reclassified from "Property, Plant and Equipment" to a new item "Right-of-use assets" by ThUS\$ 135,826, the items related to the lease liability from "Other current financial liabilities" to a new caption "Short-term lease liabilities" for ThUS \$ 9,482 and "Other non-current financial liabilities" to a new caption "Long-term lease liabilities" for ThUS \$ 134,390 for the period December 2019.

### 3.2 New accounting pronouncements

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2020. Those that may be relevant for the Group are indicated below.

### 3.2.1. Standards effective from January 1, 2020

Adopted Standards		Mandatory application date
Conceptual Framework	Amendments to References to the Conceptual Framework in IFRS Standards	January 1, 2020
IFRS 3	Definition of a Business (Amendments to IFRS 3)	January 1, 2020
IAS 1 - IAS 8	Definition of Material (Amendments to IAS 1 and IAS 8)	January 1, 2020
IFRS 9 - IAS 39 IFRS 7	Interest Rate Benchmark Reform	January 1, 2020
IFRS 16	Covid-19 related rent deductions	June 1, 2020

**Amendments to references in the Conceptual Framework for Financial Reporting:** In March 2018, the International Accounting Standards Board (the Board) issued the (revised) Conceptual Framework for Financial Reporting, which mainly serves as a tool to assist the Board in developing standards and to assist the IFRS Interpretations Committee in interpreting such standards. The Conceptual Framework does not override any individual IFRS requirement.

The main changes of principles of the conceptual framework has implications on how and when are recognized and derecognized assets and liabilities in the financial statements.

Certain concepts in the revised Conceptual Framework are completely new, such as the "practical ability" approach to liabilities. Main changes include:

**New "bundle of rights" approach to assets:** A physical object may be 'sliced and diced' from an accounting perspective. For example, in some circumstances, an entity would book as an asset a right to use an aircraft, rather than an aircraft itself. The challenge will be determining to what extent an asset can be split into different rights and the impact on recognition and derecognition.

**New "practical ability" approach for recognizing liabilities:** The old recognition thresholds are gone. A liability will be recognized if a company has no practical ability to avoid it. This may bring some liabilities on the balance sheet earlier than at present.

However, if there is uncertainty over existence and measurement or a low probability of outflows, then this may result in no or delayed recognition in some cases.

The challenge will be determining which future actions/costs a company has no 'practical ability' to avoid.

**New control-based approach to derecognition:** A company will take an asset off balance sheet when it loses control over all or part of it - i.e. the focus is no longer on the transfer of risks and rewards.

The challenge will be determining what to do if the company retains some rights after the transfer.

This standard is effective for annual periods beginning on or after January 1, 2020.

**Definition of a Business (Amendments to IFRS 3):** In October 2018, the International Accounting Standards Board issued narrow-scope amendments to IFRS 3 Business Combinations to improve the definition of a business and help companies determine whether an acquisition performed is a business or a group of assets.

The amendments include a choice to use a concentration test. This is a simplified assessment that results in an asset acquisition if all of the fair value of the gross assets is concentrated in a single identifiable asset or a group of similar identifiable assets. If the concentration test is not applied, or if the test is not met, the assessment focuses on whether a substantive process exists.

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The amendments clarify the definition of a business in order to help entities to determine if a transaction should be accounted for as a business combination or the acquisition of an asset. The amendments:

- clarify that to be considered a business, an acquired set of activities and assets must include, at least, an input and a substantive process that together significantly contribute to the ability to create outputs;
- remove the assessment of whether market participants can replace any missing inputs or processes and continuing to produce outputs;
- add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs; and
- add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets acquired is not a business.

The standard is effective for annual periods beginning on or after January 1, 2020.

**Definition of Material (Amendments to IAS 1 and IAS 8):** In October 2018, the International Accounting Standards Board amended its definition of “material”. Such definition has now aligned the use in International Financial Reporting Standards and the Conceptual Framework. This new definition states that “Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The Board incorporated the concept of “shadowing” to the definition, along with the existing references to “omit” and “misstate” information. In addition, the Board increased the threshold from “could influence” to “could reasonably be expected to influence.”

Furthermore, the Board removed the definition of significant omissions and misstatements under IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The standard is effective for annual periods beginning on or after January 1, 2020.

**IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform:** In September 2019, the International Accounting Standards Board issued amendments to IFRS 9, IAS 39 and IFRS 7 to address uncertainties related to the reforms in progress of the London Interbank Offered Rate (LIBOR).

The amendments address aspects that affect the financial information in the period prior to the Interbank Offered Rate (IBOR) reform and are applicable to the hedging transactions directly affected by uncertainties related to the IBOR reform. As a part of the main amendments, the entities affected by an IBOR reform will consider the following:

- they will assume the interest rate benchmark on which the hedged cash flows are based are not modified as a result of the IBOR reform when assessing whether future cash flows are highly probable. In addition, for discontinued hedges, the same assumption is applied to determine whether the hedged cash flows are expected to occur.
- they will assess whether the economic relationship between the hedged item and hedging instrument exists based on the assumptions that the interest rate benchmark on which the hedged item and hedging instrument are based is not modified as a result of the IBOR reform.

- they will not interrupt a hedging transaction during the uncertainty period that arises from the IBOR reform solely because the actual hedging results are outside the range of 80-125 percent.
- they will apply the identifiable separately criterion only at the beginning of the hedging relationship. A similar exception is also provided for hedged components where the resignation takes place frequently, i.e. macro-hedges.

This standard is effective for annual periods beginning on or after January 1, 2020.

**IFRS 16 Rent reductions related to Covid-19:** In May 2020, the IASB issued an amendment to IFRS 16 Leases to provide relief to lessees in applying IFRS 16 guidance related to lease modifications by rent reductions that occur as a direct consequence of the Covid-19 pandemic. The amendment does not apply to landlords.

As a practical solution, a tenant may choose not to assess whether the Covid-19-related rent reduction granted by a landlord is a lease modification. A lessee making this choice will recognize changes in lease payments from Covid-19-related rent reductions in the same way that it would recognize the change under IFRS 16 as if the change were not a lease modification.

A lessee will apply this practical solution retrospectively, recognizing the cumulative effect of the initial application of the amendment as an adjustment to the beginning balance of retained earnings (or other component of equity, as applicable) at the beginning of the annual period over which it is reported in which the lessee applies the amendment for the first time.

A lessee will apply this amendment for annual periods beginning on or after June 1, 2020. Early application is allowed, including in financial statements not authorized for publication as of May 28, 2020.

This standard is effective as of June 1, 2020.

### 3.2.2 Accounting pronouncements effective starting from January 1, 2021 and thereafter:

Standards issued by the IASB yet to be adopted		Mandatory application date
IFRS 17	Insurance Contracts	January 1, 2023
IFRS 10 - IAS 8	Sale or contribution of assets between an investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28)	Mandatory date deferred indefinitely

**IFRS 17 Insurance Contracts:** Issued in May 2017, this Standard requires that insurance liabilities be measured at a current compliance value and provides a more consistent approach for presenting and measuring all insurance contracts. Such requirements are designed to provide a consistent principle-based accounting treatment.

This standard is effective for annual periods beginning on or after January 1, 2023. Early adoption is permitted if IFRS 9 and IFRS 15 have been adopted.

**Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28):** In September 2014, the IASB issued this amendment that requires that when transferring subsidiaries to an associate or joint venture, the total gain should be recognized when assets transferred meet the definition of “business” under IFRS 3 Business Combinations. This amendment establishes a strong pressure on the definition of “business” for recognition in profit or loss. It also introduces new and unexpected recognition for transactions that partially consider maintenance in assets that are not businesses.

The effective application date has been deferred indefinitely.

This modification does not have significant effects for the Company.

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### 3.3 Responsibility for the information and estimates made

The information contained in the accompanying Interim Consolidated Financial Statements is responsibility of the Company's Board of Directors which expressly indicates that it has fully implemented the principles and criteria contained in IFRS, as issued by the IASB.

The preparation of the interim consolidated financial statements requires the use of judgments, estimates and assumptions that affect assets and liabilities at the reporting date, and income and expense amounts during the reporting period. These estimates are based on the best knowledge of Management on the reported amounts, events, and actions.

In the preparation of these Interim Consolidated Financial Statements, the following estimates have been used:

- Useful lives and residual values of property, plant and equipment, and intangible assets (see Note 3.1.f and 5.a)
- Valuation of assets to determine the existence of impairment losses (see Note 5.b)
- Assumptions used to calculate the fair value of financial instruments (see Note 3.1.h)
- Assumptions used in the actuarial calculation of liabilities and employee obligations (see Note 3.1.m)
- Probability of occurrence and the amount of undetermined or contingent liabilities (see Note 3.1.n)
- The tax returns of the Company and its subsidiaries, which will be submitted to relevant tax authorities in the future and which have been used as a basis for recording different income tax-related amounts in the accompanying interim consolidated financial statements (see Note 3.1.l).
- Financial assumptions and estimated economic life for calculating the provision for dismantling (see note 3.n.2)
- Measurement of the allowance for expected credit losses for trade receivables and contract assets (3.h.1.5).

Although such estimates have been made considering the best information available at the reporting date, it is possible that future events require changes (increases or decreases) in such estimates for subsequent periods; this would be applied prospectively at the date in which such change is acknowledged, recognizing the effects of changes in estimates in the subsequent interim consolidated financial statements, in conformity with IAS 8.

## 4. Risk management

### 4.1. Risk management policy

The risk management policy is oriented to safeguard the Company's stability and sustainability principles, identifying and managing sources of uncertainty that affect or may affect the Company.

A comprehensive risk management policy involves identifying, measuring, analyzing, mitigating, and controlling different risks of the Company's different management departments, as well as estimating the impact on the Company's consolidated position, and its follow-up and control over time. This process involves both the Company's Senior Management and the areas that take such risks.

The acceptable risk limits, risk measurement metrics, and risk analysis periodicity are policies regulated by the Company's Board of Directors.

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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.

## 4.2 Risk factors

The Company's activities are exposed to different risks, which have been classified as electric business risks and financial risks.

### 4.2.1 Electric business risks

#### a. Hydrological risk

To comply with its commitments in dry hydrologic conditions, Colbún must operate its combined thermal cycle plants or by default operate its back-up thermal plants or even buy energy on the spot market. This situation could raise Colbún's costs, increasing earnings variability depending on the hydrological conditions.

The Company's exposure to hydrological risk is reasonably mitigated by a commercial policy aimed at maintaining a balance between competitive power generation (hydraulic in an average-to-dry year, or cost-efficient coal-based or natural gas-based thermal power generation, other cost-efficient renewable energy properly supported by other power generation sources given their intermittence and volatility) and commercial commitments. Under extreme conditions and continuous droughts, a possible lack of water for cooling could affect the power-generating capacity of the combined cycles. For the purpose of minimizing the use of water and ensuring operational availability during water shortage periods, Colbún built a Reverse Osmosis Plant in 2017, which allows reducing up to 50% the water used in the cooling process of combined cycles of the Nehuenco Complex.

In Peru, Colbún owns combined cycle power plant and has a commercial policy oriented towards committing such energy base on short and long-term contracts. Exposure to dry hydrology is limited, as it would have an impact only in case of eventual operational failures which would force the Company to resort to the spot market. In addition, the Peruvian power business has an efficient thermal power offering and availability of natural gas sufficient to cover such risk.

#### b. Fuel price risk

In Chile, in situations of low water availability in its hydraulic plants, Colbún mainly uses its thermal plants and purchases energy in the spot market at marginal cost. The aforementioned generates a risk due to possible fluctuations in the international fuel prices. Part of this risk is mitigated through contracts with sale prices indexed to fuel price fluctuations. In addition, the Company performs hedging programs with different derivative instruments, such as call and put options, among others, in order to hedge the remaining portion of this exposure, if any. On the contrary, in case of water surplus, the Company may be in a selling position in the spot market, whose price would be, in part, determined by fuel prices.

In Peru, the cost of natural gas has a lower dependence to international prices, given the significant domestic natural gas production, which allows it to limit exposure to this risk. As in Chile, the remaining portion exposed to international price fluctuations is mitigated through indexation formulas in its energy sales contracts.

Accordingly, exposure to risk related to fuel prices fluctuations is partly mitigated.

#### c. Fuel supply risk

The Company entered into a contract with Enap Refinerías S.A. ("ERSA"), which includes a reserved regassification capacity and supply for 13 years which became effective on January 1, 2018. This agreement allows the Company to have natural gas to operate two combined cycle units during a large part of the first semester which is the period of the year in which the availability of water resources is lower. Colbún has also the possibility to access to additional natural gas through spot purchases allowing to have an efficient support under adverse hydrological

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conditions during the second half of the year. In addition, gas supply contracts have been entered with Argentine producers, to complement the gas supply of LNG.

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.

With respect to purchases of coal for Santa María thermal power plant, the Company conducts tender processes (the most recent conducted in June 2019), inviting significant international suppliers and awarding such supply to competitive, financially stable companies. This is performed in accordance with an early purchase policy and an inventory management policy to substantially mitigate the risk of fuel unavailability.

#### **d. Equipment malfunction and maintenance risk**

The availability and reliability of the Company's power-generating units and transmission facilities are critical to the business. Accordingly, Colbún holds a policy of conducting regular maintenance, preventive and predictive maintenance to its equipment, based on its suppliers' recommendations, and has a hedge policy for this type of risk through insurances for its physical assets, including coverage for physical damages and damages due to stoppages.

#### **e. Project construction risk**

The development of new generation and transmission projects may be affected by factors such as: delays in obtaining permits, regulatory framework changes, litigation, increase in equipment and labor prices, opposition from local and international stakeholders, adverse geographical conditions, natural disasters, accidents and other unforeseen events.

The Company's exposure to these risks is managed through a commercial policy that considers the effects of possible delays in projects. In addition, the Company includes certain flexibility to term estimates and construction costs. Additionally, the Company's exposure to these risks is partially mitigated through subscribing "All Construction Risk" insurance policies which cover both physical damages and profit losses due to a delay in service resulting from a casualty, both with standard deductibles for this type of insurance.

The companies in the industry face a very challenging power market, with considerable involvement from different interest groups, mainly neighboring communities and NGOs, which legitimately demand more participation and spotlight. As part of this complex scenario, environmental processing deadlines have become uncertain, which are usually followed by extensive judicial processes. The above has resulted in a decrease in construction of projects of relevant sizes.

Colbún has a policy which calls for integrating social and environmental considerations to the development of its projects. In addition, the Company has developed a social bonding model which allows it to work jointly with neighboring communities and society in general, starting with a transparent citizen participation and trust-building process in the early stages of projects, and throughout their life cycle.

#### **f. Regulatory risks**

Regulatory stability is critical for the energy sector where investment projects have significant terms to obtain permits, investment development, performance and return. Colbún believes regulatory changes must be made considering the complexities of the energy system and maintaining adequate incentives for investments. It is important that the regulations provide clear and transparent rules, which consolidate the trust of the sector's agents.

### **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"), on October 25, 2020, the referendum was held to decide to approve or reject the drafting of a new Constitution. In the national consultation, the

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option for “approval” was imposed by 78% of the votes and the mechanism for drafting the new Constitution will be through a constitutional convention (79% of the preferences compared to the alternative of a mixed convention). On April 11 2021, the 155 constituents in charge of its drafting will be elected and the text must be submitted to a new in 2022. The constitutional process may result in changes to the institutional framework applicable to the business activity in the country.

On September 12, due to the outbreak of COVID-19 that affects the country, classified as a pandemic by the World Health Organization, the President of the Republic decided to extend the State of Constitutional Exception of Catastrophe, due to public calamity, throughout the national territory, by means of Supreme Decree 104, 2020, of the Ministry of the Interior and Public Security, and its modifications, for an additional period of 90 days.

In this context, in the framework of the serious health crisis that affects the country, on August 5 Law 21,249 was enacted, providing for exceptional measures in favor of end users of health, electricity and gas network services. With this initiative, during the 90 days following the law’s publication (August 8, 2020), distribution companies will not be able to cut off the supply to the people, users and establishments indicated in the law, due to late payment. The Law defines that the debts of the most vulnerable users or with inability to pay, generated between March 18, 2020 and up to 90 days after the law’s publication, may be divided into the number of monthly installments equal and successive determined by the user, which may not exceed 12 installments, and will be charged from the billing following the end of the 90-day period and may not consider fines, interests or associated expenses. This Law does not imply a cost allocation through the supply chain, except in the case of payments postponement by energy “cooperatives”, which may defer payments to their suppliers.

With respect to the above mentioned Law, a group of senators filed a parliamentary motion with the main purpose of extending the terms for their benefits for 6 additional months to those foreseen in the current Law, both with regard to the prohibition of supply cuts and also the rescheduling of the debt, indicating an automatic rescheduling of the debt up to 36 monthly installments (24 additional installments to those foreseen in the law), among other modifications. This law amendment, as well as the current law in force, does not contemplate a cost allocation through the supply chain, except for the case of “cooperatives” that could defer in installments the payment to their suppliers.

Additionally, the Chamber of Deputies generally approved in general the Bill that seeks to anticipate the decommissioning of coal-fired power plants . It will now go to the Environment and Natural Resources Commission for discussion in particular. This bill, initiated by a parliamentary motion, seeks to prohibit the installation and operation of coal-fired thermoelectric generation plants throughout the national territory as of January 1, 2026.

The Ministries of Energy and the Environment, the CNE and the National Electric Coordinator have exposed before the Commission the inconvenience of advancing the closure of the coal-fired power plants through legal means. It is important to remember that in 2019 the generators signed a voluntary agreement with the government by which they committed not to build new coal-fired plants and agreed to the progressive closure of the coal-fired plants.

With respect to the Ancillary Services Market, discrepancies were presented to the Panel of Experts because the 2021’s Ancillary Services Report of the National Electric Coordinator determined that there are no conditions of competition in the secondary frequency control. Therefore, auctions for this service would stop and would be carried out under a direct provision scheme as of January 1, 2021. In its opinion, the Panel of Experts accepted the discrepancies and ordered the National Electric Coordinator to maintain the auctions as of January 2021 and to correct its report. On the other hand, with respect to the 2020’s Ancillary Services Report (which became effective in January 2020), the Coordinator updated the report, in which it suspended the auctions for secondary frequency control and tertiary frequency control, instructing that they be carried out through direct provision, which is why discrepancies were presented to the Panel of Experts, which are currently in progress.

On the other hand, the Government continues to promote the following regulatory changes that, depending on the way they are implemented, could represent opportunities or risks for the Company.



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- (i) The "New Distribution Law" (Long Law), which aims to update the regulation of the distribution sector to better address the technological and market advances that have taken place and that are foreseen for the future, promote investment and improve the quality of service to end users. On September 2020, the Minister of Energy submitted to the Chamber of Deputies' Mining and Energy Commission a bill that establishes the right to electricity portability, creating the figure of the marketer as a new market agent, in addition to considering the modernization of the supply bidding mechanism and the introduction of the role of the information manager to reduce information asymmetries and protect customers' consumption data.

This bill corresponds to the first of three initiatives in which the Executive sub-divided the Long Distribution Law. The other two bills that have not yet been introduced in Congress are:

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

The Chamber's Mining and Energy Commission has convened the private sector, civil society, academics, and the public sector in order to capture the opinion of the various organizations so that parliamentarians can make the necessary recommendations on the bill.

- (ii) The "Flexibility Strategy", which has the objective of addressing the systemic and market consequences that will arise as a result of the increasing incorporation of renewable energy from variable sources. Recently, the Ministry of Energy published the definitive Strategy, announcing the three axes or pillars it considers: (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, working groups are being set up with industry representatives to address the measures that have been proposed in each of the axes.

(iii) At the regulatory and resolution level, it is worth noting:

- a. On July 9, 2020, the National Energy Commission (CNE) published the exempt resolution No.238 to modify exempt resolution No. 164, of 2010, in which it is proposed to establish incentives for customers who substitute firewood for electrical energy for heating, establishing a discount on the Regulated rate for increases in energy consumption that come from the conversion of heating with firewood to electricity, and where generators that supply electricity may make offers through distribution companies. Subsequently, the CNE led a process of presenting of offers with discount in the prices of the electrical energy, which will allow to promote the substitution of the firewood and to increase the consumption of electrical energy, covering in a first stage 10 communes with high level of concentration of particulate material. The bidding process considered a total energy of 122 GWh/year and covered a period of validity of the offers from August 2020 to December 2024. Colbún, on the other hand, was awarded a supply of 10 GWh/year between 2020 and an additional 12.4 GWh in 2024.
- b. On the other hand, the Comptroller's Office approved the Small Scale Generation Means Regulation that was under revision, which establishes, among other modifications, a new stabilized price regime that will be calculated considering 6 blocks per day (4 hours each block), instead of a price per day that was the previous regime. In addition, it establishes a transitional period to move from the old regime to the new one for plants in operation and projects nearing construction.

## Peru

After Luz del Sur filed a complaint against the Ministry of Energy, due to the fact that - in the opinion of the electricity company - Decree 043-2017-EM, which is related to the declaration of fuel prices by the generating plants, had both legal and constitutional violations, the Supreme Court declared this Decree null and void and ordered the Ministry of Energy to establish new provisions based on the existing Decree 039-2017-EM. This

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declaration of nullity refers to the possibility that the thermal power plants have today to declare a minimum price of energy with respect to the use of natural gas which is much lower than the actual price of generation with that fuel (because it is permitted to exclude from such declaration costs associated with take or pay clauses established in the contracts for transport and distribution of gas, mainly). The ruling indicates that two different prices cannot be declared: one in bar (which includes all costs) and another for the declaration of gas prices (order of dispatch of plants). The Supreme Court ruling does not indicate how it should be regulated or how it should return to the previous regime.

In this context, on October 10, 2020, Ministerial Resolution No. 312-2020-MINEM/DM was published, which provided for the publication of the draft "Supreme Decree establishing provisions for the determination of the price of natural gas for electricity generation" and granted a period of seven (7) calendar days for the submission of comments and/or contributions to the draft regulations.

**g. Risk of variation in demand/supply and sales price of electricity.**

The projection of future power demand is very relevant information for determining the market price.

In Chile, a low demand growth, as well as a decrease in fuel prices and an increase in solar and wind renewable energy projects, resulted in a decrease in the short-term price of power (marginal cost) during the last years.

With respect to long-term prices, the bidding processes for the supply of regulated customers finished in August 2016 and October 2017 resulted in an important decrease in prices offered and granted, which reflects the greater competitive dynamics present in this market, and the impact of the introduction of new technologies - mainly solar and wind power- with a significant decrease in costs as a result of their widespread growth. Although the Company expects that these factors triggering such competitive dynamics and price trends will remain in the future, it is difficult to determine their precise impact on the long-term power prices.

In addition, and because of the difference in power prices between regulated and unregulated customers, certain customers have adopted the unregulated customer regime. The above may occur given the option included in power laws which allow customers with power connections between 500 kW and 5,000 kW to be categorized as regulated or unregulated customers. Colbún has one of the most efficient power generation plants in Chile, and therefore it has the capacity of offering competitive conditions to these customers.

In Peru, there is also a temporary imbalance between supply and demand, mainly generated from the increase in efficient supply (hydroelectric and natural gas plants).

The growth in renewable energy from variable sources in the Chilean market (and potentially in Peru) such as solar and wind power generation, may generate integration costs, and therefore may affect the operating conditions of the remaining portion of the power system, particularly in the absence of a complementary services market which adequately remunerates the services required to manage the variability of such power generation sources.

Regarding the impact of COVID19 on energy demand, there is still uncertainty about how and for how long this contingency will extend. Energy demand in Chile has fallen by approximately 2% during the third quarter of 2020 compared to third quarter of 2019, while in Peru this decrease has been approximately 4%. Additionally, there is a complex world economic outlook, which may lead to a contraction of the economies in Chile and Peru, which will surely have an effect on future electricity demand.

**4.2.2. Financial risks**

Financial risks are related to the Company's inability to perform transactions or comply with obligations from its operations due to lack of funding, changes in interest rates, exchange rates, bankruptcy of related parties, or other financial variables of the market that may materially affect Colbún.

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#### **a. Exchange rate risk**

Exchange rate risk relates mainly to fluctuations in currency coming from two sources. The first source of exposure is cash flows related to investment revenues, costs and expenses denominated in foreign currencies other than the functional currency (United States dollars).

The second source of exposure relates to the accounting mismatch between assets and liabilities in the Statement of Financial Position denominated in a currency other than the functional currency.

The exposure to cash flows in currencies other than the U.S. dollar is limited, as practically all the Company's sales are denominated directly or adjusted to the U.S. dollar.

Likewise, its main costs relate to purchases of natural gas and coal, which incorporate pricing formulas based on international prices denominated in U.S. dollars.

With respect to disbursements related to investment projects, the Company incorporates inflation-adjusted rates in its contracts with suppliers, and resorts to the use of derivatives to determine cash outflows in currencies other than the U.S. dollar.

The accounting mismatch exposure is mitigated by applying a policy of maximum mismatch between assets and liabilities for structural items denominated in currencies other than U.S. dollar. Accordingly, Colbun maintains a relevant share of its cash surpluses in U.S. dollars and occasionally resorts to the use of derivatives, mainly currency swaps and forwards.

#### **b. Interest rate risk**

Is related to changes in interest rates affecting the value of future cash flows based on variable interest rates, and variances in the fair value of assets and liabilities based on fixed interest rates that are accounted for at fair value. To mitigate such risk, the Company uses fixed interest rate swaps.

As of September 30, 2020, the Company's financial debt, including the effect of contracted interest rate derivatives, is 100% denominated in fixed rate.

#### **c. Credit risk**

The Company's exposure to this risk is derived from the possibility that a counterparty fails to comply with its contractual obligations and generates financial or economic losses. Historically, all counterparties Colbun has engaged with to render energy services have complied with their payments.

Colbun has recently expanded its presence in the medium and small unregulated customer segment, for which it has implemented new procedures and controls related to the risk assessment of these type of customers and a follow-up of their collection. Allowance for doubtful accounts calculations are performed on a quarterly basis based on the risk analysis of each customer considering, among other factors, its credit rating, payment behavior and industry.

With respect to placements in cash and derivatives, Colbun performs transactions with high credit rated entities. In addition, the Company has established interest limits by counterparty, which are regularly approved by the Board of Directors and periodically reviewed.

As of September 30, 2020, the Company invests its cash surpluses in interest-bearing current account, mutual funds (of bank subsidiaries) and in time deposits in local and foreign banks. The former are short-term mutual fund deposits, at 90 days and known as "money market."

Information on customer's credit ratings is disclosed in note 11.b to these Interim Financial Statements.

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#### d. Liquidity risk

Such risk is derived from several fund needs to address investment commitments and business expenses, debt maturities, among others. The required funds to meet such outflows are obtained from Colbún's own revenue and by engaging credit revolving facilities to ensure sufficient funds will be available to support expected needs for a period.

As of September 30, 2020, Colbún has cash surpluses of approximately US\$966 million, invested in time deposits for an average of 60 days (including time deposits with maturities exceeding 90 days, where the latter are recorded as "Other financial assets, current" in the Interim Consolidated Financial Statements), and in short-term mutual fund deposits maturing in less than 90 days.

Likewise, to date, the Company has the following additional sources of liquidity available: (i) three line of bonds registered with the local market, two for UF 7 million as a whole and one for UF 7 million, and (ii) uncommitted credit revolving facilities for approximately US\$150 million. For its part, Fenix Power has committed credit lines for a total of US \$25 million, with a one-year term, contracted with two local banks. In addition, Fenix Power has uncommitted lines for a total of US \$34 million, contracted with three local banks.

Within the next twelve months, the Company will have to disburse approximately US\$110 million associated with interests on financial debt and debt repayments. The payment of interests and repayments are expected to be covered by the Company's internally generated cash flows.

As of September 30, 2020, Colbún has the following local risk ratings: AA by Fitch Ratings and Feller Rate, with stable outlook. At international level, the Company's ratings are: Baa2 by Moody's, BBB by S&P and BBB+ by Fitch Ratings, all with stable outlooks.

As of September 30, 2020, Fenix Power risk ratings are: Ba1 by Moody's, and BBB -by S&P and by Fitch Ratings, all with stable outlooks.

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.c.2 of the Interim Financial Statements.

#### 4.3 Risk measurement

As indicated above, the Company regularly analyzes and measures its exposure to several risk variables. Risk management is performed by a Risk Committee, supported by the Corporate Risk Management and coordinated with the other divisions of the Company.

With respect to business risks, specifically those related to variances in commodity prices, Colbún has implemented mitigating actions consisting of index-adjustments in energy sales contracts and hedges through derivative instruments to hedge any possible remaining exposure. Because of this reason, the Company performs no sensitivity analysis.

The Company has insurance policies in force to cover damages to its physical assets, disruptions and loss of profits due to delays in the commencement of a project to mitigate the risk of equipment failure or project development. Such risk is currently considered to be reasonably controlled.

For measuring the financial risk exposure, Colbún performs a sensitivity analysis and value at risk analysis to monitor possible losses assumed by the Company in the event such exposure exists.

Foreign currency exchange risk is considered low because the Company's main cash flows (project revenue, costs and expenditures) are directly denominated in, or adjusted to, U.S. dollars.

The accounting mismatch exposure is mitigated by applying a policy of maximum mismatch between assets and liabilities for structural items in the Balance Sheet denominated in currencies other than U.S. dollar. As of

September 30, 2020, the Company's exposure to this risk relates to a potential impact of approximately US\$4.3 million for quarterly foreign currency exchange differences, based on a sensitivity analysis with a 95% reliance.

There is no interest rate variance risk because 100% of the financial debt is assumed to be at a fixed rate.

The credit risk is low because Colbún operates solely with domestic and foreign bank counterparties with high credit rating and has established the maximum exposure policies for each counterparty, which limit the specific concentration with such institutions. For banks, the local institutions have risk ratings equal to or of more than BBB and foreign entities have investment grade international risk ratings.

At the closing date, the financial institution which accounts for the highest share of cash surpluses has 15%. For existing derivatives, the Company's foreign counterparties have risk ratings equivalent to BBB+ or higher and domestic counterparties have local ratings of BBB+ or higher. Note that, for derivatives, no counterparty has a concentration of more than 25% in terms of notional value. Liquidity risk is considered to be low by virtue of the Company's significant cash position, the amount of financial obligations for the following twelve months and access to additional sources of financing.

## 5. Critical accounting policies

Management necessarily makes judgments and estimates that have a significant effect on the amounts recorded in the Interim Consolidated Financial Statements. Changes in the assumptions and estimates could have a significant impact on the financial statements. The key estimations and judgments used by Management for the preparation of these interim consolidated financial statements are detailed below.

### a. Calculation of depreciation and amortization, and estimation of the related useful lives

Property, plant and equipment, and intangible assets other than goodwill with finite useful lives, are depreciated and amortized on a straight-line basis over the estimated useful lives of the assets. Useful lives have been estimated and determined considering technical aspects, their nature and status.

Estimated useful lives as of September 30, 2020 are as follows:

#### (i) Useful lives of property, plant and equipment:

The detail of the useful lives of the main items of Property, plant and equipment is as follows:

Classes of property, plant and equipment	Useful life (years)	Average remaining useful life (years)
Buildings	10 - 65	33
Machinery	4 - 20	10
Transport equipment	5 - 15	6
Office equipment	5 - 12	8
IT equipment	3 - 10	6
Power-generating asset	2 - 100	41
Transmission line operation and maintenance	20	14
Right-of-use assets	2 - 14	12
Other property, plant and equipment	10 - 50	32

Additional detail per class of plants is presented below

Classes of plants	Useful life (years)	Average remaining useful life (years)
<b>Power-generating facilities</b>		
Hydroelectric power plants		
Civil works	10 - 100	72
Electromechanical equipment	2 - 100	21
Thermal power plants		
Civil works	10 - 60	23
Electromechanical equipment	2 - 60	17
Solar power plant		
Electromechanical equipment	5 - 25	22
Civil works	25	24

**(ii) Useful lives of intangible assets other than goodwill (with finite useful lives):**

Intangible assets from contracts with customers are mainly acquired contracts for energy supply.

Other material intangible assets refer to software, rights, concessions and other easements with finite useful lives. These assets are amortized in accordance with their expected useful lives.

Intangible assets	Useful life (years)	Average remaining useful life (years)
Customer contractual relationships	2 - 15	12
Software	1 - 15	7
Rights and concessions	1 - 10	6

At the closing date of each period, the Company assesses whether there is any indicator of impairment of assets. If any such indication exists, then the asset's recoverable amount is estimated to determine the impairment amount.

**(iii) Intangible assets with indefinite useful lives:**

The Company analyzed the useful lives of intangible assets, with indefinite useful lives (e.g., certain right-of-way easements or water rights, among others), and concluded there is no foreseeable time limit in which the asset would generate net cash inflows. For these intangible assets, the Company determined that their useful lives are indefinite.

**b. Impairment of non-financial assets (tangible and intangible assets other than goodwill, excluding goodwill)**

At the closing date of each year, or at any date as deemed necessary, the value of assets is assessed to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated to determine the amount of any impairment. For identifiable assets that do not generate cash flows independently, the recovery of the cash-generating unit (CGU) of the asset is estimated. Accordingly, it has been determined that assets located in Chile represent two CGUs, the Generation and Transmission business, whereas all assets located in Peru represent another CGU.

For CGUs that have required possible impairment losses analysis, future cash flows are based on the updated Strategic Plan approved by Colbun, as applicable, for most recent long-term budgets or estimates approved,

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considering the regulation and expectations for market development per the available sector forecasts and the historical experience on price evolution and volumes produced.

Likewise, to estimate future cash flows in the calculation of residual values, the Company uses and compares different valuation techniques, including all maintenance investments, and, if applicable, renewal investments required to maintain the CGU production capacity.

Parameters considered by the Company to determine growth rates, which represent each business long-term growth, are adjusted per the long-term growth in Chile.

Additionally, parameters considered for the calculation of discount rates before taxes are determined based on historical and updated market information and considering indebtedness level and capital structure assumptions consistent with the market context and the Company's financing policy.

For CGUs assigned to intangible assets with an indefinite useful life, the recoverability analysis is conducted systematically at each reporting date, or at any date deemed necessary, except if considered that the most recent calculations of a CGU's recoverable amount from the prior period may be used for verifying the amount of the impairment of such unit in the current period, as it complies with the following criteria:

- a) Assets and liabilities comprising such unit have not significantly changed since the latest recoverable amount calculation.
- b) The latest recoverable amount calculation resulted in an amount that significantly exceeded the unit's carrying amount; and
- c) Based on an analysis performed on the events and circumstances that had changed since the latest recoverable amount was calculated, it is unlikely that the current recoverable amount determination will be less than the unit's current carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use, which comprises the current value of future estimated cash flows generated by the asset or a CGU. For calculating the tangible or intangible asset recoverable amount, the Company uses the value in use criterion.

To estimate the value in use, the Company prepares its estimate of future pre-tax cash flows based on the most recent budgets approved by Management. These budgets include the best estimates available on the income and costs of the cash-generating units, using the best available information, such as experience and future expectations.

Such cash flows are discounted to calculate their current amount at a pre-tax rate which considers the capital cost of the business in which it operates. Their calculation considers the current cost of money and risk premiums generally used for business purposes.

In the event the recoverable amount is less than the asset's carrying amount, the related allowance for impairment losses is recognized as "Other Gains (losses)" in the Statement of Interim Comprehensive Income.

Impairment losses recognized in an asset in prior years will be reversed if there has been a change in the estimations on their recoverable amount increasing the value of the asset with a credit to profit or loss with the limit of the carrying amount that the asset would have had no unwinding been conducted.

As of September 30, 2020, the Company believes there is no significant impairment indicators of tangible and intangible assets related to the CGU defined by the Company.

### **c. Fair value of derivatives and other financial instruments**

As described in Note 3.1, Management uses its criteria to select an appropriate valuation technique for financial instruments that are not quoted in an active market. The Company applies valuation techniques commonly used

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by market professionals. For derivative financial instruments, Management makes assumptions based on rates quoted in the market and adjusted according to the instrument specific characteristics. Other financial instruments are valued using a cash flow update analysis based on supported assumptions, and on market prices or rates, if possible.

## 6. Goodwill

On September 3, 2020, Colbún S.A. acquired 100% of the voting shares of Efizity Ingeniería SpA ("Efizity"), a company organized under Chilean law.

Efizity is a company whose business is the provision of value-added services complementary to the energy supply in any form, including the design and implementation of energy efficiency solutions, carrying out installations and land works for monitoring and control of electrical installations.

In accordance with IFRS 3, the measurement period is the period after the acquisition date during which the acquirer can adjust the provisional amounts recognized in a business combination. This period shall not exceed one year from the date of acquisition.

As of September 30, the price paid and the fair values reported for Efizity are preliminary, and the PPA (Purchase Price Allocation) report is being prepared; therefore, it could suffer subsequent changes.

The price paid for the acquisition of Efizity is subject to price adjustment for working capital and net debt, which will be adjusted during the last quarter of 2020.

## 7. Segment reporting

Colbún's main line of business is the power generation and sale. Accordingly, the Company has assets that generate such power, which is sold to several customers under power purchase agreements and others without contracts in accordance with the regulations in force.

Additionally, the Company owns transmission lines and substations through which it trades transport and power transformation capacity in the Chilean National Electric System (SEN).

Colbún's management control system analyzes generation business from the perspective of a mix of hydraulic/thermal assets that produce power to serve a customer portfolio and assesses the transmission business distinguishing three types of transmission lines operated by the Company: national, zonal and dedicated. Consequently, resource allocation and performance measures are analyzed separately per each business.

Certain classification criteria are, for example, the type of asset: generation or transmission; production technology: hydroelectric power plants (which can be run-of-the-river or dam-based) and thermal power plants (which can be coal-based, combined cycle, open-cycle, etc.). Customers are classified in accordance with the concepts included in the Chilean electric regulation for unregulated and regulated customers and spot market; and in accordance with electric regulations currently in force in Peru for regulated and unregulated customers (see note 2).

In general, there is no direct relation between each power generation company and the supply agreements, but these are established according to Colbún's total capacity, fully supplying them at any moment with the most efficient generation on its own or on behalf of third parties purchasing energy in the spot market from other power generation companies. An exception is Codelco in Chile, which has entered into two power purchase agreements with the Company. One of these agreements is covered by the full power generation fleet and the other has its preferential supply from the generation of Santa María power plant.

Colbún is part of the SEN dispatch system in Chile and SEIN dispatch system in Peru. The generation of each of power plants within the systems are defined by its dispatch order, in accordance with the definition of economic optimum for both systems.



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The electricity regulation for the power generation business for both systems in which Colbún is involved, contemplates a conceptual division of power and capacity, not for being two different physical elements, but for economically efficient pricing. This is the reason for distinguishing energy priced in monetary units for energy unit (KWh, MWh, etc.) and capacity priced in monetary units for capacity unit - time unit (KW-month).

The electricity regulation for the transmission business establishes a functional definition and differentiates remuneration between the transmission systems, both for the regulated segment (National System, Zonal and Development Hubs), and the Dedicated system segment, in which is possible to enter into contracts with unregulated customers and power generators.

As Colbún operates in two different businesses: generation, in which it is also involved in two electric systems, the National Electric System in Chile and the National Interconnected Electric System in Peru; and transmission, for the purpose of applying IFRS 8, information by segments has been organized in accordance with the generation segment, differentiated by geographical distribution by country, and the transmission segment.

Operating segments: Power generation and sales (Chile and Peru) and transmission are reviewed on a regular basis and differentiated by the highest authority responsible for making decisions at the Company (Board of Directors and Senior Management).

The Transmission segment is a new operating segment since 2019. The decision to provide more focus on this segment was made after the reorganization of these type of assets within Colbun, in which all of the Transmission Assets were transferred to Colbun Transmisión S.A.

At that time the Company decided to start monitoring the transmission business separately from the generation business, including a specific section in our Managerial Internal Reports and also providing more information to Colbun's investors and the financial markets in general.

Before 2019, the majority of the transmission assets were part of Colbun's Balance Sheet and therefore reported consolidated as part of the Generation Business.

The table below presents information by operating segment:

Segment operating results as of 09.30.2020	January - September 2020						July - September 2020					
	Chile Generation	Chile Transmission	Perú Generation	Operating segments	Elimination of intersegment revenue	Total operating segments	Chile Generation	Chile Transmission	Perú Generation	Operating segments	Significant reconciliation items	Total operating segments
<b>Revenue</b>												
Revenue	848,413	45,452	115,362	1,009,227	3,900	1,013,127	286,894	13,318	42,890	343,102	900	344,002
Revenue from transactions with other operating segments	208	19,978	-	20,186	(20,186)	-	5	8,088	-	8,093	(8,093)	-
<b>Total revenue from third parties and transactions with other operating segments</b>	<b>848,621</b>	<b>65,430</b>	<b>115,362</b>	<b>1,029,413</b>	<b>(16,286)</b>	<b>1,013,127</b>	<b>286,899</b>	<b>21,406</b>	<b>42,890</b>	<b>351,195</b>	<b>(7,193)</b>	<b>344,002</b>
Raw materials and consumables	(392,391)	(9,539)	(60,964)	(462,894)	16,286	(446,608)	(126,461)	(2,735)	(25,175)	(154,371)	7,193	(147,178)
Employee benefit expenses	(43,077)	-	(4,536)	(47,613)	-	(47,613)	(15,013)	-	(1,534)	(16,547)	-	(16,547)
Interest expenses	(47,731)	(24)	(20,397)	(68,152)	-	(68,152)	(15,986)	(7)	(6,941)	(22,934)	-	(22,934)
Interest income	9,121	91	560	9,772	-	9,772	2,263	(793)	302	1,772	-	1,772
Depreciation and amortization expenses	(140,501)	(8,277)	(34,881)	(183,659)	-	(183,659)	(47,082)	(2,837)	(12,183)	(62,102)	-	(62,102)
Share of profit or loss of equity-accounted associates and joint ventures	51,097	-	-	51,097	(44,427)	6,670	16,578	-	-	16,578	(14,394)	2,184
Income tax expense from continuing operations	(48,114)	(12,591)	(9,565)	(70,270)	-	(70,270)	(19,606)	(4,409)	(1,815)	(25,830)	-	(25,830)
Other significant items other than cash	-	-	-	-	-	-	-	-	-	-	-	-
Profit (loss) before taxes	231,340	46,584	(10,893)	267,031	(44,427)	222,604	89,130	16,331	(3,030)	102,431	(14,394)	88,037
<b>Profit (loss) from continuing operations</b>	<b>183,226</b>	<b>33,993</b>	<b>(20,458)</b>	<b>196,761</b>	<b>(44,427)</b>	<b>152,334</b>	<b>69,524</b>	<b>11,922</b>	<b>(4,845)</b>	<b>76,601</b>	<b>(14,394)</b>	<b>62,207</b>
<b>Profit (loss)</b>	<b>183,226</b>	<b>33,993</b>	<b>(20,458)</b>	<b>196,761</b>	<b>(44,427)</b>	<b>152,334</b>	<b>69,524</b>	<b>11,922</b>	<b>(4,845)</b>	<b>76,601</b>	<b>(14,394)</b>	<b>62,207</b>
Assets	5,935,105	426,305	888,518	7,249,928	(518,288)	6,731,640	-	-	-	-	-	-
Equity-accounted investees	543,483	-	-	543,483	(518,288)	25,195	-	-	-	-	-	-
Incorporation of non-current assets other than financial instruments, deferred tax assets, assets related to defined benefit plans and rights arising from insurance contracts	28,247	10,468	25,020	63,735	-	63,735	-	-	-	-	-	-
Liabilities	2,405,095	96,558	503,740	3,005,393	-	3,005,393	-	-	-	-	-	-
<i>Equity</i>						3,726,247						-
<b>Liabilities and equity</b>						<b>6,731,640</b>						<b>-</b>
Impairment losses recognized in profit or loss for the year	(25,121)	-	-	(25,121)	-	(25,121)	(23,280)	-	-	(23,280)	-	(23,280)
Cash flows from (used in) operating activities	297,818	24,711	54,018	376,547	-	376,547	139,533	14,645	29,038	183,216	-	183,216
Cash flows from (used in) investing activities	220,289	(12,193)	(29,627)	178,469	-	178,469	(228,284)	(5,991)	(20,957)	(255,232)	-	(255,232)
Cash flows from (used in) financing activities	(90,952)	(16,752)	(19,661)	(127,365)	-	(127,365)	(4,028)	(7,834)	(21,431)	(33,293)	-	(33,293)

Continued

Segment operating results as of 09.30.2019	January - September 2019						July - September 2019					
	Chile Generation	Chile Transmission	Perú Generation	Operating Segments	Elimination of intersegment revenue	Total operating segments	Chile Generation	Chile Transmission	Perú Generation	Operating Segments	Significant reconciliation items	Total operating segments
<b>Revenue</b>												
Revenue	972.321	35.525	127.471	1.135.317	-	1.135.317	315.638	1.871	44.203	361.712	-	361.712
Revenue from transactions with other operating segments	339	27.714	-	28.053	(28.053)	-	245	18.257	-	18.502	(18.502)	-
<b>Total revenue from third parties and transactions with other operating segments</b>	<b>972.660</b>	<b>63.239</b>	<b>127.471</b>	<b>1.163.370</b>	<b>(28.053)</b>	<b>1.135.317</b>	<b>315.638</b>	<b>20.128</b>	<b>44.203</b>	<b>379.969</b>	<b>(18.502)</b>	<b>361.712</b>
Raw materials and consumables	(499.534)	(7.515)	(70.345)	(577.394)	28.053	(549.341)	(149.833)	(2.597)	26.275	(178.705)	18.502	(160.203)
Employee benefit expenses	(50.704)	-	(4.273)	(54.977)	-	(54.977)	(16.936)	-	(1.196)	(18.132)	-	(18.132)
Interest expenses	(47.457)	(546)	(20.517)	(68.520)	-	(68.520)	(15.332)	(536)	(7.032)	(22.900)	-	(22.900)
Interest income	15.880	-	317	16.197	-	16.197	4.814	-	103	4.917	-	4.917
Depreciation and amortization expenses	(145.037)	(10.768)	(34.041)	(189.846)	-	(189.846)	(48.557)	(3.535)	(11.762)	(63.854)	-	(63.854)
Share of profit or loss of equity-accounted associates and joint ventures	35.986	-	-	35.986	(28.897)	7.089	6.235	-	-	6.235	(4.054)	2.181
Income tax expense from continuing operations	(53.307)	(11.990)	(401)	(65.698)	-	(65.698)	(19.357)	(3.562)	(3.717)	(26.636)	-	(26.636)
Profit (loss) before taxes	228.249	43.848	4.980	277.077	(28.897)	248.180	68.657	12.762	3.964	85.383	(4.054)	81.329
<b>Profit (loss) from continuing operations</b>	<b>174.942</b>	<b>31.858</b>	<b>4.579</b>	<b>211.379</b>	<b>(28.897)</b>	<b>182.482</b>	<b>49.300</b>	<b>9.200</b>	<b>247</b>	<b>58.747</b>	<b>(4.054)</b>	<b>54.693</b>
<b>Profit (loss)</b>	<b>174.942</b>	<b>31.858</b>	<b>4.579</b>	<b>211.379</b>	<b>(28.897)</b>	<b>182.482</b>	<b>49.300</b>	<b>9.200</b>	<b>247</b>	<b>58.747</b>	<b>(4.054)</b>	<b>54.693</b>
Assets	5.701.326	398.210	907.041	7.006.577	(226.476)	6.780.101	-	-	-	-	-	-
Equity-accounted investees	251.935	-	-	251.935	(226.476)	25.459	-	-	-	-	-	-
Incorporation of non-current assets other than financial instruments, deferred tax assets, assets related to defined benefit plans and rights arising from insurance contracts	4.442.539	374.825	800.862	5.618.226	-	5.618.226	-	-	-	-	-	-
Liabilities	2.355.808	101.143	504.399	2.961.350	-	2.961.350	-	-	-	-	-	-
<i>Equity</i>						3.818.751						
<b>Liabilities and equity</b>						<b>6.780.101</b>						
Impairment losses recognized in profit or loss for the year	(4.732)	-	-	(4.732)	-	(4.732)	999	-	-	999	-	999
Cash flows from (used in) operating activities	337.425	42.715	37.864	418.004		418.004	137.944	13.297	13.733	164.974	-	164.974
Cash flows from (used in) investing activities	30.746	(20.880)	(10.281)	(415)		(415)	(426.975)	(6.849)	(121)	(433.945)	-	(433.945)
Cash flows from (used in) financing activities	(302.308)	(16.168)	(38.093)	(356.569)		(356.569)	(10.808)	(750)	(17.912)	(29.470)	-	(29.470)
							-	-	-	-	-	-

## Continued

Segment operating results as of 12.31.2019	Chile Generation	Chile Transmission	Perú Generation	Operating Segments	Elimination of intersegment revenue	Total operating segments	Chile Generation	Chile Transmission	Perú Generation	Operating segments	Partidas significativas de conciliación	Total operating segments
<b>Revenue</b>												
Revenue	1.264.993	47.608	174.786	1.487.387	-	1.487.387	1.264.993	47.608	174.786	1.487.387	-	1.487.387
Revenue from transactions with other operating segments	348	35.816	-	36.164	(36.164)	-	348	35.816	-	36.164	(36.164)	-
<b>Total revenue from third parties and transactions with other operating segments</b>	<b>1.265.341</b>	<b>83.424</b>	<b>174.786</b>	<b>1.523.551</b>	<b>(36.164)</b>	<b>1.487.387</b>	<b>1.265.341</b>	<b>83.424</b>	<b>174.786</b>	<b>1.523.551</b>	<b>(36.164)</b>	<b>1.487.387</b>
Raw materials and consumables	(622.222)	(10.202)	(95.724)	(728.148)	36.164	(691.984)	(622.222)	(10.202)	(95.724)	(728.148)	36.164	(728.148)
Employee benefit expenses	(68.163)	-	(6.188)	(74.351)	-	(74.351)	(68.163)	-	(6.188)	(74.351)	-	(74.351)
Interest expenses	(63.917)	(20)	(27.132)	(91.069)	-	(91.069)	(63.917)	(20)	(27.132)	(91.069)	-	(91.069)
Interest income	21.507	-	608	22.115	-	22.115	21.507	-	608	22.115	-	22.115
Depreciation and amortization expenses	(193.531)	(11.057)	(45.934)	(250.522)	-	(250.522)	(193.531)	(11.057)	(45.934)	(250.522)	-	(250.522)
Share of profit or loss of equity-accounted associates and joint ventures	53.750	-	-	53.750	(44.648)	9.102	53.750	-	-	53.750	(44.648)	9.102
Income tax expense from continuing operations	(54.665)	(16.338)	2.787	(68.216)	-	(68.216)	(54.665)	(16.338)	2.787	(68.216)	-	(68.216)
Profit (loss) before taxes	259.629	59.973	(4.772)	314.830	(44.648)	270.182	259.629	59.973	(4.772)	314.830	(44.648)	270.182
<b>Profit (loss) from continuing operations</b>	<b>204.964</b>	<b>43.635</b>	<b>(1.985)</b>	<b>246.614</b>	<b>(44.648)</b>	<b>201.966</b>	<b>204.964</b>	<b>43.635</b>	<b>(1.985)</b>	<b>246.614</b>	<b>(44.648)</b>	<b>201.966</b>
<b>Profit (loss)</b>	<b>204.964</b>	<b>43.635</b>	<b>(1.985)</b>	<b>246.614</b>	<b>(44.648)</b>	<b>201.966</b>	<b>204.964</b>	<b>43.635</b>	<b>(1.985)</b>	<b>246.614</b>	<b>(44.648)</b>	<b>201.966</b>
Assets	5.877.064	414.483	921.214	7.212.761	(507.411)	6.705.350						
Equity-accounted investees	532.129	-	-	532.129	(507.411)	24.718						
Incorporation of non-current assets other than financial instruments, deferred tax assets, assets related to defined benefit plans and rights arising from insurance contracts	57.461	22.503	196.764	276.728	-	276.728	-	-	-	-		
Liabilities	2.348.099	105.638	515.978	2.969.715	-	2.969.715						
<i>Equity</i>						3.735.635						
<b>Liabilities and equity</b>						<b>6.705.350</b>						
Impairment losses recognized in profit or loss for the year	(62.808)	-	-	(62.808)	-	(62.808)	-	-	-	-	-	(62.808)
Cash flows from (used in) operating activities	424.928	83.921	55.971	564.820	-	564.820	424.928	83.921	55.971	564.820	-	564.820
Cash flows from (used in) investing activities	75.628	(27.253)	(14.061)	34.314	-	34.314	75.628	(27.253)	(14.061)	34.314	-	34.314
Cash flows from (used in) financing activities	(421.500)	(21.083)	(42.423)	(485.006)	-	(485.006)	(421.500)	(21.083)	(42.423)	(485.006)	-	(485.006)

## Information about products and services

Sales in the main geographical markets	January - September		July - September	
	2020 ThUS\$	2019 ThUS\$	2020 ThUS\$	2019 ThUS\$
<b>Chile Generation</b>				
Energy sales	652.458	768.802	225.910	235.477
Power sales	96.868	116.620	32.950	39.381
Other income	99.295	87.238	28.039	41.025
<b>Subtotal</b>	<b>848.621</b>	<b>972.660</b>	<b>286.899</b>	<b>315.883</b>
<b>Chile Transmission</b>				
Sales from tolls	65.430	63.239	21.406	20.128
<b>Subtotal</b>	<b>65.430</b>	<b>63.239</b>	<b>21.406</b>	<b>20.128</b>
<b>Peru</b>				
Energy sales	80.870	93.473	31.059	32.531
Power sales	30.396	30.202	10.469	10.088
Other income	4.096	3.796	1.362	1.584
<b>Subtotal</b>	<b>115.362</b>	<b>127.471</b>	<b>42.890</b>	<b>44.203</b>
<b>Total reportable segments</b>	<b>1.029.413</b>	<b>1.163.370</b>	<b>351.195</b>	<b>380.214</b>
<b>Elimination of inter-segment revenue</b>	<b>(16.286)</b>	<b>(28.053)</b>	<b>(7.193)</b>	<b>(18.502)</b>
<b>Total sales</b>	<b>1.013.127</b>	<b>1.135.317</b>	<b>344.002</b>	<b>361.712</b>

## Information on sales to main customers

Main customers	January - September				July - September			
	2020		2019		2020		2019	
	ThUS\$	%	ThUS\$	%	ThUS\$	%	ThUS\$	%
<b>Chile Generation</b>								
Corporación Nacional del Cobre Chile	275,925	27%	269,215	23%	96,087	27%	77,104	22%
CGE Distribución S.A.	146,295	14%	158,484	14%	48,251	14%	41,062	11%
Enel Distribución Chile S.A.	90,395	9%	111,702	10%	30,706	9%	37,018	10%
Anglo American S.A.	55,476	5%	79,861	7%	23,354	7%	24,154	6%
Sociedad Austral del Sur S.A.	2,038	0%	36,724	3%	665	0%	9,726	3%
Colbún Transmisión S.A.	208	0%	339	0%	5	0%	43	0%
Otros	278,284	27%	316,335	27%	87,831	25%	126,776	33%
<b>Subtotal</b>	<b>848,621</b>	<b>82%</b>	<b>972,660</b>	<b>84%</b>	<b>286,899</b>	<b>82%</b>	<b>315,883</b>	<b>85%</b>
<b>Chile Transmission</b>								
Colbún S.A.	19,978	2%	27,714	2%	8,088	2%	8,880	2%
Corporación Nacional del Cobre Chile	8,227	1%	6,917	1%	2,369	1%	1,662	0%
Anglo American S.A.	2,634	0%	3,469	0%	1,086	0%	1,283	0%
Otros	34,591	3%	25,139	2%	9,863	3%	8,303	2%
<b>Subtotal</b>	<b>65,430</b>	<b>7%</b>	<b>63,239</b>	<b>5%</b>	<b>21,406</b>	<b>6%</b>	<b>20,128</b>	<b>4%</b>
<b>Peru</b>								
Luz del Sur S.A.A.	56,812	6%	55,561	5%	18,794	5%	19,014	5%
Enel Distribución Perú S.A.A.	15,073	1%	15,354	1%	5,041	1%	4,957	1%
Comité de Operación Económica del Sistema Interconectado Nacional	4,685	0%	-	0%	209	0%	(3,870)	-1%
Atria Energía S.A.C.	6,621	1%	-	0%	2,448	1%	(3,425)	-1%
Compañía Eléctrica El Platanal	8,359	1%	10,270	1%	3,986	1%	3,861	1%
Otros	23,812	2%	46,286	4%	12,412	4%	23,666	6%
<b>Subtotal</b>	<b>115,362</b>	<b>11%</b>	<b>127,471</b>	<b>11%</b>	<b>42,890</b>	<b>12%</b>	<b>44,203</b>	<b>11%</b>
<b>Total reportable segments</b>	<b>1,029,413</b>	<b>100%</b>	<b>1,163,370</b>	<b>100%</b>	<b>351,195</b>	<b>100%</b>	<b>380,214</b>	<b>100%</b>
<b>Elimination of inter-segment revenue</b>	<b>(16,286)</b>		<b>(28,053)</b>		<b>(7,193)</b>		<b>(18,502)</b>	
<b>Total sales</b>	<b>1,013,127</b>		<b>1,135,317</b>		<b>344,002</b>		<b>361,712</b>	

## 8. Cash and cash equivalents

### a. Detail

As of September 30, 2020, and December 31, 2019, this caption is composed of the following:

Cash and cash equivalents	09.30.2020 ThUS\$	12.31.2019 ThUS\$
Cash on hand	48	48
Cash in banks	277,100	24,400
Time deposits	429,815	214,296
Other cash equivalents	46,052	88,142
<b>Total</b>	<b>753,015</b>	<b>326,886</b>

Term deposits have maturities of less than three months from the acquisition date and accrue market interest applicable to these types of short-term investments.

Other liquid instruments relate to fixed income mutual fund deposits in Chilean pesos, Euros and U.S. dollars, of low risk, which are recognized at deposit value at the reporting date of these interim consolidated financial statements.

As of September 30, 2020, and December 31, 2019, in addition to these instruments, the Company has other term deposits with a maturity of more than three months from the acquisition date, which are presented in Note 9.

### b. Detail by currency

The detail of cash and cash equivalents by currency, considering the effects of derivatives, is as follows:

Currency	09.30.2020		12.31.2019	
	Currency ThUS\$	Currency with derivative <sup>(1)</sup> ThUS\$	Currency ThUS\$	Currency with derivative <sup>(1)</sup> ThUS\$
EUR	476	476	332	332
Ch\$	370.208	103.208	195.043	44.043
PEN	6.595	6.595	6.363	6.363
US\$	375.736	642.736	125.148	276.148
<b>Total</b>	<b>753.015</b>	<b>753.015</b>	<b>326.886</b>	<b>326.886</b>

<sup>(1)</sup> Considers the subscribed exchange rate forward effect to re-denominate in U.S. dollars certain term deposits in Chilean pesos.

### c. Reconciliation of assets arising from financial activities

Liabilities arising from financing activities	Balance as of 01.01.2020 ThUS\$	Cash flow ThUS\$	Changes that do not represent cash flows				Balance as of 09.30.2020 ThUS\$
			Dividends ThUS\$	Interests ThUS\$	Valuation ThUS\$	Other ThUS\$	
Finance lease liabilities <sup>(1)</sup>	143,872	(14,351)	-	6,814	672	118	137,125
Banks payable	-	24,839	-	368	-	451	25,658
Bonds payable <sup>(2)</sup>	1,534,791	23,815	-	62,718	(6,968)	9,246	1,623,602
Dividends payable	-	(161,668)	161,668	-	-	-	-
<b>Total</b>	<b>1,678,663</b>	<b>(127,365)</b>	<b>161,668</b>	<b>69,900</b>	<b>(6,296)</b>	<b>9,815</b>	<b>1,786,385</b>

Liabilities arising from financing activities	Balance as of 01.01.2019 ThUS\$	Cash flow ThUS\$	Changes that do not represent cash flows				Balance as of 12.31.2019 ThUS\$
			Dividends ThUS\$	Interests ThUS\$	Valuation ThUS\$	Other ThUS\$	
Finance lease liabilities	14,644	(18,643)	-	10,799	-	137,072	143,872
Bonds payable	1,586,657	(116,962)	-	67,417	(9,964)	7,643	1,534,791
Dividends payable	36,001	(346,264)	310,263	-	-	-	-
Other accounts receivable	-	(3,137)	-	-	-	3,137	-
<b>Total</b>	<b>1,637,302</b>	<b>(485,006)</b>	<b>310,263</b>	<b>78,216</b>	<b>(9,964)</b>	<b>147,852</b>	<b>1,678,663</b>

<sup>(1)</sup> See note 24.a

<sup>(2)</sup> See note 23.a

### 9. Other financial assets

As of September 30, 2020, and December 31, 2019, this caption is composed of the following:

	Current		Non-current	
	09.30.2020 ThUS\$	12.31.2019 ThUS\$	09.30.2020 ThUS\$	12.31.2019 ThUS\$
Time deposits <sup>(1)</sup>	212,879	470,535	-	-
Hedge derivative instruments <sup>(2)</sup> (see note 14.1)	1,110	2,249	-	1,836
Investment for share offering	-	-	83	82
<b>Total</b>	<b>213,989</b>	<b>472,784</b>	<b>83</b>	<b>1,918</b>

<sup>(1)</sup> As of September 30, 2020, investments in term deposits that were classified in this caption have an original average investment term less than six months and the remaining average maturity term was 80 days. Cash flows related to these investments are presented in the statements of cash flows as cash flows from investing activities in other cash receipts (payments).

<sup>(2)</sup> Relates to the current positive mark-to-market adjustments of hedging derivatives in place at each reporting date.

## 10. Trade and other receivables

As of September 30, 2020, and December 31, 2019, this caption is composed of the following:

Caption	Current		Non-current	
	09.30.2020 ThUS\$	12.31.2019 ThUS\$	09.30.2020 ThUS\$	31.12.2019 ThUS\$
Trade receivables by contract	203,101	241,202	94,304	28,923
Other receivables <sup>(1)</sup>	10,225	11,364	-	-
<b>Total</b>	<b>213,326</b>	<b>252,566</b>	<b>94,304</b>	<b>28,923</b>

<sup>(1)</sup> As of September 30, 2020, the current balance comprises recoverable taxes of ThUS\$ 7,927 another minor items of ThUS\$ 2,298. (ThUS\$ 8,779 and ThUS\$ 2,585 as of December 31, 2019, respectively). Company believes these assets are recoverable within 12 months.

The average collection period is 30 days.

The balances of trade and other receivables, Non-Current, mainly correspond to accounts receivable, whose accounting treatment is derived from the application of Law No. 21,185, which creates a temporary price stabilization mechanism (PEC).

Considering debtors' solvency, current regulations, and in accordance with the doubtful accounts policy stated in our accounting policies (see Note 3.1.h.1.5), the Company records the expected credit losses in all its trade receivables, either for 12 months or during the term of the asset by applying the simplified approach as established in IFRS 9. Accordingly, it has established an allowance for doubtful accounts, which in Management's opinion, properly hedges the amount of risk of default for such receivables.

The detail of changes in the provision for impairment of trade and other receivables is as follows:

Impairment	09.30.2020 ThUS\$	12.31.2019 ThUS\$
Opening balance	974	623
Increase (decrease) in the allowance	2,038	892
Impairment losses	(37)	-
Reversal of impairment losses	(518)	(541)
<b>Closing balance</b>	<b>2,457</b>	<b>974</b>

The fair value of trade and other receivables is not significantly different from their carrying amount.



As of September 30, 2020, and December 31, 2019, the analysis of trade receivables is as follows:

a) Aging of trade receivables portfolio

Invoiced	Balance as of 09.30.2020					
	Current ThUS\$	1-30 days ThUS\$	31-60 ThUS\$	61-90 ThUS\$	Over 91 days ThUS\$	Total ThUS\$
Trade receivables, regulated	2,560	6,806	1	-	444	9,811
Trade receivables, unregulated	13,488	4,432	162	132	4,774	22,988
Other receivables	10,107	1,038	57	185	2,597	13,984
Allowance for impairment losses	(2,423)	-	-	-	(34)	(2,457)
<b>Subtotal</b>	<b>23,732</b>	<b>12,276</b>	<b>220</b>	<b>317</b>	<b>7,781</b>	<b>44,326</b>
Invoices to be issued	Balance as of 09.30.2020					
	Current ThUS\$	1-30 days ThUS\$	31-60 ThUS\$	61-90 ThUS\$	Over 91 days ThUS\$	Total ThUS\$
Trade receivables, regulated	44,164	-	-	-	-	44,164
Trade receivables, unregulated	100,891	-	-	-	-	100,891
Other receivables	13,720	-	-	-	-	13,720
<b>Subtotal</b>	<b>158,775</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>158,775</b>
<b>Total Trade Receivables</b>	<b>182,507</b>	<b>12,276</b>	<b>220</b>	<b>317</b>	<b>7,781</b>	<b>203,101</b>
<b>No. of customers (unaudited)</b>	<b>411</b>	<b>61</b>	<b>47</b>	<b>70</b>	<b>359</b>	

Invoiced	Balance as of 12.31.2019					
	Current ThUS\$	1-30 days ThUS\$	31-60 ThUS\$	61-90 ThUS\$	Over 91 days ThUS\$	Total ThUS\$
Trade receivables, regulated	10,632	262	15	-	1,334	12,243
Trade receivables, unregulated	13,976	1,864	152	953	2,935	19,880
Other receivables	2,461	631	431	532	2,015	6,070
Allowance for impairment losses	(419)	-	-	-	(428)	(847)
<b>Subtotal</b>	<b>26,650</b>	<b>2,757</b>	<b>598</b>	<b>1,485</b>	<b>5,856</b>	<b>37,346</b>
Invoices to be issued	Balance as of 12.31.2019					
	Current ThUS\$	1-30 days ThUS\$	31-60 ThUS\$	61-90 ThUS\$	Over 91 days ThUS\$	Total ThUS\$
Trade receivables, regulated	80,686	-	-	-	-	80,686
Trade receivables, unregulated	44,317	-	-	-	-	44,317
Other receivables	78,853	-	-	-	-	78,853
<b>Subtotal</b>	<b>203,856</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>203,856</b>
<b>Total Trade Receivables</b>	<b>230,506</b>	<b>2,757</b>	<b>598</b>	<b>1,485</b>	<b>5,856</b>	<b>241,202</b>
<b>No. of customers (unaudited)</b>	<b>473</b>	<b>92</b>	<b>16</b>	<b>69</b>	<b>311</b>	

b) Customers in legal collection

There are no trade and other receivables accounted for in legal collection.

## 11. Financial instruments

### a. Financial instruments by category

Accounting policies related to financial instruments have been applied to the following categories:

#### a.1 Assets

September 30, 2020	Amortized cost	Fair value	Total
	ThUS\$	ThUS\$	ThUS\$
Cash on hand and cash in banks (see Note 8)	-	277,148	277,148
Time deposits and other cash equivalents (see Note 8)	429,815	46,052	475,867
Trade and other receivables (1) (see Note 10)	205,399	-	205,399
Trade receivables due from related parties (see Note 12.b.1)	42	-	42
Derivative financial instruments (see Note 14.1)	-	1,110	1,110
<b>Total</b>	<b>848,135</b>	<b>324,310</b>	<b>1,172,445</b>

  

December 31, 2019	Amortized cost	Fair value	Total
	ThUS\$	ThUS\$	ThUS\$
Cash on hand and cash in banks (see Note 8)	-	24,448	24,448
Time deposits and other cash equivalents (see Note 8)	214,296	88,142	302,438
Trade and other receivables (1) (see Note 10)	243,787	-	243,787
Trade receivables due from related parties (see Note 12.b.1)	833	-	833
Derivative financial instruments (see Note 14.1)	-	4,085	4,085
Other financial assets (see Note 9)	470,535	-	470,535
<b>Total</b>	<b>929,451</b>	<b>116,675</b>	<b>1,046,126</b>

<sup>(1)</sup> As of September 30, 2020, recoverable taxes of ThUS\$ 7,927 are not considered. As of December 31, 2019, the balance Related to current recoverable taxes amounted to ThUS\$ 8.779.

## a.2 Liabilities

September 30, 2020	Amortized cost	Fair value	Total
	ThUS\$	ThUS\$	ThUS\$
Interest-bearing borrowings (see Note 22.c.1 and c.2)	1,649,260	-	1,649,260
Derivative financial instruments (see Note 14.1)	-	15,769	15,769
Trade and other payables (see Note 25)	118,805	-	118,805
Payables due to related parties (see Note 12.b.2)	24	-	24
<b>Total</b>	<b>1,768,089</b>	<b>15,769</b>	<b>1,783,858</b>

  

December 31, 2019	Amortized cost	Fair value	Total
	ThUS\$	ThUS\$	ThUS\$
Interest-bearing borrowings (see Note 22.c.1 and c.2)	1,534,791	-	1,534,791
Derivative financial instruments (see Note 14.1)	-	1,837	1,837
Trade and other payables (see Note 25)	165,756	-	165,756
Payables due to related parties (see Note 12.b.2)	5,936	-	5,936
<b>Total</b>	<b>1,706,483</b>	<b>1,837</b>	<b>1,708,320</b>

## b. Credit quality of financial assets

Credit quality of financial assets that have not expired or have no impairment losses can be assessed by credit classification ("rating") provided to the Company's counterparties by renowned domestic and foreign risk rating agencies.

Credit quality of financial assets	09.30.2020 ThUS\$	12.31.2019 ThUS\$
<b>Customers with local risk rating</b>		
AAA	82.148	41.001
AA+	11.955	13.396
AA	260	38.267
AA-	6.627	576
A+	21.229	34.274
A-	6.240	825
BBB+	-	19
<b>Total</b>	<b>128.459</b>	<b>128.358</b>
<b>Customers with no local risk rating</b>		
<b>Total</b>	<b>74.642</b>	<b>141.766</b>
<b>Cash in banks and bank short-term deposits, local market</b>		
AAA	576.835	461.585
AA+	-	200.372
AA	1.396	-
<b>Total</b>	<b>578.231</b>	<b>661.957</b>
<b>Cash in banks and bank short-term deposits, international market (*)</b>		
AAA	-	20.053
BBB-or higher	341.611	27.269
<b>Total</b>	<b>341.611</b>	<b>47.322</b>
<b>Counterparty derivative financial assets, national market</b>		
AA	1.097	-
<b>Total</b>	<b>1.097</b>	<b>-</b>
<b>Counterparty derivative financial assets, international market (*)</b>		
AAA	-	4.085
AA-	13	-
<b>Total</b>	<b>13</b>	<b>4.085</b>

(\*) Foreign Risk classification

## 12. Related party disclosures

Operations between the Company and its subsidiaries, which are related parties, are part of the Company's customary transactions associated with its line of business and conditions, which have been eliminated on the consolidation process. Relationships between the Controller, subsidiaries, associates, joint ventures, and special purpose entities, are detailed in Note 3.1, section b. and c.

### a. Controlling interests

As of September 30, 2020, the distribution of ownership interest is as follows:

Shareholders	Ownership %
Minera Valparaíso S.A. (*)	35.17
Forestal Cominco S.A. (*)	14.00
Antarchile S.A.	9.58
AFP Habitat S.A. (**)	4.31
Banco Itaú por cuenta de inversionistas	4.22
Banco Santander - JP Morgan	3.22
Banco de Chile por cuenta de terceros	2.94
AFP Provida S.A. (**)	2.91
AFP Capital S.A. (**)	1.33
Otros accionistas	22.32
<b>Total</b>	<b>100.00</b>

(\*) Companies owned by Parent Group (Matte Group).

(\*\*) It relates to the consolidated interest for each Pension Fund Administrator.

### b. Balances and transactions with related parties

Receivables from, payables due to and transactions with related parties were conducted under market terms and conditions and are adjusted in accordance with Article No. 44 of Law No. 18,046 (the "Public Company Act").

#### b. 1. Trade receivables due from related parties

Tax ID No.	Company	Country	Relationship	Currency	Current	
					09.30.2020 ThUS\$	12.31.2019 ThUS\$
96.806.130-5	Electrogas S.A.	Chile	Associate	US\$	-	822
77.017.930-0	Transmisora Eléctrica de Quillota Ltda.	Chile	Joint venture	Ch\$	42	11
<b>Total</b>					<b>42</b>	<b>833</b>

#### b. 2. Trade payables due from related parties

Tax ID No.	Company	Country	Relationship	Currency	Current	
					09.30.2020 ThUS\$	12.31.2019 ThUS\$
99.520.000-7	Compañía de Petróleos de Chile Copec S.A.	Chile	Director and controlling shareholder	Ch\$	9	639
96.806.980-2	Entel PCS Telecomunicaciones S.A.	Chile	Common group	Ch\$	15	5
90.412.000-6	Minera Valparaíso S.A.	Chile	Controlling shareholder	US\$	-	3,203
79.621.850-9	Forestal Cominco S.A.	Chile	Controlling shareholder	US\$	-	1,275
96.806.130-5	Electrogas S.A.	Chile	Associate	US\$	-	814
<b>Total</b>					<b>24</b>	<b>5,936</b>

There are no guarantees granted to or received from related parties for transactions with related parties.

### b. 3 Disclosures of transactions with related parties

TAX ID No.	Company	Country	Relationship	Currency	Transaction	January - September				July - September			
						2020		2019		2020		2019	
						Amount	Effect on profit or loss (debit) credit	Amount	Effect on profit or loss (debit) credit	Amount	Effect on profit or loss (debit) credit	Amount	Effect on profit or loss (debit) credit
ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$						
77.017.930-0	Transmisora Eléctrica de Quillota Ltda.	Chile	Joint venture	Ch\$	Toll for using facilities	1.361	(1.144)	1.893	(1.591)	199	(168)	643	(541)
				UF	Revenue for services rendered	86	72	104	87	26	22	34	28
96.806.130-5	Electrogas S.A.	Chile	Associate	US\$	Gas transport service	7.284	(6.121)	7.456	(6.266)	2.475	(2.080)	2.499	(2.101)
				US\$	Diesel transport service	100	(84)	1.195	(1.004)	29	(24)	927	(778)
				US\$	Dividend declared <sup>(1)</sup>	5.787	-	2.285	-	-	-	(3.291)	-
				US\$	Dividend received <sup>(2)</sup>	6.596	-	2.975	-	3.196	-	-	-
97.080.000-K	Banco Bice	Chile	Common director	Ch\$	Expenses for services received	17	(14)	18	(15)	1	(1)	6	(5)
96.731.890-6	Cartulinas CMPC S.A.	Chile	Parent common director	Ch\$	Easements	860	723	778	654	288	242	387	326
				Ch\$	Sale of energy and capacity	7.211	6.060	6.287	5.283	2.479	2.084	2.152	1.809
96.532.330-9	CMPC Celulosa S.A.	Chile	Common group	Ch\$	Sale of energy and capacity and energy transport	22.719	19.091	19.241	16.169	6.354	5.339	6.577	5.527
79.621.850-9	Forestal Cominco S.A.	Chile	Controlling shareholder	US\$	Dividend paid <sup>(3)</sup>	22.485	-	35.838	-	-	-	-	-
90.412.000-6	Minera Valparaíso S.A.	Chile	Controlling shareholder	US\$	Dividend paid <sup>(3)</sup>	56.489	-	90.036	-	-	-	-	-
99.520.000-7	Compañía de Petróleos de Chile Copec S.A.	Chile	Director and controlling shareholder	Ch\$	Diesel supply service	7.402	(6.220)	8.800	(7.395)	1.745	(1.466)	78	(66)
96.806.980-2	Entel PCS Telecomunicaciones S.A.	Chile	Common group	Ch\$	Telephone services	176	(148)	215	(181)	47	(40)	48	(41)
96.697.410-9	Entel Telefonía Local S.A.	Chile	Common director	Ch\$	Telephone services	15	(13)	54	(45)	5	(5)	19	(16)
96.925.430-1	Sercor S.A.	Chile	Common director	Ch\$	Stock administration service	77	(65)	90	(75)	15	(13)	18	(15)
90.844.000-5	Kupfer Hermanos S.A.	Chile	Common director	Ch\$	Purchase of personal protective equipment	106	(89)	191	(161)	21	(18)	16	(14)
				Ch\$	Sale of energy and capacity	149	126	116	97	50	43	70	58
76.351.385-8	Orion Power S.A.	Chile	Common group	Ch\$	Operation and maintenance service	178	(150)	128	(107)	39	(33)	55	(46)
76.138.547-K	Mega Archivos S.A.	Chile	Common director	Ch\$	Document storage service	17	(14)	47	(39)	5	(4)	33	(27)
93.628.000-5	Molibdenos y Metales S.A.	Chile	Common group	Ch\$	Sale of energy and capacity	3.754	3.156	1.011	849	1.140	959	676	567
79.943.600-0	Forsac SpA.	Chile	Common group	Ch\$	Sale of energy and capacity	303	254	237	199	112	93	85	71
95.304.000-K	CMPC Maderas SpA	Chile	Common group	Ch\$	Sale of energy and capacity	7.879	6.621	9.031	7.589	1.786	1.501	3.146	2.644
91.440.000-7	Forestal Mininco SpA	Chile	Common group	Ch\$	Sale of energy and capacity	136	114	135	113	51	42	45	37

<sup>(1)</sup> Dividends declared and paid by Electrogas S.A.

- In January 2020, Electrogas S.A. rectified the dividend reported in December in ThUS \$ 78 of which to Colbún corresponds ThUS\$ 33 (42.5%).
- In April 2020, Electrogas declared a provisional dividend charged to the profits of the year 2019 for ThUS\$ 13,665, of which to Colbún corresponds ThUS\$ 5,808 (42.5%).

<sup>(2)</sup> Dividends paid by Electrogas S.A.

- In May 2020, a dividend payment of ThUS\$ 3,400 is received, leaving a balance pending collection of ThUS\$ 3,196.
- In September 2020, a dividend payment of ThUS\$ 3,196 was received.

<sup>(3)</sup> Dividends declared and paid to Minera Valparaíso S.A. and Forestal Cominco S.A.

- Corresponds to the final dividend agreed at the Shareholders' Meeting dated April 30, 2020 and paid on May 12, 2020.
- Corresponds to the final dividend agreed at the Shareholders' Meeting dated April 25, 2019 and paid on May 7, 2019.

### **c. Key Management personnel and senior management**

Members of senior management and other individuals that are considered members of the Company's Management, as well as the shareholders or natural persons or legal entities they represent have entered into no unusual and/or significant transactions as of September 30, 2020 and December 31, 2019.

The Company is managed by the Board of Directors which is composed of 9 members, who remain in their position for a 3-year period and may be re-elected.

On August 25, 2020 in an ordinary meeting of the Board of Directors held, Mr. Francisco Matte Izquierdo presented his resignation from the position of Director of Colbun S.A., which became effective as of the same date.

At that same meeting, the Board of Directors agreed to appoint Mr. Bernardo Matte Larraín as his replacement until the next Ordinary Shareholders' Meeting, at which time the Board of Directors will be completely renewed.

### **d. Board of Directors' Committee**

As per Article 50 bis of Law No. 18.046 the "Public Company Act," Colbún and its subsidiaries have a Directors' Committee composed of 3 members, who are invested with the powers provided by such article.

On August 25, 2020 in an ordinary meeting of the Board of Directors held, Mr. Francisco Matte Izquierdo presented his resignation to the Directors' Committee of Colbun S.A., which became effective as of that same date.

At that same meeting, the Board of Directors agreed to appoint Mr. Rodrigo Donosso Munita as his replacement.

### **e. Compensation and other benefits**

As per Article 33 of Law No. 18.046 (the "Public Company Act"), the Board will be compensated for the performance of their duties and the amount of such compensation is established annually by the shareholders at the Company's General Ordinary Shareholders' Meeting.

As of September 30, 2020, and 2019, the amounts paid, including amounts paid to the members of the Directors' Committee, are detailed as follows:

## e.1 Board of Directors' remuneration

Name	Position	January - September						July - September					
		2020			2019			2020			2019		
		Colbún Board ThUS\$	Variable remuneration <sup>(2)</sup> ThUS\$	Directors Committee ThUS\$	Colbún Board ThUS\$	Variable remuneration ThUS\$	Directors Committee ThUS\$	Colbún Board ThUS\$	Variable remuneration <sup>(2)</sup> ThUS\$	Directors Committee ThUS\$	Colbún Board ThUS\$	Variable remuneration ThUS\$	Directors Committee ThUS\$
Hernán Rodríguez Wilson <sup>(1)</sup>	Chairman	96	131	-	85	43	-	44	-	-	36	-	-
Vivianne Blanlot Soza <sup>(1)</sup>	Deputy-chairwoman	48	79	-	55	106	-	22	-	-	18	-	-
Bernardo Larrain Matte <sup>(1)</sup>	Director	48	79	-	55	106	-	22	-	-	18	-	-
Luz Granier Bulnes <sup>(1)</sup>	Director	48	79	16	55	106	18	22	-	8	18	-	6
Juan Eduardo Correa García <sup>(1)</sup>	Director	48	105	-	80	212	-	22	-	-	18	-	-
Francisco Matte Izquierdo <sup>(1)</sup>	Director	42	79	14	55	106	18	16	-	6	18	-	6
Andrés Lehedé Bromley <sup>(1)</sup>	Director	48	79	-	55	106	-	22	-	-	18	-	-
María Emilia Correa <sup>(1)</sup>	Director	48	52	16	30	-	12	22	-	8	18	-	6
Rodrigo José Donoso Munita <sup>(1)</sup>	Director	48	52	2	30	-	-	22	-	2	18	-	-
Bernardo Matte Larrain <sup>(1)</sup>	Director	6	-	-	-	-	-	-	-	-	-	-	-
Jorge Matte Capdevila	Director	-	26	-	24	106	-	1	-	-	-	-	-
Arturo Mackenna Íriguez	Director	-	-	-	-	61	-	-	-	-	-	-	-
María Ignacia Benítez Pereira	Director	-	13	-	12	-	4	-	-	-	-	-	-
<b>TOTAL</b>		<b>480</b>	<b>774</b>	<b>48</b>	<b>536</b>	<b>952</b>	<b>52</b>	<b>215</b>	<b>-</b>	<b>24</b>	<b>180</b>	<b>-</b>	<b>18</b>

<sup>(1)</sup> Current Directors as of September 30, 2020.

<sup>(2)</sup> The payment corresponding to the variable remuneration calculated based on the profit of the year 2019 was made.

<sup>(3)</sup> At the Ordinary Stockholders' Meeting held on April 30, 2020, it was agreed to pay variable annual compensation equal to 0.75% of the profit for the year 2020, from which fixed compensation paid in 2020 is deducted.

## e.2 Board Counseling Expenses

For the periods ended September 30, 2020 and December 31, 2019, the Board of Directors did not incur in advisory expenses.

### e.3 Compensation of Senior Management members who are not Directors

Name	Position
Thomas Keller Lippold	General Manager
Juan Eduardo Vásquez Moya	Business and Energy Management Division Manager
Carlos Luna Cabrera	Generation Division Manager
Sebastián Moraga Zúñiga	Finance and Administration Division Manager
Eduardo Lauer Rodríguez	Engineering and Projects Division Manager
Rodrigo Pérez Stieповic	Legal Manager
Paula Martínez Osorio	Organization and People Manager
Olivia Heutz Goen	Development Manager
Heraldo Alvarez Arenas	Internal Audit Manager
Daniel Gordon Adam	Environmental Manager
Pedro Vial Lyon	Public Affairs Manager
Luis Le Fort Pizarro	Transmission Manager

The remuneration earned by key management personnel amounts to:

Concept	January - September		July - September	
	2020 ThUS\$	2019 ThUS\$	2020 ThUS\$	2019 ThUS\$
Short-term employee benefits	3,245	3,431	1,176	978
Other long-term benefits	579	581	209	170
Termination benefits	374	207	96	(123)
<b>Total</b>	<b>4,198</b>	<b>4,219</b>	<b>1,481</b>	<b>1,025</b>

### e.4 Receivables and payables and other transactions

As of September 30, 2020, and December 31, 2019 there are no receivables and payables between the Company and its Directors and Managers.

### e.5 Other transactions

There are no other transactions conducted between the Group's Directors and Managers.

### e.6 Guarantees pledged by the Company in favor of its Directors

As of September 30, 2020, and December 31, 2019, the Company records no such operations.

### e.7 Incentive plans for Senior Executives and Managers

The Company has benefits for all the executive area, in accordance with the individual performance and goal achievement assessments at the divisional and corporate level.

### e.8 Indemnities paid to Senior Executives and Managers

During the period ended September 30, 2020 and December 31, 2019, there were no payments for such concept.

### e.9 Guarantee clauses: Company's Board of Directors and Management

The Company has no guarantee clauses agreed with Directors and Managements.

### e.10 Consideration plans associated with shares' quote.

The Company has no such operations.



### 13. Inventories

As of September 30, 2020, and December 31, 2019, this caption is composed of the following:

Inventory	09.30.2020 ThUS\$	12.31.2019 ThUS\$
Spare parts for maintenance	20,017	22,647
Coal	17,684	29,135
Inventory in transit	13	16
Oil	3,781	4,062
Gas Line Pack	344	519
Allowance for obsolescence <sup>(1)</sup>	(7,820)	(7,820)
<b>Total</b>	<b>34,019</b>	<b>48,559</b>

<sup>(1)</sup> Relates to the impairment estimate on the spare part stock, which is applied in accordance with the Policy.

There is no inventory pledged as collateral to secure compliance with debt obligations.

#### Inventories costs recognized as expense

As of September 30, 2020, and 2019, the use of inventory recognized as expenses is detailed as follows:

Inventory Cost	January - September		July - September	
	2020 ThUS\$	2019 ThUS\$	2020 ThUS\$	2019 ThUS\$
Warehouse consumption	5,253	5,036	2,087	1,300
Oil (see note 31)	7,660	11,707	418	416
Gas (see note 31)	213,688	273,145	75,507	70,418
Coal (see note 31)	59,525	59,240	17,545	7,958
<b>Total</b>	<b>286,126</b>	<b>349,128</b>	<b>95,557</b>	<b>80,092</b>

### 14. Derivative instruments

Following the financial risk management policy described in Note 4, the Company enters into contracts with financial derivatives to hedge its exposure to interest rate variances, currency (exchange rate) and fuel prices.

Interest rate derivatives are used to determine or limit the variable interest rate of financial obligations and relate to interest rate swaps.

Currency derivatives are used to establish the U.S. dollar exchange for Chilean peso (Ch\$), inflation-adjusted units (UF) and Peruvian sol (PEN), as a result of its existing obligations denominated in currencies other than U.S. dollar. Such instruments are mainly Forwards and Cross Currency Swaps.

Derivatives on fuel prices are used to mitigate the Company's fluctuations in sales revenue and energy production cost risk derived from a change in fuel prices used for such purposes. Instruments used are mainly options and forwards.

As of September 30, 2020, the Company classified all its hedges as "Cash flow hedges".

## 14.1 Hedging instruments

As of September 30, 2020, and December 31, 2019, this caption includes the valuation of financial instruments for such periods, detailed as follows:

Hedging assets		Current		Non-current	
		09.30.2020 ThUS\$	12.31.2019 ThUS\$	09.30.2020 ThUS\$	12.31.2019 ThUS\$
Currency hedging instrument	Cash flow hedges	1,097	2,249	-	1,836
Fuel price hedge	Cash flow hedges	13	-	-	-
<b>Total (see note nota 9)</b>		<b>1,110</b>	<b>2,249</b>	<b>-</b>	<b>1,836</b>

  

Hedging liabilities		Current		Non-current	
		09.30.2020 ThUS\$	12.31.2019 ThUS\$	09.30.2020 ThUS\$	12.31.2019 ThUS\$
Currency hedging instrument	Cash flow hedges	5,150	1,837	10,619	-
Interest rate hedging instrument	Cash flow hedges	-	-	-	-
<b>Total (see note 23.a)</b>		<b>5,150</b>	<b>1,837</b>	<b>10,619</b>	<b>-</b>

  

<b>Hedging instruments, net</b>		<b>(4,040)</b>	<b>412</b>	<b>(10,619)</b>	<b>1,836</b>
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The portfolio of hedging instruments at Colbún S.A. and subsidiaries is as follows:

Hedging instrument	Fair value Hedging instrument		Underlying asset hedged	Hedged risk	Type of hedge
	09.30.2020 ThUS\$	12.31.2019 ThUS\$			
Currency forwards	42	-	Future Project Disbursements	Exchange rate	Cash flow
Currency forwards	1,054	-	Dividends	Exchange rate	Cash flow
Currency forwards	(1,971)	2,249	Financial Investments	Exchange rate	Cash flow
Cross Currency Swaps	(13,797)	(1)	Bonds payable	Exchange rate and interest rate	Cash flow
Coal options	13	-	Oil and gas purchases	Coal price	Cash flow
<b>Total</b>	<b>(14,659)</b>	<b>2,248</b>			

As of September 30, 2020, the Company determined no gains or losses associated with ineffective cash flow hedges that should be recognized in profit or loss.

## 13.2 Fair value hierarchy

The fair value of financial instruments recognized in the Statements of Financial Position has been determined based on the following hierarchy, in accordance with inputs used to conduct such measurement:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As of September 30, 2020, the calculation of fair value of all financial instruments subject to measurement, has been determined based on Level 2 of the aforementioned hierarchy.

## 15. Investment in subsidiaries

The interim consolidated financial statements include the financial statements of the Parent and subsidiaries. Information on subsidiaries as of September 30, 2020, and December 31, 2019, is detailed below.

Subsidiary	09.30.2020						
	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Equity	Revenue	Net profit (loss)
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Termoeléctrica Nahuenco S.A., en liquidación	7	-	-	41	(34)	-	-
Colbún Transmisión S.A.	41,285	385,020	23,963	72,595	329,747	65,430	33,993
Colbún Desarrollo SpA	11	149	-	-	160	-	-
Santa Sofía SpA	-	159	-	180	(21)	-	5
Colbún Perú S.A.	21,054	196,965	201	-	217,818	-	(10,047)
Inversiones de Las Canteras S.A.	817	386,781	802	591	386,205	-	(20,616)
Fenix Power Perú S.A.	78,185	810,333	91,876	411,864	384,778	115,362	(20,458)
Efizity Ingeniería SpA	1,135	404	992	304	243	-	-

Subsidiary	12.31.2019						
	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Equity	Revenue	Net profit (loss)
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Termoeléctrica Nahuenco S.A., en liquidación	7	-	-	41	(34)	-	(3,103)
Colbún Transmisión S.A.	35,183	379,459	46,229	72,658	295,755	83,424	43,635
Colbún Desarrollo SpA	11	149	-	-	160	-	-
Santa Sofía SpA	-	154	-	180	(26)	-	1
Colbún Perú S.A.	20,731	207,478	344	-	227,865	4	(768)
Inversiones de Las Canteras S.A.	429	407,446	402	652	406,821	-	(2,206)
Fenix Power Perú S.A.	70,366	850,848	70,350	445,628	405,236	174,786	(1,985)

## 16. Equity-accounted investees

### a. Equity-accounted investees

The detail of equity-accounted investees and its movements as of September 30, 2020, and December 31, 2019 is described below.

Relationship	Company	Number of shares	Ownership percentage 09.30.2020 %	Balance as of 01.01.2020 ThUS\$	Accrued profit or loss ThUS\$	Dividends ThUS\$	Equity Reserve		Settlement ThUS\$	Other increase (decrease) ThUS\$	Total 09.30.2020 ThUS\$
							Foreign currency transaction difference	Reserve in hedge derivatives			
							ThUS\$	ThUS\$			
Associate	Electrogas S.A.	175,076	42.5%	16,572	6,273	(5,774)	-	(13)	-	-	17,058
Joint Venture	Transmisora Eléctrica de Quillota Ltda.	-	50.0%	8,146	397	-	(406)	-	-	-	8,137
<b>Total</b>				<b>24,718</b>	<b>6,670</b>	<b>(5,774)</b>	<b>(406)</b>	<b>(13)</b>	<b>-</b>	<b>-</b>	<b>25,195</b>

Relationship	Sociedad	Number of shares	Ownership percentage 12.31.2019 %	Balance as of 01.01.2019 ThUS\$	Accrued profit or loss ThUS\$	Dividends ThUS\$	Equity Reserve		Settlement ThUS\$	Other increase (decrease) ThUS\$	Total 12.31.2019 ThUS\$
							Foreign currency transaction difference	Reserve in hedge derivatives			
							ThUS\$	ThUS\$			
Associate	Electrogas S.A.	175,076	42.5%	16,603	8,113	(8,099)	-	(45)	-	-	16,572
Joint Venture	Aysén Transmisión S.A., en Liquidación	4,900	49.0%	(25)	-	-	(2)	-	27	-	-
Joint Venture	Aysén Energía S.A., en Liquidación	4,900	49.0%	(11)	-	-	(1)	-	12	-	-
Joint Venture	Transmisora Eléctrica de Quillota Ltda.	-	50.0%	13,635	989	(5,987)	(491)	-	-	-	8,146
<b>Total</b>				<b>30,202</b>	<b>9,102</b>	<b>(14,086)</b>	<b>(494)</b>	<b>(45)</b>	<b>39</b>	<b>-</b>	<b>24,718</b>

## b. Financial information about investments in associates and joint ventures

The information in the financial statements of the Company's associates and joint ventures as of September 30, 2020, and December 31, 2019, is as follows:

Relationship	Company	09.30.2020							
		Current assets ThUS\$	Non-current assets ThUS\$	Current liabilities ThUS\$	Non-current liabilities ThUS\$	Equity ThUS\$	Revenue ThUS\$	Operating costs ThUS\$	Retained earnings (accumulated deficit) ThUS\$
Associate	Electrogas S.A.	10,320	42,736	2,190	10,730	40,136	27,100	(2,100)	15,021
Joint venture	Transmisora Eléctrica de Quillota Ltda.	5,529	13,053	344	1,964	16,274	2,597	(587)	794

Relationship	Company	12.31.2019							
		Current assets ThUS\$	Non-current assets ThUS\$	Current liabilities ThUS\$	Non-current liabilities ThUS\$	Equity ThUS\$	Revenue ThUS\$	Operating costs ThUS\$	Retained earnings (accumulated deficit) ThUS\$
Associate	Electrogas S.A.	8,687	46,765	4,910	11,548	38,994	36,276	(3,286)	19,090
Joint venture	Transmisora Eléctrica de Quillota Ltda.	4,434	14,505	488	2,159	16,292	4,263	(848)	1,977

Additional information

**i) Electrogas S.A.:**

Electrogas S.A. is a company engaged in the transportation of natural gas and other fuels. It has a pipeline between "City Gate III" located in San Bernardo, Santiago, Chile and "Plant Gate" located in Quillota, Valparaíso, Chile, and a pipeline from "Plant Gate" to Colmo, Concón, Valparaíso, Chile. Its main customers are Gas Atacama Chile S.A., Colbún S.A., Empresa de Gas Quinta Región (Gasvalpo), Energas S.A. and Enap Refinerías Concón.

Colbún has a direct ownership interest of 42.5% in such company.

**ii) Transmisora Eléctrica de Quillota Ltda.:**

This company was incorporated by Colbún S.A. and San Isidro S.A. (currently, Gas Atacama Chile S.A.), in June 1997, with the purpose of jointly developing and operating the required installations to transport the capacity and energy generated by their respective plants to the Quillota Substation owned by Transelec S.A.

Transmisora Eléctrica de Quillota Ltda. is the owner of San Luis substation, located beside the Nehuenco and San Isidro combined-cycle plants. In addition, it owns the high voltage line of 220 KV that links the substation with Quillota substation of SIC.

Colbún has an ownership interest of 50% in this company.

## 17. Intangible assets other than goodwill

### a. Detail by classes of intangible assets

The detail, as of September 30, 2020, and December 31, 2019, is as follows:

<b>Intangible assets, net</b>		<b>09.30.2020</b>	<b>12.31.2019</b>
		ThUS\$	ThUS\$
<b>Rights not internally generated</b>	Emission rights for particulate matter	9.582	9.582
	Concessions	202	202
	Water rights	17.436	17.436
	Easements	58.330	58.060
	Intangible assets related to customers	34.628	37.010
<b>Licenses</b>	Software	2.738	2.072
<b>Total</b>		<b>122.916</b>	<b>124.362</b>
<b>Intangible assets, gross</b>		<b>09.30.2020</b>	<b>12.31.2019</b>
		ThUS\$	ThUS\$
<b>Rights not internally generated</b>	Emission rights for particulate matter	9.582	9.582
	Concessions	228	228
	Water rights	17.455	17.455
	Easements	60.139	59.738
	Intangible assets related to customers	46.815	46.815
<b>Licenses</b>	Software	16.611	15.095
<b>Total</b>		<b>150.830</b>	<b>148.913</b>
<b>Accumulated amortization</b>		<b>09.30.2020</b>	<b>12.31.2019</b>
		ThUS\$	ThUS\$
<b>Non-internal generated rights</b>	Concessions	(26)	(26)
	Water rights	(19)	(19)
	Easements	(1.809)	(1.678)
	Intangible assets related to customers	(12.187)	(9.805)
<b>Licenses</b>	Software	(13.873)	(13.023)
<b>Total</b>		<b>(27.914)</b>	<b>(24.551)</b>

## b. Movements in intangible assets

As of September 30, 2020, and December 31, 2019, this caption comprises the following:

Movements for the period 2020	Rights not internally generated					Licenses	Intangibles assets, net ThUS\$
	Emission rights for particulate matter	Concessions	Water rights	Easements	Intangible assets related to customers	Software	
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	
Opening balance as of 01.01.2020	9,582	202	17,436	58,060	37,010	2,072	124,362
Additions	-	-	-	433	-	1,030	1,463
Acquisitions made through business combinations (see note 8)	-	-	-	-	-	-	-
Increase (decrease) resulting from other movements	-	-	-	(32)	-	-	(32)
Disposals	-	-	-	-	-	-	-
Accumulated depreciation of disposals	-	-	-	-	-	-	-
Transport from assets under construction	-	-	-	-	-	473	473
Transport between assets	-	-	-	-	-	-	-
Amortization expenses (see Note 33)	-	-	-	(131)	(2,382)	(850)	(3,363)
<b>Closing balance as of 09.30.2020</b>	<b>9,582</b>	<b>202</b>	<b>17,436</b>	<b>58,330</b>	<b>34,628</b>	<b>2,725</b>	<b>122,903</b>

  

Movements for the period 2019	Rights not internally generated					Licenses	Intangibles assets, net ThUS\$
	Emission rights for particulate matter	Concessions	Water rights	Easements	Intangible assets related to customers	Software	
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	
Opening balance as of 01.01.2019	9,582	202	17,436	58,246	40,186	2,288	127,940
Additions	-	-	-	4	-	252	256
Increase (decrease) resulting from other movements	-	-	-	(15)	-	-	(15)
Disposals	-	-	-	-	-	(92)	(92)
Accumulated depreciation of disposals	-	-	-	-	-	42	42
Transport from assets under construction	-	-	-	-	-	1,046	1,046
Transport between assets	-	-	-	-	-	-	-
Amortization expenses	-	-	-	(175)	(3,176)	(1,464)	(4,815)
<b>Closing balance as of 12.31.2019</b>	<b>9,582</b>	<b>202</b>	<b>17,436</b>	<b>58,060</b>	<b>37,010</b>	<b>2,072</b>	<b>124,362</b>

As detailed in Note 5.b, the Company's Management, in its assessment, determined that there is no impairment of intangible assets' carrying amount. The Company has no intangible assets pledged as collateral to secure compliance with its debt obligations.



## 18. Property, plant and equipment

### a. Detail of property, plant and equipment

As September 30, 2020, and December 31, 2019, the caption property, plant and equipment is detailed as follows:

<b>Property, plant and equipment, net</b>	<b>09.30.2020</b> ThUS\$	<b>12.31.2019</b> ThUS\$
Land	306.388	306.436
Building, construction and facilities	108.470	111.202
Machinery	1.030	1.135
Transport equipment	437	484
Office equipment	1.007	1.133
IT equipment	1.920	1.154
Power-generating assets	3.894.960	4.025.981
Assets under construction	313.199	310.640
Other property, plant and equipment	426.074	413.685
<b>Total</b>	<b>5.053.485</b>	<b>5.171.850</b>
<b>Property, plant and equipment, gross</b>	<b>09.30.2020</b> ThUS\$	<b>12.31.2019</b> ThUS\$
Land	306.388	306.436
Building, construction and facilities	138.000	137.675
Machinery	1.809	1.770
Transport equipment	1.677	1.627
Office equipment	6.889	6.916
IT equipment	10.282	9.342
Power-generating assets	5.870.376	5.847.341
Assets under construction	446.940	444.381
Other property, plant and equipment	550.091	528.667
<b>Total</b>	<b>7.332.452</b>	<b>7.284.155</b>
<b>Accumulated depreciation and impairment of property, plant and equipment</b>	<b>09.30.2020</b> ThUS\$	<b>12.31.2019</b> ThUS\$
Building, construction and facilities	(29.530)	(26.473)
Machinery	(779)	(635)
Transport equipment	(1.240)	(1.143)
Office equipment	(5.882)	(5.783)
IT equipment	(8.362)	(8.188)
Power-generating assets	(1.975.416)	(1.821.360)
Assets under construction	(133.741)	(133.741)
Other property, plant and equipment	(124.017)	(114.982)
<b>Total</b>	<b>(2.278.967)</b>	<b>(2.112.305)</b>

## b. Movements in property, plant and equipment

As of September 30, 2020, and December 31, 2019, the caption property, plant and equipment, net is composed of the following:

Movements for the period 2020	Land	Building, construction and facilities	Machinery	Transport equipment	Office equipment	IT equipment	Power-generating assets	Assets under construction	Other property, plant and equipment	Property, plant and equipment, net
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Opening balance as of 01.01.2020	306,436	111,202	1,135	484	1,133	1,154	4,025,981	310,640	413,685	5,171,850
Additions	5	-	-	-	-	297	-	61,742	9	62,053
Increase (decrease) resulting from other movements	-	-	3	50	38	23	-	-	29	143
Disposals	(53)	-	-	-	-	-	-	-	13,965	13,912
Accumulated depreciation of disposals	-	-	-	-	(89)	(319)	(16,948)	(9,984)	(3)	(27,343)
Impairment losses recognized in other comprehensive income	-	-	-	-	89	315	3,696	-	3	4,103
Transport from assets under construction	-	-	-	-	-	-	-	-	-	-
Transport between assets	-	325	-	-	-	-	(325)	-	-	-
Accumulated depreciation, transport between assets	-	(20)	-	-	-	-	20	-	-	-
Depreciation expenses (see Note 32)	-	(3,037)	(144)	(90)	(188)	(489)	(157,774)	-	(9,038)	(170,760)
Total movements	(48)	(2,732)	(105)	(40)	(126)	766	(131,021)	2,552	12,389	(118,365)
<b>Closing balance as of 09.30.2020</b>	<b>306,388</b>	<b>108,470</b>	<b>1,030</b>	<b>444</b>	<b>1,007</b>	<b>1,920</b>	<b>3,894,960</b>	<b>313,192</b>	<b>426,074</b>	<b>5,053,485</b>

  

Movements for the period 2019	Land	Building, construction and facilities	Machinery	Transport equipment	Office equipment	IT equipment	Power-generating assets	Assets under construction	Other property, plant and equipment	Property, plant and equipment, net
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Opening balance as of 01.01.2019	306,894	112,707	1,186	626	3,168	1,439	4,233,043	314,410	413,125	5,386,598
Additions	458	-	-	-	23	199	14,846	123,125	25	138,676
Increase (decrease) resulting from other movements	-	-	-	-	-	-	-	-	1,794	1,794
Disposals	(916)	-	-	(36)	(9)	(3)	(113,952)	(3,651)	(1,945)	(120,512)
Accumulated depreciation of disposals	-	-	-	22	7	3	48,607	-	551	49,190
Impairment losses recognized in other comprehensive income	-	-	-	-	-	-	-	(49,671)	-	(49,671)
Transport from assets under construction	-	740	81	-	121	110	59,294	(73,573)	12,181	(1,046)
Transport between assets	-	2,348	49	-	(2,306)	35	(126)	-	-	-
Accumulated depreciation, transport between assets	-	(462)	(2)	-	460	(2)	6	-	-	-
Depreciation expenses	-	(4,131)	(179)	(128)	(331)	(627)	(215,737)	-	(12,046)	(233,179)
Total movements	(458)	(1,505)	(51)	(142)	(2,035)	(285)	(207,062)	(3,770)	560	(214,748)
<b>Closing balance as of 12.31.2019</b>	<b>306,436</b>	<b>111,202</b>	<b>1,135</b>	<b>484</b>	<b>1,133</b>	<b>1,154</b>	<b>4,025,981</b>	<b>310,640</b>	<b>413,685</b>	<b>5,171,850</b>

### c. Other disclosures

i) Colbún S.A. and its subsidiaries have entered into insurance policies to cover the possible risks to which the different items of property, plant and equipment may be exposed, as well as possible claims that might be presented because of the performance of their business activities. Such policies sufficiently cover the risks to which they are exposed.

Additionally, loss of profit that may result from a claim is covered by insurance policies engaged by the Company.

ii) As of September 30, 2020, and December 31, 2019, the Company had commitments associated with the acquisition of property, plant and equipment for construction agreements for ThUS\$30,829 and ThUS\$23,026, respectively. The companies with which it operates are: SIEMENS Energy INC, SEMI CHILE SPA, Inprolec S.A., General Electric Global Services GM, ABB Power Grids Brasil LTDA, Vecchiola Ingeniería y construcción, among others.

iii) At September 30, 2020 and 2019 the accrued capitalized interest costs (IAS 23), are as follows:

Concept	January - September	
	2020 MUS\$	2019 MUS\$
<b>Capitalized interest costs</b>		
Capitalized interest costs (see note 31)	4	-
Interest expenses	-	-
Total interest costs incurred	4	-
Cost capitalization rate for loans eligible for capitalization	0,08%	0,00%

iv) Operating leases - Lessor

As of September 30, 2020, and December 31, 2019, the Company holds embedded operating leases corresponding to:

1. Transmission line contracts (Alto Jahuel-Candelaria 220 KV and Candelaria-Minero 220 KV) entered into between the Company and Corporación Nacional del Cobre de Chile. Such contracts have a term of 30 years.
2. Additional toll contracts (transmission lines - Polpaico substation-substation Maitenes) entered into between the Company and Anglo American Sur. Such contracts have a term of 21 years.
3. Energy supply and electric power contract entered into between Colbún and Corporación Nacional del Cobre de Chile. Such contract has a term of 30 years.

The estimated future charges derived from such contracts are detailed as follows:

September 30, 2020	0-1 year ThUS\$	1-5 years ThUS\$	Over 5 years ThUS\$	Total ThUS\$
Minimum lease payments under operating non-cancellable leases	123,143	492,574	2,126,942	2,742,659
<b>Total</b>	<b>123,143</b>	<b>492,574</b>	<b>2,126,942</b>	<b>2,742,659</b>

  

December 31, 2019	0-1 year ThUS\$	1-5 years ThUS\$	Over 5 years ThUS\$	Total ThUS\$
Minimum lease payments under operating non-cancellable leases	122,639	490,548	2,324,967	2,938,154
<b>Total</b>	<b>122,639</b>	<b>490,548</b>	<b>2,324,967</b>	<b>2,938,154</b>

v) Additional information required for XBRL taxonomy.

1. Disbursements recognized during the construction

Disbursements recognized during the construction, gross	09.30.2020 ThUS\$	12.31.2019 ThUS\$
Assets under construction	62,758	78,559
<b>Total</b>	<b>62,758</b>	<b>78,559</b>

2. Assets fully depreciated still in use

Assets fully depreciated still in use, gross	09.30.2020 ThUS\$	12.31.2019 ThUS\$
Building, construction and facilities	1,380	1,327
Machinery	52	41
Transport equipment	676	552
Office equipment	4,503	4,350
IT equipment	7,236	7,057
Power-generating assets	33,396	31,460
Other property, plant and equipment	1,506	1,423
<b>Total</b>	<b>48,749</b>	<b>46,210</b>

  

Assets fully depreciated still in use, accumulated depreciation	09.30.2020 ThUS\$	12.31.2019 ThUS\$
Building, construction and facilities	(1,380)	(1,327)
Machinery	(52)	(41)
Transport equipment	(676)	(550)
Office equipment	(4,415)	(4,350)
IT equipment	(7,221)	(7,057)
Power-generating assets	(32,557)	(31,214)
Other property, plant and equipment	(1,506)	(1,423)
<b>Total</b>	<b>(47,807)</b>	<b>(45,962)</b>

vi) Detail of other property, plant and equipment:

As of September 30, 2020, and December 31, 2019, this caption comprises the following:

<b>Other property, plant and equipment, net</b>	<b>09.30.2020</b> ThUS\$	<b>12.31.2019</b> ThUS\$
Substations	155.863	153.612
Transmission lines	130.136	133.803
Spare parts classified as property, plant and equipment	132.597	118.632
Other property, plant and equipment	7.478	7.638
<b>Other property, plant and equipment, net</b>	<b>426.074</b>	<b>413.685</b>
<b>Other property, plant and equipment, gross</b>	<b>09.30.2020</b> ThUS\$	<b>12.31.2019</b> ThUS\$
Substations	235.371	228.416
Transmission lines	170.425	170.130
Spare parts classified as property, plant and equipment	132.597	118.632
Other property, plant and equipment	11.698	11.489
<b>Other property, plant and equipment, gross</b>	<b>550.091</b>	<b>528.667</b>
<b>Accumulated depreciation and impairment of other property plant and equipment</b>	<b>09.30.2020</b> ThUS\$	<b>12.31.2019</b> ThUS\$
Substations	(79.508)	(74.804)
Transmission lines	(40.289)	(36.327)
Other property, plant and equipment	(4.220)	(3.851)
<b>Total depreciation and impairment</b>	<b>(124.017)</b>	<b>(114.982)</b>

vii) Detail of power-generating assets

Power-generating assets, net		09.30.2020 ThUS\$	12.31.2019 ThUS\$
Power-generating civil works	Hydropower	1.639.174	1.657.363
	Coal-fired thermal power	263.403	272.272
	Oil and gas-fired thermal power	36.634	36.683
	Solar power	147	152
Power-generating equipment and machinery	Hydropower	569.085	600.036
	Coal-fired thermal power	437.970	455.074
	Oil and gas-fired thermal power	940.149	995.680
	Solar power	8.398	8.721
<b>Balance of power-generating assets, net</b>		<b>3.894.960</b>	<b>4.025.981</b>

Power-generating assets, gross		09.30.2020 ThUS\$	12.31.2019 ThUS\$
Power-generating civil works	Hydropower	2.230.317	2.228.161
	Coal-fired thermal power	359.046	358.815
	Oil and gas-fired thermal power	49.155	47.813
	Solar power	162	162
Power-generating equipment and machinery	Hydropower	939.451	933.147
	Coal-fired thermal power	630.863	628.030
	Oil and gas-fired thermal power	1.651.957	1.641.795
	Solar power	9.425	9.418
<b>Balance of power-generating assets, gross</b>		<b>5.870.376</b>	<b>5.847.341</b>

Accumulated depreciation and impairment of power-generating assets		09.30.2020 ThUS\$	12.31.2019 ThUS\$
Power-generating civil works	Hydropower	(591.143)	(570.798)
	Coal-fired thermal power	(95.643)	(86.543)
	Oil and gas-fired thermal power	(12.521)	(11.130)
	Solar power	(15)	(10)
Power-generating equipment and machinery	Hydropower	(370.366)	(333.111)
	Coal-fired thermal power	(192.893)	(172.956)
	Oil and gas-fired thermal power	(711.808)	(646.115)
	Solar power	(1.027)	(697)
<b>Total depreciation and impairment</b>		<b>(1.975.416)</b>	<b>(1.821.360)</b>

## 19. Right-of-use assets

### a. Detail Right-of-Use assets

The right-of-use assets recognized as of September 30, 2020 and December 31, 2019 are as follows:

<b>Right-of-use assets, Net</b>	<b>09.30.2020</b>	<b>12.31.2019</b>
	ThUS\$	ThUS\$
Transmission line operation and maintenance	9,256	9,814
Right-of-use office equipment	9	30
Right-of-use facilities	4,897	5,983
Right-of-use vehicles	550	1,250
Right-of-use Calidda gas pipeline	111,499	118,325
Right-of-use IT equipment	369	424
<b>Total</b>	<b>126,580</b>	<b>135,826</b>
<b>Right-of-use assets, Gross</b>	<b>09.30.2020</b>	<b>12.31.2019</b>
	ThUS\$	ThUS\$
Transmission line operation and maintenance	15,154	15,154
Right-of-use office equipment	58	58
Right-of-use facilities	7,815	7,620
Right-of-use vehicles	2,182	2,182
Right-of-use Calidda gas pipeline	127,427	127,427
Right-of-use IT equipment	602	509
<b>Total</b>	<b>153,238</b>	<b>152,950</b>
<b>Accumulated depreciation right-of-use assets</b>	<b>09.30.2020</b>	<b>12.31.2019</b>
	ThUS\$	ThUS\$
Transmission line operation and maintenance	(5,898)	(5,340)
Right-of-use office equipment	(49)	(28)
Right-of-use facilities	(2,918)	(1,637)
Right-of-use vehicles	(1,632)	(932)
Right-of-use Calidda gas pipeline	(15,928)	(9,102)
Right-of-use IT equipment	(233)	(85)
<b>Total</b>	<b>(26,658)</b>	<b>(17,124)</b>

Currently, Colbún S.A. records leases related to its offices, warehouse, parking lots, vehicles, computers and printers.

The subsidiary Fenix maintains contracts with:

1. Consorcio Transmantaro S.A. (hereinafter CTM), in which CTM is obliged to provide maintenance and operating services to the 8-km transmission line between the substation Chilca and the thermoelectric power plant Fenix. Such contract has a term of 20 years (with 13 years remaining) and accrues an annual interest of 12%. Additionally, CTM is obliged to build facilities for the rendering of transmission line services.
2. Contract entered into with Gas Natural de Lima y Callao (Calidda), by which Calidda agrees to provide the gas distribution service from the City Gate located in the city of Chilca, for which a regulation and control plant has been installed (ERC, for its acronym in Spanish), which is an iron pipeline. Such contract is effective for 20 years (with 13 years remaining), per a volume of 84.1 MMpcd. It includes a

Take or Pay of 100% equivalent to 84.1MMpcd which should be paid in the month the service is rendered. The interest rate associated with the finance lease amounts to 7% per year.

**b. Movements of right-of-use assets**

The composition and movement of assets by right of use, net as of September 30, 2020 and December 31, 2019, has been as follows:

Movements for the period 2020	Transmission line operation and maintenance ThUS\$	Right-of-use office equipment ThUS\$	Right-of-use facilities ThUS\$	Right-of-use vehicles ThUS\$	Right-of-use Calidda gas pipeline ThUS\$	Right-of-use IT equipment ThUS\$	Right-of-use assets, Net ThUS\$
Opening balance as of 01.01.2020	9,814	30	5,983	1,250	118,325	424	135,826
Adiciones	-	-	126	-	-	93	219
Acquisitions made through business combinations (see note 6)	-	-	71	-	-	-	71
Depreciation expenses (see Note 33)	(559)	(21)	(1,283)	(699)	(6,826)	(148)	(9,536)
<b>Total movements</b>	<b>(559)</b>	<b>(21)</b>	<b>(1,086)</b>	<b>(699)</b>	<b>(6,826)</b>	<b>(55)</b>	<b>(9,246)</b>
<b>Closing balance as of 09.30.2020</b>	<b>9,255</b>	<b>9</b>	<b>4,897</b>	<b>551</b>	<b>111,499</b>	<b>369</b>	<b>126,580</b>

Movements for the period 2019	Transmission line operation and maintenance ThUS\$	Right-of-use office equipment ThUS\$	Right-of-use facilities ThUS\$	Right-of-use vehicles ThUS\$	Right-of-use Calidda gas pipeline ThUS\$	Right-of-use IT equipment ThUS\$	Right-of-use assets, Net ThUS\$
Opening balance as of 01.01.2019	10,558	-	-	-	-	-	10,558
Additions	-	58	7,620	2,182	127,427	509	137,796
Depreciation expenses (see Note 33)	(744)	(28)	(1,637)	(932)	(9,102)	(85)	(12,528)
<b>Total movements</b>	<b>(744)</b>	<b>30</b>	<b>5,983</b>	<b>1,250</b>	<b>118,325</b>	<b>424</b>	<b>125,268</b>
<b>Closing balance as of 12.31.2019</b>	<b>9,814</b>	<b>30</b>	<b>5,983</b>	<b>1,250</b>	<b>118,325</b>	<b>424</b>	<b>135,826</b>

As of September 30, 2020, and December 31, 2019, the present value of future payments arising from contracts recognized as leases are detailed as follows:

September 30, 2020	0-1 year	1-5 years	Over 5 years	Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Gross	20,373	78,893	125,066	<b>224,332</b>
Interests	(10,959)	(41,930)	(34,318)	<b>(87,207)</b>
Present value (see note 23.a)	9,414	36,963	90,748	<b>137,125</b>

  

December 31, 2019	0-1 year	1-5 years	Over 5 years	Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Gross	20,417	74,391	144,564	<b>239,372</b>
Interests	(11,020)	(37,761)	(46,719)	<b>(95,500)</b>
Present value (see note 23.a)	9,397	36,630	97,845	<b>143,872</b>



## 20. Current taxes

As of September 30, 2020, and December 31, 2019, this caption comprises the following:

### a. Current tax assets

	Current	
	09.30.2020 ThUS\$	12.31.2019 ThUS\$
Recoverable taxes from previous years	436	13,488
Recoverable taxes for the year (see Note 22.a.1)	7,387	3,421
Other recoverable taxes	-	231
<b>Total</b>	<b>7,823</b>	<b>17,140</b>

### b. Current tax liabilities

	Current	
	09.30.2020 ThUS\$	12.31.2019 ThUS\$
Payable taxes for the year (see Note 22.a.1)	194	32,146
<b>Total</b>	<b>194</b>	<b>32,146</b>

## 21. Other non-financial assets

As of September 30, 2020, and December 31, 2019, this caption comprises the following:

	Current		Non-current	
	09.30.2020 ThUS\$	12.31.2019 ThUS\$	09.30.2020 ThUS\$	12.31.2019 ThUS\$
Insurance premium for facilities and civil responsibility	5,196	14,384	-	-
Prepayments <sup>(1)</sup>	4,545	6,170	34,519	35,506
Patent for non-use of water rights <sup>(2)</sup>	-	-	8,250	3,906
Other miscellaneous assets	158	129	1,817	1,082
<b>Total</b>	<b>9,899</b>	<b>20,683</b>	<b>44,586</b>	<b>40,494</b>

<sup>(1)</sup> Corresponds to advance payments to domestic and foreign suppliers.

<sup>(2)</sup> Credit under Article No.129 bis 20 of the Chilean Water Code, Decree Law No.1.122. As of September 30, 2020, no impairment has been recognized. As of December 31, 2019, the Company recognized impairment charges for ThUS\$4,508. The payment of these patents relates to the implementation of projects that will use such water rights; accordingly, is an economic variable under permanent assessment by the Company. Within this context, the Company accurately controls the payments made and acknowledges the estimates of project start-ups to recognize the impairment of an asset, if it is foreseen that its use will be subsequent to the leverage ratio of the Fiscal Credit.

## 22. Income taxes

### a. Income tax benefit (expense)

Income tax benefit (expense)	January - September		July - September	
	2020 ThUS\$	2019 ThUS\$	2020 ThUS\$	2019 ThUS\$
<b>Current income tax (expense) benefit</b>				
Current income taxes	(60,691)	(71,270)	(28,660)	(24,839)
Adjustments to prior-year current income tax expense	168	633	(9)	(120)
<b>Total current income tax expense, net</b>	<b>(60,523)</b>	<b>(70,637)</b>	<b>(28,669)</b>	<b>(24,959)</b>
<b>Deferred income tax (expense) benefit</b>				
Deferred income tax benefit arising from temporary	(9,747)	4,939	2,839	(1,677)
<b>Total deferred income tax benefit, net</b>	<b>(9,747)</b>	<b>4,939</b>	<b>2,839</b>	<b>(1,677)</b>
<b>Income tax benefit (expense)</b>	<b>(70,270)</b>	<b>(65,698)</b>	<b>(25,830)</b>	<b>(26,636)</b>

As of September 30, 2020, and December 31, 2019, income tax benefit (expense) and deferred taxes from foreign and domestic parties is detailed as follows:

Income tax benefit (expense)	January - September		July - September	
	2020 ThUS\$	2019 ThUS\$	2020 ThUS\$	2019 ThUS\$
Domestic current income tax (expense) benefit	(60,455)	(70,319)	(28,638)	(26,760)
Foreign current income tax (expense) benefit	(67)	(318)	(29)	1,801
<b>Total current income tax (expense) benefit, net</b>	<b>(60,522)</b>	<b>(70,637)</b>	<b>(28,667)</b>	<b>(24,959)</b>
Domestic deferred income tax benefit (expense)	(321)	4,405	4,635	3,048
Foreign deferred income tax benefit (expense)	(9,427)	534	(1,798)	(4,725)
<b>Total deferred income tax benefit (expense)</b>	<b>(9,748)</b>	<b>4,939</b>	<b>2,837</b>	<b>(1,677)</b>
<b>Income tax expense charged to profit or loss</b>	<b>(70,270)</b>	<b>(65,698)</b>	<b>(25,830)</b>	<b>(26,636)</b>

## a.1 Reconciliation of current taxes

As of September 30, 2020 and December 31, 2019, the reconciliation of current taxes to income tax is as follows:

Current tax reconciliation		09.30.2020					
Company	Current taxes (profit or loss) ThUS\$	Current taxes for equity adjustments ThUS\$	Monthly provisional income tax payments ThUS\$	Other credits ThUS\$	Tax under Article No. 21 (profit or loss) ThUS\$	Tax assets ThUS\$	Tax liabilities ThUS\$
Colbún S.A.	(47,880)	2,391	46,176	961	(52)	1,596	-
Colbún Transmisión S.A.	(12,630)	-	15,505	-	-	2,875	-
Efizity Ingeniería SpA. (1)	(188)	-	15	-	(11)	-	(184)
Colbún Perú S.A.	(129)	-	119	-	-	-	(10)
Inversiones Las Canteras S.A.	-	-	3	-	-	3	-
Fenix Power S.A.	-	-	869	2,044	-	2,913	-
<b>Total</b>	<b>(60,827)</b>	<b>2,391</b>	<b>62,687</b>	<b>3,005</b>	<b>(63)</b>	<b>7,387</b>	<b>(194)</b>

Current tax reconciliation		12.31.2019					
Company	Current taxes (profit or loss) ThUS\$	Current taxes for equity adjustments ThUS\$	Monthly provisional income tax payments ThUS\$	Other credits ThUS\$	Tax under Article No. 21 (profit or loss) ThUS\$	Tax assets ThUS\$	Tax liabilities ThUS\$
Colbún S.A.	(77,754)	(1,050)	48,983	838	(59)	-	(29,042)
Colbún Transmisión S.A.	(20,777)	-	17,876	38	-	-	(2,863)
Colbún Perú S.A.	(352)	-	111	-	-	-	(241)
Fenix Power S.A.	(2,148)	-	2,811	2,758	-	3,421	-
<b>Total</b>	<b>(101,031)</b>	<b>(1,050)</b>	<b>69,781</b>	<b>3,634</b>	<b>(59)</b>	<b>3,421</b>	<b>(32,146)</b>

<sup>(1)</sup> Current tax result corresponds to balances recorded in the takeover balance sheet. (See note 6.)

As of September 30, 2020, Colbún S.A., together with its subsidiaries, it generated tax profits, for which a consolidated Income Tax Provision was recorded, net of monthly provisional payments (PPM) and credits for ThUS\$ 194 and recoverable taxes for ThUS\$ 7,387.

In the case of the foreign subsidiary Fenix Power Perú S.A., as of September 30, 2020, it recognizes accumulated tax losses of ThUS\$ 188,756, which are expected to be reversed in the future; accordingly, a deferred tax asset was recognized.

In accordance with IAS 12, a deferred tax asset for tax losses is recognized when Management has determined that is probable that future taxable income will be available against which they can be offset. This situation occurs in subsidiaries that recognize tax losses.

## a.2 Reconciliation of consolidated tax expense and calculation of effective rate

Income tax benefit (expense)	January - September				July - September			
	2020		2019		2020		2019	
	Amount ThUS\$	Rate %	Amount ThUS\$	Rate %	Amount ThUS\$	Rate %	Amount ThUS\$	Rate %
Profit before income taxes	222,604		248,180		88,037		81,329	
<b>Tax expense using the legal rate <sup>(1)</sup></b>	<b>(60,103)</b>	<b>27.0%</b>	<b>(67,009)</b>	<b>27.0%</b>	<b>(23,770)</b>	<b>27.0%</b>	<b>(21,959)</b>	<b>27.0%</b>
Differences between US dollars and tax financial accounting in local currency through deferred taxes <sup>(2)</sup>	(12,000)	5.4%	(200)	0.1%	(2,700)	3.1%	(3,200)	3.9%
Other differences	1,833	-0.8%	1,511	-0.6%	640	-0.7%	(1,477)	1.8%
<b>Income tax expense</b>	<b>(70,270)</b>	<b>31.6%</b>	<b>(65,698)</b>	<b>26.5%</b>	<b>(25,830)</b>	<b>29.3%</b>	<b>(26,636)</b>	<b>32.8%</b>

<sup>(1)</sup> As of September 30, 2020, and December 31, 2019, the income tax expense was calculated using the legal tax rate of 27% (Law No. 20.780) for the Chilean operations and the legal tax rate of 29.5% for the Peruvian operations (Legislative Decree No. 1261) for operations in Peru.

<sup>(2)</sup> In accordance with the International Financial Reporting Standards (IFRS), the Company and its subsidiaries recognize their tax and financial operations at their functional currency which is the U.S. dollar, except for the subsidiaries of the Efizity Group. With respect to the foreign subsidiaries, the local currency is used for tax purposes.

## b. Deferred taxes

At each reporting period, deferred tax assets and liabilities are detailed as follows:

Deferred tax assets	09.30.2020 ThUS\$	12.31.2019 ThUS\$
Deferred taxes related to tax losses	55,776	48,104
Deferred taxes related to provisions	19,772	21,303
Deferred taxes related to obligations for post-employment benefits	10,370	9,836
Deferred taxes related to anticipated income	5,991	6,234
Deferred taxes related to investments in associates <sup>(1)</sup>	4,735	4,735
Deferred taxes related to hedging instruments	1,749	667
Deferred taxes related to rights-of-use	1,769	1,061
Deferred taxes related to inventory	655	1,490
Deferred taxes related to contingencies	475	46
Deferred taxes related to unrealized gain or loss	292	292
<b>Deferred tax assets</b>	<b>101,584</b>	<b>93,768</b>
Deferred tax liabilities	09.30.2020 ThUS\$	12.31.2019 ThUS\$
Deferred taxes related to depreciation	(963,617)	(952,387)
Deferred taxes related to finance costs	(19,627)	(13,840)
Deferred taxes related to intangible assets	(12,001)	(12,696)
<b>Deferred tax liabilities</b>	<b>(995,245)</b>	<b>(978,923)</b>
<b>Total deferred tax assets and liabilities, net</b>	<b>(893,661)</b>	<b>(885,155)</b>

Deferred Taxes Movements	09.30.2020	12.31.2019
	ThUS\$	ThUS\$
<b>Deferred taxes as of January 1</b>	<b>(885,155)</b>	<b>(922,739)</b>
Tax losses	7,672	(3,803)
Hedging instruments	1,082	568
Intangible assets	695	786
Rights-of-use assets	708	1,061
Contingencies	429	(617)
Obligations for post-employment benefits	534	2,333
Unearned revenue	(243)	2,471
Investments in associates <sup>(1)</sup>	-	4,735
Inventory	(835)	(428)
Provisions	(1,531)	1,408
Finance costs	(5,787)	1,921
Property, plant and equipment	(11,230)	27,149
<b>Closing balance</b>	<b>(893,661)</b>	<b>(885,155)</b>

<sup>(1)</sup> See note 3.1.c

The net position of deferred taxes per company is as follows:

Net deferred tax position by company				
Company	Net position			
	Non-current asset		Non-current liability	
	09.30.2020	12.31.2019	09.30.2020	12.31.2019
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Fenix Power Perú S.A.	28,167	37,654	-	-
Santa Sofía SpA.	159	154	-	-
Efizity SpA.	12	-	-	-
Efizity Ingeniería SpA.	3	-	-	-
Inversiones de Las Canteras S.A.	-	-	(591)	(652)
Colbún Transmisión S.A.	-	-	(58,067)	(58,106)
Colbún S.A.	-	-	(863,344)	(864,205)
<b>Subtotal</b>	<b>28,341</b>	<b>37,808</b>	<b>(922,002)</b>	<b>(922,963)</b>
<b>Net deferred taxes</b>			<b>(893,661)</b>	<b>(885,155)</b>

### c. Income taxes in other comprehensive income

	January - September		July - September	
	2020	2019	2020	2019
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Related to cash flow hedges	3,008	(963)	24	344
Related to defined benefit plans	610	2,139	(523)	770
<b>Income tax related to components of other comprehensive income</b>	<b>3,618</b>	<b>1,176</b>	<b>(499)</b>	<b>1,114</b>
Related to share of other comprehensive profit or loss on equity-accounted associates and joint ventures using the equity method	5	13	5	-
<b>Income tax related to components of other comprehensive income</b>	<b>3,623</b>	<b>1,189</b>	<b>(494)</b>	<b>1,114</b>

## 23. Other financial liabilities

As of September 30, 2020, and December 31, 2019, this caption comprises the following:

### a. Obligations with financial institutions

Other financial liabilities	Current		Non-current	
	09.30.2020 ThUS\$	12.31.2019 ThUS\$	09.30.2020 ThUS\$	12.31.2019 ThUS\$
Interest-Bearing Loans	25.396	-	262	-
Bonds payable and bills of exchange <sup>(1)</sup>	70.973	70.455	1.552.629	1.464.336
Hedging derivatives <sup>(2)</sup>	5.150	1.837	10.619	-
<b>Total</b>	<b>101.519</b>	<b>72.292</b>	<b>1.563.510</b>	<b>1.464.336</b>

<sup>(1)</sup> Interest accrued for bonds payable have been determined using the effective rate.

<sup>(2)</sup> See note 14.1

### b. Financial debt by currency

The financial debt value of Colbún (bank liabilities, bonds and leases), considering only the effect of derivative instruments (liability position) is as follows:

Financial debt by currency	09.30.2020 ThUS\$	12.31.2019 ThUS\$
U.S. Dollar	1,608,177	1,472,598
Inflation-adjusted units	56,421	64,030
Pesos	431	-
<b>Total</b>	<b>1,665,029</b>	<b>1,536,628</b>

### c. Maturity and currency of the obligations with financial institutions

#### c.1 Bank borrowings

As of 09.30.2020							
Debtor's ID number	Foreing	Foreing	76.362.527-3	76.362.527-3	76.236.821-8	76.236.821-8	
Debtor's name	Fenix Power Perú S.A.	Fenix Power Perú S.A.	Efizity Ingenieria SPA	Efizity Ingenieria SPA	Efizity SPA	Efizity SPA	
Debtor's country	Peru	Peru	Chile	Chile	Chile	Chile	
Creditor's ID number	Foreing	Foreing					
Creditor's name	Banco de Credito del Perú	Scotiabank	BCI	Estado	BCI	Estado	
Creditor's country	Perú	Perú	Chile	Chile	Chile	Chile	
Currency or inflation-adjusted unit	US\$	US\$	CLP	CLP	CLP	UF	
Amortization frequency	Trimestral	Trimestral	Mensual	Mensual	Mensual	Mensual	
Interest type	Fijo	Fijo	Fijo	Fijo	Fijo	Fijo	
Basis	-	-	-	-	-	-	
Effective rate	2.92%	2.80%	5.83%	7.30%	9.00%	4.80%	
Nominal rate	2.92%	2.80%	5.83%	7.30%	9.00%	4.80%	
<b>Nominal amounts</b>							<b>Total</b>
Up to 90 days	-	-	26	12	24	2	64
90 days to 1 year	10,076	15,131	78	-	71	-	25,356
<b>1-3 years</b>	-	-	103	-	143	-	246
1-2 years	-	-	103	-	95	-	198
2-3 years	-	-	-	-	48	-	48
<b>3-5 years</b>	-	-	-	-	-	-	-
3-4 years	-	-	-	-	-	-	-
4-5 years	-	-	-	-	-	-	-
<b>Over 5 years</b>	-	-	-	-	-	-	-
<b>Subtotal nominal amounts</b>	<b>10,076</b>	<b>15,131</b>	<b>207</b>	<b>12</b>	<b>238</b>	<b>2</b>	<b>25,666</b>
<b>Carrying amounts</b>							<b>Total</b>
Up to 90 days	-	-	23	12	20	20	75
90 days to 1 year	10,076	15,131	63	-	51	-	25,321
<b>Current Interest-Bearing Loans</b>	<b>10,076</b>	<b>15,131</b>	<b>86</b>	<b>12</b>	<b>71</b>	<b>20</b>	<b>25,396</b>
<b>1-3 years</b>	-	-	108	-	154	-	262
1-2 years	-	-	99	-	91	-	190
2-3 years	-	-	9	-	63	-	72
<b>3-5 years</b>	-	-	-	-	-	-	-
3-4 years	-	-	-	-	-	-	-
4-5 years	-	-	-	-	-	-	-
<b>Over 5 years</b>	-	-	-	-	-	-	-
<b>Non-current Interest-Bearing Loans</b>	-	-	108	-	154	-	262
<b>Total Interest-Bearing Loans</b>	<b>10,076</b>	<b>15,131</b>	<b>194</b>	<b>12</b>	<b>225</b>	<b>20</b>	<b>25,658</b>

## c.2 Bonds payable

As of September 30, 2020								
Debtor's Tax ID No.	96.505.760-9	96.505.760-9	96.505.760-9	96.505.760-9	96.505.760-9	96.505.760-9	0-E	
Debtor's name	Colbún S.A.	Colbún S.A.	Colbún S.A.	Colbún S.A.	Colbún S.A.	Colbún S.A.	Fenix Power Peru S.A.	
Debtor's country	Chile	Chile	Chile	Chile	Chile	Chile	Peru	
Creditor's ID number	234	499	538	-	-	-	-	
Serie	Serie C	Serie F	Serie I	144A/RegS	144A/RegS	144A/RegS	144A/RegS	
Maturity date	10-15-2021	05-01-2028	06-10-2029	10-10-2027	07-10-2024	03-06-2030	09-20-2027	
Currency or inflation-adjusted unit	UF	UF	UF	US\$	US\$	US\$	US\$	
Amortization frequency	Biannual	Biannual	Biannual	Bullet	Bullet	Bullet	Biannual	
Interest type	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	
Basis	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	
Effective rate	8.10%	4.46%	5.02%	5.11%	4.80%	3.89%	4.57%	
Nominal rate	7.00%	3.40%	4.50%	3.95%	4.50%	3.15%	4.32%	
<b>Nominal amounts</b>	<b>ThUS\$</b>						<b>Total ThUS\$</b>	
Up to 90 days	4,083	8,913	6,184	9,272	-	1,050	366	<b>29,868</b>
90 days to 1 year	3,815	7,286	4,968	-	1,574	-	24,000	<b>41,643</b>
<b>1-3 years</b>	<b>3,910</b>	<b>29,144</b>	<b>19,870</b>	-	-	-	<b>55,000</b>	<b>107,924</b>
1-2 years	3,910	14,572	9,935	-	-	-	27,000	55,417
2-3 years	-	14,572	9,935	-	-	-	28,000	52,507
<b>3-5 years</b>	-	<b>29,144</b>	<b>19,870</b>	-	<b>157,410</b>	-	<b>40,000</b>	<b>246,424</b>
3-4 years	-	14,572	9,935	-	157,410	-	24,000	205,917
4-5 years	-	14,572	9,935	-	-	-	16,000	40,507
<b>Over 5 years</b>	-	<b>43,715</b>	<b>39,742</b>	<b>500,000</b>	-	<b>500,000</b>	<b>186,000</b>	<b>1,269,457</b>
<b>Subtotal nominal amounts</b>	<b>11,808</b>	<b>118,202</b>	<b>90,634</b>	<b>509,272</b>	<b>158,984</b>	<b>501,050</b>	<b>305,366</b>	<b>1,695,316</b>
<b>Carrying amounts</b>	<b>ThUS\$</b>						<b>Total ThUS\$</b>	
Up to 90 days	4,051	8,747	6,114	9,272	-	1,050	366	<b>29,600</b>
90 days to 1 year	3,782	7,119	4,898	-	1,574	-	24,000	<b>41,373</b>
<b>Current performance bonds</b>	<b>7,833</b>	<b>15,866</b>	<b>11,012</b>	<b>9,272</b>	<b>1,574</b>	<b>1,050</b>	<b>24,366</b>	<b>70,973</b>
<b>1-3 years</b>	<b>3,877</b>	<b>28,478</b>	<b>19,592</b>	-	-	-	<b>53,892</b>	<b>105,839</b>
1-2 years	3,877	14,239	9,796	-	-	-	26,424	54,336
2-3 years	-	14,239	9,796	-	-	-	27,468	51,503
<b>3-5 years</b>	-	<b>28,478</b>	<b>19,592</b>	-	<b>156,138</b>	-	<b>39,061</b>	<b>243,269</b>
3-4 years	-	14,239	9,796	-	156,138	-	23,513	203,686
4-5 years	-	14,239	9,796	-	-	-	15,548	39,583
<b>Over 5 years</b>	-	<b>42,718</b>	<b>39,185</b>	<b>466,280</b>	-	<b>470,754</b>	<b>184,584</b>	<b>1,203,521</b>
<b>Non-current performance bonds</b>	<b>3,877</b>	<b>99,674</b>	<b>78,369</b>	<b>466,280</b>	<b>156,138</b>	<b>470,754</b>	<b>277,537</b>	<b>1,552,629</b>
<b>Total performance bonds</b>	<b>11,710</b>	<b>115,540</b>	<b>89,381</b>	<b>475,552</b>	<b>157,712</b>	<b>471,804</b>	<b>301,903</b>	<b>1,623,602</b>



## Bonds payable (continued)

As of December 31, 2019							
Debtor's Tax ID No.	96.505.760-9	96.505.760-9	96.505.760-9	96.505.760-9	96.505.760-9	0-E	
Debtor's name	Colbún S.A.	Colbún S.A.	Colbún S.A.	Colbún S.A.	Colbún S.A.	Fenix Power Peru S.A.	
Debtor's country	Chile	Chile	Chile	Chile	Chile	PerU	
Creditor's ID number	234	499	538	-	-	-	
Serie	Serie C	Serie F	Serie I	144A/RegS	144A/RegS	144A/RegS	
Maturity date	10-15-2021	05-01-2028	06-10-2029	10-10-2027	07-10-2024	09-20-2027	
Currency or inflation-adjusted unit	UF	UF	UF	US\$	US\$	US\$	
Amortization frequency	Biannual	Biannual	Biannual	Bullet	Bullet	Biannual	
Interest type	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	
Basis	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	
Effective rate	8.10%	4.46%	5.02%	5.11%	4.80%	4.57%	
Nominal rate	7.00%	3.40%	4.50%	3.95%	4.50%	4.32%	
<b>Nominal amounts</b>	<b>ThUS\$</b>						<b>Total ThUS\$</b>
Up to 90 days	-	-	-	-	10,625	9,873	<b>20,498</b>
90 days to 1 year	7,855	15,833	10,553	4,334	-	12,000	<b>50,575</b>
<b>1-3 years</b>	<b>8,017</b>	<b>30,246</b>	<b>20,622</b>	-	-	<b>51,000</b>	<b>109,885</b>
1-2 years	8,017	15,123	10,311	-	-	24,000	57,451
2-3 years	-	15,123	10,311	-	-	27,000	52,434
<b>3-5 years</b>	-	<b>30,246</b>	<b>20,622</b>	-	<b>500,000</b>	<b>52,000</b>	<b>602,868</b>
3-4 years	-	15,123	10,311	-	-	28,000	53,434
4-5 years	-	15,123	10,311	-	500,000	24,000	549,434
<b>Over 5 years</b>	-	<b>52,930</b>	<b>46,400</b>	<b>500,000</b>	-	<b>202,000</b>	<b>801,330</b>
<b>Subtotal nominal amounts</b>	<b>15,872</b>	<b>129,255</b>	<b>98,197</b>	<b>504,334</b>	<b>510,625</b>	<b>326,873</b>	<b>1,585,156</b>
<b>Carrying amounts</b>	<b>ThUS\$</b>						<b>Total ThUS\$</b>
Up to 90 days	-	-	-	-	10,625	9,873	<b>20,498</b>
90 days to 1 year	7,765	15,464	10,394	4,334	-	12,000	<b>49,957</b>
<b>Current performance bonds</b>	<b>7,765</b>	<b>15,464</b>	<b>10,394</b>	<b>4,334</b>	<b>10,625</b>	<b>21,873</b>	<b>70,455</b>
<b>1-3 years</b>	<b>7,922</b>	<b>29,506</b>	<b>20,304</b>	-	-	<b>49,813</b>	<b>107,545</b>
1-2 years	7,922	14,753	10,152	-	-	23,389	56,216
2-3 years	-	14,753	10,152	-	-	26,424	51,329
<b>3-5 years</b>	-	<b>29,506</b>	<b>20,304</b>	-	<b>495,075</b>	<b>50,981</b>	<b>595,866</b>
3-4 years	-	14,753	10,152	-	-	27,468	52,373
4-5 years	-	14,753	10,152	-	495,075	23,513	543,493
<b>Over 5 years</b>	-	<b>51,637</b>	<b>45,685</b>	<b>463,332</b>	-	<b>200,271</b>	<b>760,925</b>
<b>Non-current performance bonds</b>	<b>7,922</b>	<b>110,649</b>	<b>86,293</b>	<b>463,332</b>	<b>495,075</b>	<b>301,065</b>	<b>1,464,336</b>
<b>Total performance bonds</b>	<b>15,687</b>	<b>126,113</b>	<b>96,687</b>	<b>467,666</b>	<b>505,700</b>	<b>322,938</b>	<b>1,534,791</b>

c.3 Expected interests by currency of the obligations with financial institutions:

Liability	Currency	Interests as of 09.30.2020		Capital	Maturity date	Maturity					Total interests	Total debt
		Accrued	Forecasted			Up to 3 months	3 to 12 months	1 to 3 years	3 to 5 years	Over 5 years		
Bond 144A/RegS 2017 (Fenix Power Perú)	US\$	7,305	60,850	305,000	20-09-2027	-	12,908	22,502	18,045	14,700	68,155	373,155
Series C Bond	UF	10	12	314	04-15-2021	11	7	4	-	-	22	336
Series F Bond	UF	45	414	3,200	05-01-2028	54	51	169	115	70	459	3,659
Series I Bond	UF	33	485	2,455	06-10-2029	55	52	176	127	108	518	2,973
Bond 144A/RegS 2014	US\$	1,574	26,760	157,410	07-10-2024	-	7,083	14,167	7,084	-	28,334	185,744
Bond 144A/RegS 2017	US\$	9,272	237,603	500,000	10-11-2027	9,875	9,875	39,500	39,500	148,125	246,875	746,875
Bond 144A/RegS 2020	US\$	1,050	77,700	500,000	03-06-2030	-	15,750	31,500	31,500	-	78,750	578,750

  

Liability	Currency	Interests as of 12.31.2019		Capital	Maturity date	Maturity					Total interests	Total debt
		Accrued	Forecasted			Up to 3 months	3 to 12 months	1 to 3 years	3 to 5 years	Over 5 years		
Bond 144A/RegS 2017 (Fenix Power Perú)	US\$	3,950	77,954	323,000	09-20-2027	6,972	6,778	24,747	20,160	23,247	81,904	404,904
Series C Bond	UF	6	30	414	04-15-2021	-	25	11	-	-	36	450
Series F Bond	UF	19	497	3,400	05-01-2028	-	111	182	128	95	516	3,916
Series I Bond	UF	6	570	2,591	06-10-2029	-	112	188	140	136	576	3,167
Bond 144A/RegS 2014	US\$	10,625	101,875	500,000	07-10-2024	11,250	11,250	45,000	45,000	-	112,500	612,500
Bond 144A/RegS 2017	US\$	4,334	232,666	500,000	10-11-2027	-	19,750	39,500	39,500	138,250	237,000	737,000

**d. Committed and uncommitted revolving credit facilities**

The Company has uncommitted bank lines for an approximate amount of US\$ 150 million.

For its part, Fenix Power has committed credit lines for a total of US\$ 25 million, with a one-year term, contracted with two local banks. In addition, Fenix Power has uncommitted lines for a total of US\$ 34 million, contracted with three local banks.

Other Lines:

The Company has three bond lines registered in the CMF, one for an amount of UF 7 million with a term of thirty years (since its approval in August 2009), and two for a joint amount of UF 7 million with a term of ten and thirty years (since its approval in February 2020), and against which no placements have been performed as of to date.

**24. Lease liabilities**

As of September 30, 2020 and December 31, 2019, this caption comprises the following:

Lease liabilities	Current		Non-current	
	09.30.2020 ThUS\$	12.31.2019 ThUS\$	09.30.2020 ThUS\$	12.31.2019 ThUS\$
Lease liabilities	9,416	9,482	127,709	134,390
<b>Total</b>	<b>9,416</b>	<b>9,482</b>	<b>127,709</b>	<b>134,390</b>

## a. Lease obligation

As of 09.30.2020																	
Debtor's Tax ID No.	96505760-9	96505760-9	96505760-9	96505760-9	96505760-9	96505760-9	76362527-3	76236821-8	76236821-8	76236821-8	Foreign	Foreign	Foreign	Foreign	Foreign	Foreign	
Debtor's name	Colbún S.A.	Colbún S.A.	Colbún S.A.	Colbún S.A.	Colbún S.A.	Colbún S.A.	Efizity Ingeniería SPA	Efizity SPA	Efizity SPA	Efizity SPA	Fenix Power Peru S.A.	Fenix Power Peru S.A.	Fenix Power Peru S.A.	Fenix Power Peru S.A.	Fenix Power Peru S.A.	Fenix Power Peru S.A.	
Debtor's country	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Perú	Perú	Perú	Perú	Perú	Perú	
Creditor's Tax ID No.	96656410-5	96860250-0	96565580-8	96587380-5	76497459-k	7065425-3	79812610-5	97006000-6	97006000-6	97006000-6	Foreign	Foreign	Foreign	Foreign	Foreign	Foreign	
Creditor's name	Bice Vida Compania De Seguros S.A.	B.Raices Santa Lucia SA	Cia. De Leasing Tattersall S.A.	Vigatec S.A.	Nuevo Capital Leasing SpA	Jorge Rocco Pizarro	Inmobiliaria Arturo Prat Ltda.	BCI Leasing	BCI Leasing	BCI Leasing	Laila Fatima Gaber B.	Arrendamiento Operativo CIB S.A.	T-COPIA	Inversiones Nuevo Capital Perú	Calidca <sup>(1)</sup>	Consorcio Transmataro S.A.	
Creditor's country	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Perú	Perú	Perú	Perú	Perú	Perú	
Currency or inflation-adjusted unit	UF	UF	UF	UF	UF	UF	U.F.	U.F.	U.F.	U.F.	US\$	US\$	US\$	US\$	US\$	US\$	
Amortization frequency	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Quarterly	
Interest type	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	
Basis	-	-	-	-	-	-	Annual	Annual	Annual	Annual	-	-	-	-	-	-	
Effective rate	5.00%	5.00%	5.00%	5.00%	0.40%	1.70%	9.32%	9.32%	9.32%	9.32%	5.50%	5.50%	4.10%	4.00%	7.00%	12.00%	
Nominal rate	5.00%	5.00%	5.00%	5.00%	0.40%	1.70%	9.32%	9.32%	9.32%	9.32%	5.50%	5.50%	4.10%	4.00%	7.00%	12.00%	
<b>Nominal amounts</b>	<b>THUS\$</b>																<b>Total THUS\$</b>
Up to 90 days	202	174	254	12	95	10	18	1	2	2	1	7	8	5	1,512	142	<b>2,445</b>
90 days to 1 year	620	535	171	36	127	29	55	4	6	6	4	25	6	19	4,852	452	<b>6,947</b>
<b>1-3 years</b>	<b>1,613</b>	<b>1,392</b>	-	<b>98</b>	<b>128</b>	<b>60</b>	<b>18</b>	-	<b>10</b>	<b>13</b>	<b>29</b>	-	-	<b>65</b>	<b>14,095</b>	<b>1,425</b>	<b>18,946</b>
1-2 years	862	744	-	48	128	40	18	-	7	8	10	-	-	35	6,809	670	9,379
2-3 years	751	648	-	50	-	20	-	-	3	5	19	-	-	30	7,286	755	9,567
<b>3-5 years</b>	-	-	-	<b>13</b>	-	-	-	-	-	-	<b>108</b>	-	-	-	<b>16,137</b>	<b>1,769</b>	<b>18,027</b>
3-4 years	-	-	-	13	-	-	-	-	-	-	37	-	-	-	7,796	850	8,696
4-5 years	-	-	-	-	-	-	-	-	-	-	71	-	-	-	8,341	919	9,331
<b>Over 5 years</b>	-	-	-	-	-	-	-	-	-	-	<b>135</b>	-	-	-	<b>80,645</b>	<b>9,968</b>	<b>90,748</b>
<b>Subtotal nominal amounts</b>	<b>2,435</b>	<b>2,101</b>	<b>425</b>	<b>159</b>	<b>350</b>	<b>99</b>	<b>91</b>	<b>5</b>	<b>18</b>	<b>21</b>	<b>277</b>	<b>32</b>	<b>14</b>	<b>89</b>	<b>117,241</b>	<b>13,756</b>	<b>137,113</b>
<b>Carrying amounts</b>	<b>THUS\$</b>																<b>Total THUS\$</b>
Up to 90 days	202	174	254	12	95	10	18	1	1	1	1	7	8	5	1,512	142	<b>2,443</b>
90 days to 1 year	621	536	171	36	127	29	50	4	6	6	33	25	6	19	4,852	452	<b>6,973</b>
<b>Liabilities under lease agreements, current</b>	<b>823</b>	<b>710</b>	<b>425</b>	<b>48</b>	<b>222</b>	<b>39</b>	<b>68</b>	<b>5</b>	<b>7</b>	<b>7</b>	<b>34</b>	<b>32</b>	<b>14</b>	<b>24</b>	<b>6,364</b>	<b>594</b>	<b>9,416</b>
<b>1-3 years</b>	<b>1,612</b>	<b>1,391</b>	-	<b>98</b>	<b>128</b>	<b>60</b>	<b>15</b>	-	<b>7</b>	<b>9</b>	<b>29</b>	-	-	<b>65</b>	<b>14,095</b>	<b>1,425</b>	<b>18,934</b>
1-2 years	861	743	-	48	128	40	15	-	6	7	10	-	-	35	6,809	670	9,372
2-3 years	751	648	-	50	-	20	-	-	1	2	19	-	-	30	7,286	755	9,562
<b>3-5 years</b>	-	-	-	<b>13</b>	-	-	-	-	-	-	<b>108</b>	-	-	-	<b>16,137</b>	<b>1,769</b>	<b>18,027</b>
3-4 years	-	-	-	13	-	-	-	-	-	-	37	-	-	-	7,796	850	8,696
4-5 years	-	-	-	-	-	-	-	-	-	-	71	-	-	-	8,341	919	9,331
<b>Over 5 years</b>	-	-	-	-	-	-	-	-	-	-	<b>135</b>	-	-	-	<b>80,645</b>	<b>9,968</b>	<b>90,748</b>
<b>Liabilities under lease agreements, non-current</b>	<b>1,612</b>	<b>1,391</b>	-	<b>111</b>	<b>128</b>	<b>60</b>	<b>15</b>	-	<b>7</b>	<b>9</b>	<b>272</b>	-	-	<b>65</b>	<b>110,877</b>	<b>13,162</b>	<b>127,709</b>
<b>Total liabilities under lease agreements</b>	<b>2,435</b>	<b>2,101</b>	<b>425</b>	<b>159</b>	<b>350</b>	<b>99</b>	<b>83</b>	<b>5</b>	<b>14</b>	<b>16</b>	<b>306</b>	<b>32</b>	<b>14</b>	<b>89</b>	<b>117,241</b>	<b>13,756</b>	<b>137,125</b>

(1) See note 19.a.1

**Lease obligation (continued)**

As of 12.31.2019												
Debtor's Tax ID No.	96505760-9	96505760-9	96505760-9	96505760-9	96505760-9	0-E	0-E	0-E	0-E	0-E		
Debtor's name	Colbún S.A.	Colbún S.A.	Colbún S.A.	Colbún S.A.	Colbún S.A.	Fenix Power Peru S.A.	Fenix Power Peru S.A.	Fenix Power Peru S.A.	Fenix Power Peru S.A.	Fenix Power Peru S.A.		
Debtor's country	Chile	Chile	Chile	Chile	Chile	Peru	Peru	Peru	Peru	Peru		
Creditor's Tax ID No.	96656410-5	96860250-0	96565580-8	96587380-5	76497459-k	0-E	0-E	0-E	0-E	0-E		
Creditor's name	Bice Vida Compania De Seguros S.A.	B.Raices Santa Lucia SA	Cia. De Leasing Tattersall S.A.	Vigatec S.A.	Nuevo Capital Leasing SpA	Laila Fatima Gaber B.	Arrendamiento Operativo CIB S.A.	T-COPIA	Calidda (1)	Consortio Transmantaro S.A.		
Creditor's country	Chile	Chile	Chile	Chile	Chile	Peru	Peru	Peru	Peru	Peru		
Currency or inflation-adjusted unit	UF	UF	UF	UF	UF	US\$	US\$	US\$	US\$	US\$		
Amortization frequency	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Quarterly		
Interest type	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed		
Basis	-	-	-	-	-	-	-	-	-	-		
Effective rate	5.00%	5.00%	5.00%	5.00%	0.40%	5.50%	5.50%	4.10%	7.00%	12.00%		
Nominal rate	5.00%	5.00%	5.00%	5.00%	0.40%	5.50%	5.50%	4.10%	7.00%	12.00%		
<b>Nominal amounts</b>	<b>ThUS\$</b>											<b>Total ThUS\$</b>
Up to 90 days	207	168	245	11	127	1	4	23	1,512	129	<b>2,427</b>	
90 days to 1 year	623	517	754	35	127	24	18	8	4,535	414	<b>7,055</b>	
<b>1-3 years</b>	<b>1,705</b>	<b>1,471</b>	<b>171</b>	<b>97</b>	<b>255</b>	<b>18</b>	<b>26</b>	<b>26</b>	<b>13,392</b>	<b>1,316</b>	<b>18,477</b>	
1-2 years	832	718	171	48	170	6	26	26	6,470	619	9,086	
2-3 years	873	753	-	49	85	12	-	-	6,922	697	9,391	
<b>3-5 years</b>	<b>529</b>	<b>456</b>	<b>-</b>	<b>50</b>	<b>-</b>	<b>67</b>	<b>-</b>	<b>-</b>	<b>15,332</b>	<b>1,655</b>	<b>18,089</b>	
3-4 years	529	456	-	50	-	23	-	-	7,407	778	9,243	
4-5 years	-	-	-	-	-	44	-	-	7,925	877	8,846	
<b>Over 5 years</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>172</b>	<b>-</b>	<b>-</b>	<b>87,005</b>	<b>10,647</b>	<b>97,824</b>	
<b>Subtotal nominal amounts</b>	<b>3,064</b>	<b>2,612</b>	<b>1,170</b>	<b>193</b>	<b>509</b>	<b>282</b>	<b>48</b>	<b>57</b>	<b>121,776</b>	<b>14,161</b>	<b>143,872</b>	
<b>Carrying amounts</b>	<b>ThUS\$</b>											<b>Total ThUS\$</b>
Up to 90 days	207	168	245	11	127	1	4	23	1,512	129	<b>2,427</b>	
90 days to 1 year	623	517	754	35	127	24	18	8	4,535	414	<b>7,055</b>	
<b>Liabilities under lease agreements, current</b>	<b>830</b>	<b>685</b>	<b>999</b>	<b>46</b>	<b>254</b>	<b>25</b>	<b>22</b>	<b>31</b>	<b>6,047</b>	<b>543</b>	<b>9,482</b>	
<b>1-3 years</b>	<b>1,705</b>	<b>1,471</b>	<b>171</b>	<b>97</b>	<b>255</b>	<b>18</b>	<b>26</b>	<b>26</b>	<b>13,392</b>	<b>1,316</b>	<b>18,477</b>	
1-2 years	832	718	171	48	170	6	26	26	6,470	619	9,086	
2-3 years	873	753	-	49	85	12	-	-	6,922	697	9,391	
<b>3-5 years</b>	<b>529</b>	<b>456</b>	<b>-</b>	<b>50</b>	<b>-</b>	<b>67</b>	<b>-</b>	<b>-</b>	<b>15,332</b>	<b>1,655</b>	<b>18,089</b>	
3-4 years	529	456	-	50	-	23	-	-	7,407	778	9,243	
4-5 years	-	-	-	-	-	44	-	-	7,925	877	8,846	
<b>Over 5 years</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>172</b>	<b>-</b>	<b>-</b>	<b>87,005</b>	<b>10,647</b>	<b>97,824</b>	
<b>Liabilities under lease agreements, non-current</b>	<b>2,234</b>	<b>1,927</b>	<b>171</b>	<b>147</b>	<b>255</b>	<b>257</b>	<b>26</b>	<b>26</b>	<b>115,729</b>	<b>13,618</b>	<b>134,390</b>	
<b>Total liabilities under lease agreements</b>	<b>3,064</b>	<b>2,612</b>	<b>1,170</b>	<b>193</b>	<b>509</b>	<b>282</b>	<b>48</b>	<b>57</b>	<b>121,776</b>	<b>14,161</b>	<b>143,872</b>	

## 25. Trade and other payables

As of September 30, 2020, and December 31, 2019, trade and other payables are composed of the following:

	Current		Non-current	
	09.30.2020 ThUS\$	12.31.2019 ThUS\$	09.30.2020 ThUS\$	12.31.2019 ThUS\$
Trade payables	104,543	146,974	-	-
Dividends payable	822	658	-	-
Other payables	488	188	12,952	17,936
<b>Total</b>	<b>105,853</b>	<b>147,820</b>	<b>12,952</b>	<b>17,936</b>

The main suppliers or creditors, with their respective representativeness percentages as of September 30, 2020 are:

Main creditors	%
Cdec-Sic Ltda.	20.02%
Enap Refinerías S.A.	13.46%
Transportadora de Gas del Perú S.A.	5.55%
Gas Natural de Lima y Callao S.A.	5.31%
GE Global Parts & Products GmbH	5.11%
Pluspetrol Perú Corporation S.A.	3.97%
Otros	46.58%
	<b>100.00%</b>

Aging of the portfolio of trade and other payables:

Concept	Balance as of 09.30.2020	
	Current ThUS\$	Total ThUS\$
Goods	25,582	25,582
Services	74,974	74,974
Others	3,987	3,987
<b>Subtotal</b>	<b>104,543</b>	<b>104,543</b>

Concept	Balance as of 12.31.2019	
	Current ThUS\$	Total ThUS\$
Goods	47,764	47,764
Services	85,139	85,139
Others	14,071	14,071
<b>Subtotal</b>	<b>146,974</b>	<b>146,974</b>

As of September 30, 2020, the amounts payable for invoices receivable for goods and services amount to ThUS\$79,604; as of December 31, 2019, it amounted to ThUS\$82,611.

For accounts payable to suppliers, the average payment period is 15 days from the date of receipt of the invoice; as a result of this, the fair value does not differ significantly from the related carrying amount.

## 26. Other provisions

### a. Description of provisions

As of September 30, 2020, and December 31, 2019, this caption comprises the following:

Provisions	Current		Non-current	
	09.30.2020 ThUS\$	12.31.2019 ThUS\$	09.30.2020 ThUS\$	12.31.2019 ThUS\$
From legal proceedings	3,565	1,976	-	-
Decommissioning, restoration and rehabilitation costs	-	-	36,298	35,259
Related to the environment	22,406	24,718	-	-
<b>Total</b>	<b>25,971</b>	<b>26,694</b>	<b>36,298</b>	<b>35,259</b>

## b. Movements in provisions during the period

As of September 30, 2020, and December 31, 2019, this caption comprises the following

Movements in provisions	From legal proceedings <sup>(1)</sup>	Decommissioning, restoration and rehabilitation costs	Related to the environment <sup>(2)</sup>	Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Opening balance as of 01.01.2020	1,976	35,259	24,718	61,953
Increase in existing provisions, other provisions	1,589	1,039	22,406	25,034
Provision used, other provisions	-	-	(24,718)	(24,718)
<b>Balance as of 09.30.2020</b>	<b>3,565</b>	<b>36,298</b>	<b>22,406</b>	<b>62,269</b>

Movements in provisions	From legal proceedings <sup>(1)</sup>	Decommissioning, restoration and rehabilitation costs	Related to the environment <sup>(2)</sup>	Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Opening balance as of 01.01.2019	7,433	34,948	24,071	66,452
Increase in existing provisions, other provisions	494	1,005	23,902	25,401
Provision used, other provisions	(5,951)	(694)	(23,255)	(29,900)
<b>Balance as of 12.31.2019</b>	<b>1,976</b>	<b>35,259</b>	<b>24,718</b>	<b>61,953</b>

<sup>(1)</sup> Provisions for differences and/or tax administrative contingencies (see note 38.c)

<sup>(2)</sup> Corresponds to the provision for tax expense that is levied on the emissions on thermoelectric plants (Law 20.780).

## c. Dismantling

The non-current balance corresponds to the disbursement related to the closure of certain facilities, and future costs associated with the removal of certain assets and rehabilitation of specific land.

## d. Restructuring

The Company has not established or recorded any provisions for this concept.

## e. Litigation

As of September 30, 2020, and December 31, 2019, the Company recognized provisions for litigation in accordance with IAS 37 (see note 38, letter c).



## 27. Provisions for employee benefits

### a. Employee benefits

The Company recognizes provisions for benefits and bonuses for its employees, such as accrued vacations, benefits for termination of project contracts and performance incentives.

As of September 30, 2020, and December 31, 2019, this caption comprises the following:

Employee benefits	Current		Non-current	
	09.30.2020 ThUS\$	12.31.2019 ThUS\$	09.30.2020 ThUS\$	12.31.2019 ThUS\$
Accrued vacations, current	4,623	3,842	-	-
Performance bonus, current	7,621	10,358	-	-
Other benefits	221	373	1,970	3,796
Provision for severance indemnity payments	6,132	5,259	34,809	31,780
<b>Total</b>	<b>18,597</b>	<b>19,832</b>	<b>36,779</b>	<b>35,576</b>

### b. Movements in provision during the period

As of September 30, 2020, and December 31, 2019, this caption comprises the following:

Movements in provisions	Accrued vacations, current ThUS\$	Performance bonus, current ThUS\$	Other benefits, current ThUS\$	Provision for severance indemnity payments ThUS\$	Total ThUS\$
Opening balance as of 01.01.2020	3,842	10,358	373	5,259	19,832
Increase in existing provisions, other provisions	957	7,464	465	873	9,759
Provision used, other provisions	(176)	(10,201)	(617)	-	(10,994)
<b>Balance as of 09.30.2020</b>	<b>4,623</b>	<b>7,621</b>	<b>221</b>	<b>6,132</b>	<b>18,597</b>

Movements in provisions	Accrued vacations, current ThUS\$	Performance bonus, current ThUS\$	Other benefits, current ThUS\$	Provision for severance indemnity payments ThUS\$	Total ThUS\$
Opening balance as of 01.01.2019	3,989	10,843	175	5,455	20,462
Increase in existing provisions, other provisions	649	10,511	951	(196)	11,915
Provision used, other provisions	(796)	(10,996)	(753)	-	(12,545)
<b>Balance as of 12.31.2019</b>	<b>3,842</b>	<b>10,358</b>	<b>373</b>	<b>5,259</b>	<b>19,832</b>

### c. Provision for employee benefits, non-current

The Company and some subsidiaries have recorded a provision to cover the indemnity payments in accordance with the collective and individual bargaining agreements entered with its employees. This provision represents the total accrued provision (see note 3.1. m.).

The basis for the actuarial calculation of the obligations with employees is permanently assessed by the Company. As of September 30, 2020, the Company has updated some indicators to better reflect the current market conditions.

i) The detail of provision for employee benefits - As of September 30, 2020 and December 31, 2019, this caption comprises the following:

<b>Provision for employee benefits</b>	<b>09.30.2020</b>	<b>12.31.2019</b>
	ThUS\$	ThUS\$
Severance indemnity payments	40,941	37,039
<b>Total</b>	<b>40,941</b>	<b>37,039</b>
<b>Present value of the obligation for defined benefit</b>	<b>09.30.2020</b>	<b>12.31.2019</b>
	ThUS\$	ThUS\$
Opening balance as of January 1	37,039	32,813
Cost of current service	3,714	4,371
Interest cost	106	93
Foreign currency translation differences	(1,852)	(2,022)
Actuarial gain (loss)	2,414	5,279
Payments	(480)	(3,495)
<b>Closing balance</b>	<b>40,941</b>	<b>37,039</b>

ii) Actuarial assumptions - The main assumptions used for actuarial calculation purposes are as follows:

<b>Actuarial basis used</b>	<b>09.30.2020</b>	<b>12.31.2019</b>
Discount rate	0.42%	0.66%
Expected rate of salary increases	1.62%	1.62%
Turnover rate	Voluntary	3.20%
	Dismissal	3.00%
Retirement age	Men	65
	Women	60
Mortality rate	RV-2014	RV-2014

Discount rate: Corresponds to the interest rate to be used to show in present value terms the disbursements expected to be realized in the future. The discount rate was determined based on the bonds denominated in inflation-adjusted units (UF) of the Chilean Central Bank with a 20-year term as of September 30, 2020. The source of the reference rate is Chilean Central Bank.

Salary increase rate: Refers to the salary increase rate estimated by the Company for the employee salaries based on the internal compensation policy.

Personnel turnover rate: Refers to the personnel turnover rate calculated by the Company based on its historical information.

Age of retirement: Refers to the legal retirement age for men and women in accordance with the Decree Law 3,500 that includes the standards governing the current Chilean pension system.

Mortality rate: Refers to the mortality rate published by the Chilean Financial Market Commission.

iii) **Sensitivity analysis of the actuarial assumptions** - Only the discount rate has been considered as a relevant parameter for sensitivity analysis purposes. The result of changes in the actuarial liability due to the sensitivity analysis of the discount rate is detailed as follows:

Sensitization	Rate		Amount of the obligation	
	09.30.2020 %	12.31.2019 %	09.30.2020 ThUS\$	12.31.2019 ThUS\$
Period rate	0.42	0.66	40,941	37,039
Rate decrease by 50 b.p.	-0.08	0.16	44,156	39,971
Rate increased by 50 b.p.	0.92	1.16	38,052	34,402

## 28. Other non-financial liabilities

As of September 30, 2020, and December 31, 2019, this caption comprises the following:

	Current		Non-current	
	09.30.2020 ThUS\$	12.31.2019 ThUS\$	09.30.2020 ThUS\$	12.31.2019 ThUS\$
Withholdings	22,225	22,504	-	-
Unearned revenue <sup>(1)</sup>	1,522	1,592	20,822	20,957
<b>Total</b>	<b>23,747</b>	<b>24,096</b>	<b>20,822</b>	<b>20,957</b>

<sup>(1)</sup> Corresponds to prepayments received related to the operations and maintenance services. Revenue is recognized when the service is rendered. Non-current balance includes ThUS\$8,065 corresponding to the recognition of the lease agreement entered into between the Company and Anglo American (expiration of the contract in 2030) and a dedicated transmission line contract entered into with Duqueco SpA of ThUS\$6,402 (expiration of the contract in 2028). As of December 31, 2019, such balance amounted to ThUS\$20,957.

## 29. Disclosures on equity

### a. Subscribed, fully-paid capital and number of shares

At the General Shareholders' Meeting of Colbún S.A. held on April 29, 2009, the shareholders agreed to change the currency in which the share capital is denominated since December 31, 2008 to the U.S. dollars using the exchange rate prevailing at the reporting date as of December 31, 2008, divided into 17,536,167,720 ordinary and registered shares of the same series with no par value.

As of September 30, 2020, and December 31, 2019, this caption comprises the following:

Series	No. of shares subscribed	Number of shares fully paid	No. of shares with voting rights
Single	17,536,167,720	17,536,167,720	17,536,167,720
<b>Capital (Amount in US\$)</b>			
Series	Subscribed capital ThUS\$	Paid-in capital ThUS\$	
Única	1,282,793	1,282,793	

### a.1 Reconciliation of shares

At the reporting date, the reconciliation of the number of outstanding shares, is detailed as follows:

Shares	09.30.2020	12.31.2019
No. of outstanding shares as of January 1	17,536,167,720	17,536,167,720
<b>Changes in outstanding shares</b>		
Increase (decrease) in outstanding shares	-	-
No. of outstanding shares at the end of the period	17,536,167,720	17,536,167,720

### a.2 No. of shareholders

As of September 30, 2020, the number of shareholders is 2,886.

### b. Share capital

Share capital corresponds to the paid-in capital indicated in letter a.

### c. Share premium

As of September 30, 2020, and December 31, 2019, the caption Share premium amounts to ThUS\$52,595 and is composed of ThUS\$30,700 related to premium received in the share subscription term approved at the Extraordinary Shareholders' Meeting held on March 14, 2008, plus a share premium of ThUS\$21,895 resulting from capital increases performed prior to 2008.

### d. Dividends

The general policy and procedure on dividend distribution agreed at the Shareholders' Meeting held on April 30, 2020, established that the Company will distribute at least 50% of net profit. In accordance with IFRS, there is a legal and assumed obligation requiring the accounting for of a liability at each reporting date for the concept of the minimum legal dividend.

At the Board of Directors' Meeting held on March 31, 2020, the directors agreed to propose to the Shareholders' Meeting the distribution of the net distributable profit as follows: (i) Distribute a final dividend of ThUS\$110,630 corresponding to US\$0.00631 per share, which in addition to a provisional dividend of ThUS\$92,404 corresponding to US\$0.00527 per share, would amount to Net Distributable Profit for 2019 of ThUS\$203,045; and (ii) Distribute a provisional dividend with a debit to prior year retained earnings of ThUS\$50,000, corresponding to US\$0.00285 per share.

At the Shareholders' Meeting on April 30, 2020, it was approved to distribute a final dividend of US\$ 110,629,686.79 corresponding to US\$ 0.00631 per share, and an eventual dividend charged to accumulated earnings of previous years for US\$ 50,000,000.00, corresponding to US\$ 0.00285 per share, which began to be paid on May 12, 2020.

At the Board of Directors' Meeting held on March 26, 2019, the directors agreed to propose to the Shareholders' Meeting the distribution of the net distributable profit as follows: (i) Distribute a final dividend of ThUS\$156,114 corresponding to US\$0.00890 per share, which in addition to a provisional dividend of ThUS\$84,236 corresponding to US\$0.00480 per share, would amount to Net Distributable Profit for 2018 of ThUS\$240,350; and (ii) Distribute a provisional dividend with a debit to prior year retained earnings of ThUS\$100,000, corresponding to US\$0.00570 per share.

At the Shareholders' Meeting held on April 25, 2019, the directors agreed to distribute a final dividend of US\$156,114,002.88, corresponding to US\$0.00890 per share, and a provisional dividend recognized in retained earnings from prior periods of US\$100,000,000, corresponding to US\$0.00570 per share, which was paid starting from May 7, 2019.

At the Board of Directors' meeting held on November 26, 2019, the directors agreed the distribution of a provisional dividend charged to net profit for distribution for the year ended December 31, 2019, to be paid in cash for ThUS\$ 92,404, corresponding to US\$ 0.00527 per share. This dividend started being paid on December 18, 2019.

#### e. Detail of Other reserves

This caption comprises the following:

Other reserves	09.30.2020 ThUS\$	12.31.2019 ThUS\$
Effect of first adoption of paid-in capital deflation	517,617	517,617
Effect of first-time adoption of translation in accordance with IAS	(230,797)	(230,797)
Revaluation of property, plant and equipment	403,920	413,304
Revaluation of deferred taxes	(109,338)	(111,658)
Merger reserve	179,722	193,993
Affiliate translation effects	(41,580)	(41,174)
Subsidiaries' reserve	(12,051)	(12,051)
Hedging reserve	5,064	13,194
Affiliate hedging effects	132	145
<b>Total</b>	<b>712,689</b>	<b>742,573</b>

Effect of first adoption of paid-in capital deflation: Circular No.456 issued by the Chilean Financial Market Commission and effect of first-time adoption of translation in accordance with IAS 21: Reserves generated by the first-time adoption of the International Financial Reporting Standards (IFRSs), which are subject to capitalization if permitted by accounting standards and law.

Revaluation of property, plant and equipment: The methodology used to quantify the realization of this concept relates to the application of useful lives per class of asset used for the depreciation process to the revaluation amount determined as of the date of adoption.

Deferred taxes: The adjustments in the measurement of assets and liabilities arising from the application of IFRS have resulted in the determination of new temporary differences recognized against the retained earnings in equity. The realization of this concept has been determined in the same proportion as the items from which it arises.

Merger reserve: Refers to the revaluation reserve of assets at fair value recorded from mergers in previous years, which amounts have not been realized.

Effect of translation in associates: Refers to the exchange rate difference generated by fluctuations in exchange rates on investments in associates and joint ventures, which maintain as a functional currency the Chilean peso.

Reserve of subsidiary: Reserve arising from the merger and variation in the interest of subsidiaries subject to capitalization if permitted by the accounting standards and law.

Effect of hedging reserve: Refers to the effective portion of transactions designated as cash flow hedges waiting for the recognition of the hedged item in profit or loss.

#### f. Retained earnings (accumulated losses)

As of September 30, 2020, and December 31, 2019, changes in reserves for retained earnings are detailed as follows:

<b>Distributable retained earnings</b>	<b>09.30.2020</b> ThUS\$	<b>12.31.2019</b> ThUS\$
Opening balance as of January 1	1,458,332	1,550,677
Profit or loss for the year	162,436	203,047
Effect of actuarial profit (loss)	(1,648)	(4,248)
Dividends	(151,524)	(321,551)
Realized retained earnings	21,334	30,407
<b>Total distributable retained earnings</b>	<b>1,488,930</b>	<b>1,458,332</b>

#### g. Capital management

Capital management falls under the financing and investing policies of the Company, which establish, among other matters, that investments shall have appropriate financing according to the project in conformity with the Financing Policy.

The Company will try to have sufficient liquidity in order to maintain an adequate financial position to meet its commitments and risks associated with its business. The cash surpluses of the Company will be invested in securities issued by financial institutions and marketable securities in accordance with the portfolio selection and diversification criteria determined by Management.

The control on investments will be performed by the Board, in charge of approving specific investments both the amount and financing of specific investments in conformity with the Company's by-laws and the decision made at the Shareholders' Meeting, if applicable.

The financing shall provide for the necessary funds to operate existing assets appropriately and to realize new investments in conformity with the Investing Policy mandate. For such purpose, the internal and external resources available will be used without compromising the Company's equity position or growth.

Accordingly, the indebtedness level shall not compromise the "investment grade" credit rating of the debt securities issued by Colbún in the international and domestic markets.

The Company will have different financing options, for which the following financing sources are preferred: bank borrowings both with international and local banks, long-term bond markets both in the international and local market, credits to supplier, retained earnings and capital increases.

As of September 30, 2020, and December 31, 2019, the indebtedness level is as follows:

	09.30.2020 ThUS\$	12.31.2019 ThUS\$
<b>Total liabilities</b>	<b>3,005,393</b>	<b>2,969,715</b>
Total current liabilities	285,321	338,298
Total non-current liabilities	2,720,072	2,631,417
<b>Total equity</b>	<b>3,726,247</b>	<b>3,735,635</b>
Equity attributable to the Parent	3,537,007	3,536,293
Non-controlling interest	189,240	199,342
<b>Indebtedness ratio</b>	<b>0.81</b>	<b>0.79</b>

The Company should report the compliance of commitments entered with financial institutions on a quarterly basis. As of September 30, 2020, the Company complies with all the financial indicators required in such contracts (See note 39).

#### h. Earnings per share and net distributable profit

Earnings per share are calculated dividing the profit or loss attributable to the shareholders of the Parent by the weighted average of common shares outstanding during the reported years.

	09.30.2020	09.30.2019	12.31.2019
Profit (loss) attributable to shareholders of the Parent (ThUS\$)	162,436	184,807	203,047
Profit (loss) available for common shareholders, basic (ThUS\$)	162,436	184,807	203,047
Weighted average number of shares, basic (No. of shares)	17,536,167,720	17,536,167,720	17,536,167,720
<b>Basic earnings per share (U.S. dollars per share)</b>	<b>0.00926</b>	<b>0.01054</b>	<b>0.01158</b>

The Company has not performed any type of operation with a potential dilutive effect that could create a difference in the diluted earnings per share from the basic earnings per share during the reported period.

In conformity with Circular No.1,945 dated September 29, 2009, Colbún S.A. agreed to establish as general policy that the net distributable profit to be considered for the calculation of the Additional and Compulsory Minimum Dividend is established on the base effectively performed, eliminating those significant fluctuations in the fair value of unrealized assets and liabilities, which must be included in the calculation of net profit for the year in which such fluctuations occur.

Consequently, additions and deductions to net distributable profit for fluctuations in the fair value of unrealized assets and liabilities and recognized in "profit (loss) attributable to shareholders of the Company," relate to potential effects arising from the fluctuations in the fair value of the Company's derivative instruments at each period-end, net of the corresponding income tax.

The calculation of net distributable profit is detailed as follows:

Calculation of net profit for distribution (cash flows)	09.30.2020 ThUS\$	09.30.2019 ThUS\$	12.31.2019 ThUS\$
<b>Shareholders of the Parent</b>	<b>162,436</b>	<b>184,807</b>	<b>203,047</b>
Cash flow for the year charged to prior years	-	-	-
Effect on unrealized finance income that generated no cash flows	-	-	-
<b>Net cash flow for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net distributable profit</b>	<b>162,436</b>	<b>184,807</b>	<b>203,047</b>
<b>Mandatory minimum dividend</b>	<b>-</b>	<b>-</b>	<b>101,524</b>

### 30. Revenue

For the periods ended September 30, 2020, and 2019, this caption comprises the following:

	January - September		July - September	
	2020 ThUS\$	2019 ThUS\$	2020 ThUS\$	2019 ThUS\$
Regulated customer sales	328,025	446,813	117,681	149,303
Unregulated customer sales	510,019	464,841	169,276	152,922
Toll charges	48,710	84,264	14,265	36,541
Spot market sales	107,367	114,052	38,463	13,486
Other income	19,006	25,348	4,317	9,460
<b>Total</b>	<b>1,013,127</b>	<b>1,135,317</b>	<b>344,002</b>	<b>361,712</b>

### 31. Raw materials and consumable

For the periods ended September 30, 2020, and 2019, this caption comprises the following:

	January - September		July - September	
	2020 ThUS\$	2019 ThUS\$	2020 ThUS\$	2019 ThUS\$
Oil consumption (see Note 14)	(7,660)	(11,707)	(418)	(416)
Gas consumption (see Note 14)	(213,688)	(273,145)	(75,507)	(70,418)
Coal consumption (see Note 14)	(59,525)	(59,240)	(17,545)	(7,958)
Purchase of energy and capacity	(31,423)	(46,063)	(8,866)	(30,118)
Toll charges	(74,663)	(99,265)	(26,503)	(31,990)
Third-party work and supplies	(59,649)	(59,921)	(18,339)	(19,303)
<b>Total</b>	<b>(446,608)</b>	<b>(549,341)</b>	<b>(147,178)</b>	<b>(160,203)</b>



### 32. Employee benefits expenses

For the periods ended September 30, 2020, and 2019, this caption comprises the following (see note 3.1.m. and 3.1.o.):

	January - September		July - September	
	2020 ThUS\$	2019 ThUS\$	2020 ThUS\$	2019 ThUS\$
Salaries and wages	(37,108)	(41,811)	(13,321)	(13,312)
Short-term employee benefits	(3,895)	(4,707)	(1,450)	(1,666)
Severance indemnity payments	(4,657)	(4,256)	(1,751)	(1,853)
Other personnel expenses	(1,953)	(4,203)	(25)	(1,301)
<b>Total</b>	<b>(47,613)</b>	<b>(54,977)</b>	<b>(16,547)</b>	<b>(18,132)</b>

### 33. Depreciation and amortization expenses

For the periods ended September 30, 2020, and 2019, this caption comprises the following:

	January - September		July - September	
	2020 ThUS\$	2019 ThUS\$	2020 ThUS\$	2019 ThUS\$
Depreciation (see Note 18.b)	(170,760)	(186,305)	(57,768)	(68,911)
Depreciation right-of-use assets (see note 19.b)	(9,536)	-	(3,177)	6,201
Amortization of intangible assets (see Note 17.b)	(3,363)	(3,541)	(1,157)	(1,144)
<b>Total</b>	<b>(183,659)</b>	<b>(189,846)</b>	<b>(62,102)</b>	<b>(63,854)</b>

### 34. Total finance income and finance cost

For the periods ended September 30, 2020, and 2019, this caption comprises the following:

Income (loss) from investments	January - September		July - September	
	2020 ThUS\$	2019 ThUS\$	2020 ThUS\$	2019 ThUS\$
Income on cash and other cash equivalents	9,772	16,197	1,772	4,917
<b>Total finance income</b>	<b>9,772</b>	<b>16,197</b>	<b>1,772</b>	<b>4,917</b>
Finance cost	January - September		July - September	
	2020 ThUS\$	2019 ThUS\$	2020 ThUS\$	2019 ThUS\$
Expenses on bonds	(49,421)	(51,454)	(16,579)	(17,050)
Interest expense for lease liabilities <sup>(1)</sup>	(6,815)	(7,184)	(2,263)	(2,387)
Expense incurred for financial provisions	(7,268)	(6,362)	(2,535)	(2,116)
Borrowing costs	(1,961)	(1,609)	(710)	(539)
Income/expense on the valuation of net financial derivatives	(1,918)	(1,457)	(566)	(634)
Other expenses (bank expenses)	(325)	(319)	(134)	(99)
Other expenses (commissions)	(448)	(136)	(151)	(76)
Capitalized financial expenses (see note 18.c.iv)	4	-	4	-
<b>Total finance cost</b>	<b>(68,152)</b>	<b>(68,520)</b>	<b>(22,934)</b>	<b>(22,900)</b>
<b>Total finance income and finance costs</b>	<b>(58,380)</b>	<b>(52,323)</b>	<b>(21,162)</b>	<b>(17,983)</b>

<sup>(1)</sup> Leases recognized under 16

### 35. Foreign currency translation and income (expense) from inflation-adjusted units

For the periods ended September 30, 2020, and 2019, this caption comprises the following:

Foreign currency translation difference	Currency	January - September		July - September	
		2020 ThUS\$	2019 ThUS\$	2020 ThUS\$	2019 ThUS\$
Cash and cash equivalents	Ch\$	(712)	(3,187)	4,331	(6,772)
Cash and cash equivalents	PEN	(1,072)	286	(281)	(343)
Trade and other receivables	Ch\$	(1,398)	(3,975)	4,335	(8,131)
Trade and other receivables	PEN	(1,033)	3	(302)	(144)
Current tax assets	Ch\$	1,398	(417)	(1,186)	108
Current tax assets	PEN	(1,020)	(21)	(129)	(364)
Other non-financial assets, non-current	Ch\$	(132)	(901)	(171)	(1,257)
Other non-financial assets, non-current	PEN	-	(12)	643	-
<b>Foreign currency translation difference - assets</b>		<b>(3,956)</b>	<b>(8,224)</b>	<b>7,240</b>	<b>(16,903)</b>
Other financial liabilities, current	UF	3,070	2,077	(2,621)	4,898
Other financial liabilities, current	PEN	227	(40)	18	(3)
Trade and other payables	Ch\$	131	(1,434)	(446)	419
Trade and other payables	PEN	12	1	(1)	25
Other non-financial liabilities	Ch\$	(25)	(48)	(74)	14
Provisions for employee benefits	Ch\$	2,763	2,038	(2,000)	3,798
<b>Foreign currency translation difference - liabilities</b>		<b>6,178</b>	<b>2,594</b>	<b>(5,124)</b>	<b>9,151</b>
<b>Total foreign currency translation difference</b>		<b>2,222</b>	<b>(5,630)</b>	<b>2,129</b>	<b>(7,752)</b>

### 36. Income (expense) from investments accounted for using the equity method

For the periods ended September 30, 2020, and 2019, this caption comprises the following:

Net interest in affiliates' income	January - September		July - September	
	2020 ThUS\$	2019 ThUS\$	2020 ThUS\$	2019 ThUS\$
Electrogas S.A.	6,273	6,351	1,999	1,967
Transmisora Eléctrica de Quillota Ltda.	397	738	185	214
<b>Total</b>	<b>6,670</b>	<b>7,089</b>	<b>2,184</b>	<b>2,181</b>

### 37. Other gains (losses)

For the periods ended September 30, 2020, and 2019, this caption comprises the following:

Other gains	January - September		July - September	
	2020 ThUS\$	2019 ThUS\$	2020 ThUS\$	2019 ThUS\$
Other income	26,041	2,477	21,671	115
<b>Total other gains</b>	<b>26,041</b>	<b>2,477</b>	<b>21,671</b>	<b>115</b>
Other losses	January - September		July - September	
	2020 ThUS\$	2019 ThUS\$	2020 ThUS\$	2019 ThUS\$
Emissions of thermoelectric plants <sup>(1)</sup>	(12,300)	(10,615)	(4,206)	(2,884)
Commission for prepayment of Bond 2024 <sup>(2)</sup>	(17,391)	-	-	-
Disposal of property, plant and equipment	(23,137)	(4,545)	(22,398)	(1,013)
Donations and community contributions	(2,403)	-	(300)	-
Dismantling costs	(1,011)	(1,005)	(341)	(336)
Impairment of other projects	(14)	-	(6)	-
Loss from derivative contracts	(235)	(963)	(92)	(316)
Litigation-related legal fees	(985)	(605)	(570)	(254)
Write-offs and fines	(56)	(187)	(2)	(56)
Allowance for doubtful customers	(1,984)	(537)	(882)	(336)
Other	(13,371)	(9,270)	(872)	(4,899)
<b>Total other losses</b>	<b>(72,887)</b>	<b>(27,727)</b>	<b>(29,669)</b>	<b>(10,094)</b>
<b>Total other gains (losses)</b>	<b>(46,846)</b>	<b>(25,250)</b>	<b>(7,998)</b>	<b>(9,979)</b>

<sup>(1)</sup> Corresponds to the provision for tax expense that is levied on the emissions of thermoelectric plants (Law 20.780).

<sup>(2)</sup> Corresponds to the prepaid tender premium of the 2024 Bond for ThUS\$14,306 and adjustments for capitalized expenses of the 2024 Bond for US\$3.084.

### 38. Guarantees with third parties and contingent assets and liabilities

#### a. Guarantees with third parties

a.1 **Direct guarantees:** As of September 30, 2020, the Company has provided direct guarantees for ThUS\$60.033.

Assets committed			Outstanding balance	
Type of guarantee	Currency	Carrying amount	09.30.2020	12.31.2019
			ThUS\$	ThUS\$
Performance bond	Ch\$	1,259,068,224	1,597	1,681
Performance bond	US\$	25,547,251	25,547	20,347
Performance bond	UF	902,930	32,889	25,344
<b>Total</b>			<b>60,033</b>	<b>47,372</b>

#### b. Third-party guarantees

b.1 Current guarantees denominated in U.S. dollars as of September 30, 2020

Depositor	Relationship	Total ThUS\$
GE Energy Parts Inc.	Suppliers	15,000
Enercon GmbH	Suppliers	13,000
TSGF SpA	Suppliers	4,049
Ingeniería Agrosonda SpA	Suppliers	4,048
Consortio Isotron Sacyr S.A.	Suppliers	1,059
Rhona S.A.	Suppliers	221
TSEA Energía S.A.	Suppliers	181
Pine SpA	Suppliers	176
HMV Chile	Suppliers	169
Soc. Com. e Ingeniería y Gestión Ind. Ingher Ltda.	Suppliers	164
Generadores Mexicanos S.A. de C.V.	Suppliers	115
Ingeniería y Construcción Sigdo Koppers S.A.	Suppliers	110
Sieyuan Electric Co. Ltd.	Suppliers	75
Ing. y Ases. en Computación y Comunicación Neosecure S.A.	Suppliers	37
Reliable Energy Ingeniería Ltda.	Suppliers	32
Tadeo Czerweny S.A.	Suppliers	21
Siemens S.A.	Suppliers	13
Ingec SpA	Suppliers	10
Reich Ingeniería SpA	Suppliers	10
Serv. de Ingeniería IMA S.A.	Suppliers	10
Sistemas Eléctricos Ingeniería y Servicios S.A.	Suppliers	6
<b>Total</b>		<b>38,506</b>

**b.2 Current guarantees denominated in Euros as of September 30, 2020**

Depositor	Relationship	Total ThUS\$
Andritz Hydro S.R.L.	Suppliers	349
Andritz Chile Ltda.	Suppliers	21
<b>Total</b>		<b>370</b>

**b.3 Current guarantees denominated in Chilean pesos as of September 30, 2020**

Depositor	Relationship	Total ThUS\$
Siemens S.A.	Suppliers	336
Vecchiola Ingeniería y Construcción S.A.	Suppliers	230
ODR Ingeniería y Montajes Ltda.	Suppliers	74
Serv. Logísticos Vizcal Ltda.	Suppliers	69
SG Ingeniería Eléctrica Ltda.	Suppliers	62
Constructora Pesa Ltda.	Suppliers	30
Konecranes Chile SpA	Suppliers	20
XPE Consult SpA	Suppliers	19
Resiter Industrial S.A.	Suppliers	15
ST Ingeniería y Construcción SpA	Suppliers	14
Dimetales SpA	Suppliers	13
Serv. de Ingeniería, Fabricación y Montaje Humberto F. Letelier	Suppliers	12
Sodexo Chile SpA	Suppliers	11
Vigaflow S.A.	Suppliers	11
Oficce For You SpA	Suppliers	10
Andritz Metaliza S.A.	Suppliers	8
Rhona S.A.	Suppliers	6
Consultora y Constructora de Proyectos de Ingeniería Sergio Pereira EIRL	Suppliers	4
Ximena M. Soto Orellana	Suppliers	4
Imahf S.A.	Suppliers	3
Serv. Industriales Cordillera SpA	Suppliers	3
Máximo E. Sanhueza Manríquez	Suppliers	2
Ingeniería Scada & Technologies Ltda.	Suppliers	1
MV Servicios para la Construcción Ltda.	Suppliers	1
Serv. Vortex SpA	Suppliers	1
<b>Total</b>		<b>959</b>

**b.4 Current guarantees denominated in Inflation-adjusted units as of September 30, 2020**

Depositor	Relationship	Total ThUS\$
Contract Chile S.A.	Suppliers	1373
Serv. Industriales Ltda.	Suppliers	224
Ingeniería Agrosonda SpA	Suppliers	218
Algoritmos y Mediciones Ambientales SpA	Suppliers	169
Andritz Chile Ltda.	Suppliers	79
ODR Ingeniería y Montajes Ltda.	Suppliers	77
Transportes Bretti Ltda.	Suppliers	72
Soc. Comercial Camin Ltda.	Suppliers	55
Marcelo Javier Urrea Caro EIRL	Suppliers	48
Securitas S.A.	Suppliers	46
AMS Consultores SpA	Suppliers	45
MV Servicios para la Construcción Ltda.	Suppliers	41
Soc. Comercial San Cristóbal Ltda.	Suppliers	37
OHL Servicios Ingesan S.A. Agencia en Chile	Suppliers	36
Latinamericana Serv. de Ingeniería y Construcción Ltda.	Suppliers	35
Constructora Javag SpA	Suppliers	32
Aguasin SpA	Suppliers	31
Conecta Ingeniería S.A.	Suppliers	26
Buses Ahumada Ltda.	Suppliers	25
Dragatec S.A.	Suppliers	25
Transportes José Carrasco Retamal EIRL	Suppliers	22
Serv. Emca SpA	Suppliers	21
Integración de Tecnologías Ltda.	Suppliers	21
Sodexo Chile SpA	Suppliers	19
Ingesat Ing. y Serv. en Alta Tensión S.A.	Suppliers	17
MYA Chile Soluciones contra Incendio e Industriales Ltda.	Suppliers	17
Mantenición de Jardines Arcoiris Ltda.	Suppliers	17
ISS Facility Services S.A.	Suppliers	17
Serv. Industriales Euroambiente Ltda.	Suppliers	14
Measwind América Ltda.	Suppliers	13
Soc. de Transportes Turismos e Invers.	Suppliers	12
Vigatec S.A.	Suppliers	10
Siemens S.A.	Suppliers	8
Constructora Gómez Salazar Ltda.	Suppliers	8
DPL Grout Construcciones Ltda.	Suppliers	7
Durán y Durán Cía. de Seguridad Ltda.	Suppliers	6
WSP Ambiental S.A.	Suppliers	6
Woss SpA	Suppliers	5
<b>Total</b>		<b>2.934</b>

Fenix Power Perú S.A.

a. Current guarantees denominated in Peruvian soles as of September 30, 2020

Depositor	Relationship	Total ThUS\$
Empresa Regional de Serv. Público del Oriente S.A.	Suppliers	1,364
Busser SAC	Suppliers	30
J&V Resguardo SAC	Suppliers	28
People Intermediacion SAC	Suppliers	4
Laub & Quijandria Consultores	Suppliers	4
	<b>Total</b>	<b>1,430</b>

c. Detail of litigation and others

Management believes that, on the basis of the information in its possession at the reporting date, the provisions recognized in the interim consolidated statement of financial position appropriately cover the litigation risks and other operations detailed in this note; accordingly, Management expects no additional liabilities arising from such litigation risks other than the liabilities recognized.

Considering the characteristics of the risks covering such provisions, it is impossible to determine a reasonable payment schedule, if applicable.

As of September 30, 2020, the detail of litigation in accordance with IAS 37 is as follows:

Chile

1.- Lawsuits on environment damage due to the operation of the Santa María thermoelectric power plant with the Third Environment Court of Valdivia.

(i)-Lawsuit filed on October 15, 2015, under Case No. D-11-2015 with the Third Environment Court of Valdivia by 6 local fishermen unions of Coronel and a group of fishermen from Lota alleging environmental damage caused by the operation of the Santa María thermoelectric power plant (unauthorized emission of heavy metals into the soil and water of the bay; excessive nitrogen and sulfur oxides originated from combustion processes of the plant, heat shock caused by cooling system failure and antifouling).

The lawsuit was responded to by Colbún on September 30, 2016.

The settlement, evidence and allegations hearings were held on January 2017.

In compliance with IAS 37, Management deemed a contingency as remote; accordingly, it disclosed such contingency but no provision has been recorded through the present date as it is not possible to make a reliable estimation of the related liability derived therefrom and there are no reimbursements to which the Company may be entitled in the event of an unfavorable judgment.

(ii)-Lawsuit filed on October 15, 2015, under Case No. D-12-2015 with the Third Environment Court of Valdivia by 6 local fishermen unions of Coronel and a group of fishermen from Lota alleging environmental damage caused by the operation of the Santa María thermoelectric power plant (unauthorized emission of heavy metals into the soil and water of the bay; excessive nitrogen and sulfur oxides originated from combustion processes of the plant, heat shock caused by cooling system failure and antifouling). Because the lawsuit filed under Case No. D-11-2015 is the same as the lawsuit mentioned above in section 1(i), the case files were joined with the

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latter, and therefore they are in the same procedural stage.

On December 31, 2018, the Environmental Court of Valdivia issued a judgment rejecting both claims. On January 18, 2019, the plaintiff filed a cassation appeal in form and substance against the ruling rejecting the claim with the Supreme Court under Case 3647-2019.

Currently, the case is being challenged and is pending judgment by the Supreme Court.

In compliance with IAS 37, Management deemed a contingency as remote; accordingly, it disclosed such contingency but no provision has been recorded through the present date as it is not possible to make a reliable estimation of the related liability derived therefrom and there are no reimbursements to which the Company may be entitled in the event of an unfavorable judgment.

2.- The following charges were filed by the Superintendence of the Environment (SMA) against Santa María thermoelectric power plant as required by the Environment Court of Valdivia (TAV); (i) alleging existence of equipment other than the pieces of equipment authorized in the Environmental Qualification resolution (RCA) and (ii) for possibly not having registered with the Environmental Impact Evaluation System (SEI) oversizing of the thermal power plant chimney. Colbún duly substantiated and submitted its defense against the charges filed by the SMA and is currently waiting for the proceeding to continue.

Note that in the administrative proceeding conducted prior to the investigation by SMA against Santa María thermoelectric power plant, the regulating authority concluded that there was no background information to file such charges; however, when the TAV reviewed the administrative resolution conducted by the SMA, it ordered to file those two charges.

Simultaneously, both Colbún S.A. and the Chilean Superintendence of the Environment (SMA) filed appeals in cassation with the Supreme Court against the judgment of the TAV, which ordered such filing of charges and established a limit of 350 MW gross to the power plant's capacity.

On July 9, 2019, the Supreme Court (SC) received the appeals in cassation filed by the Superintendence of Environment (SMA) and Colbún against the sentence of the Environmental Court of Valdivia (TAV). The SC determined that the TAV incurred in an error of law when it required the SMA to file charges against Colbún for: (i) non-compliance with the SEIA; and (ii) non-compliance with RCA of the Santa María CT.

The SC revoked the power limitation of the power plant to 350 MW gross established by the TAV and accepted the cassation for the purpose of retroacting the sanctioning procedure against Colbún to the stage prior to the issuance of the closure resolution.

This sanctioning procedure concluded in favor of Colbún when the SMA, ordered filing both individualized complaints above in (i and ii) on September 4, 2019. However, the plaintiff filed an appeal with the Environment Court of Valdivia (TAV) against the resolution of the SMA ordering the filing of the complaints. The case has been alleged in the TAV and on March 31, 2020, the TAM rejected the case file, ordering the SMA to issue the corresponding resolution. The SMA filed a new appeal against this judgment on the Supreme Court.

Currently, the case is being pending judgment by the Supreme Court.

In compliance with IAS 37, Management deemed a contingency as remote; accordingly, it disclosed such contingency but no provision has been recorded through the present date as it is not possible to make a reliable estimation of the related liability derived therefrom and there are no reimbursements to which the Company may be entitled in the event of an unfavorable judgment.

### 3.- Arbitration proceeding for taxes levied on emissions

In December 2019, Colbún has filed an arbitration proceeding, as established in the "Electric Energy Purchase and Sale Agreement" entered into with Codelco in January 2010, so that Codelco reimburses the payment of the tax on emissions recorded during 2017 and 2018, and any applicable subsequent period. Likewise, Codelco



has also filed an arbitration proceeding to resolve matters related to such contract. The processes are at the end of their discussion stage, with the parties having submitted their respective demands and responses.

The Court summoned the parties to the conciliation stage provided for in the bases but this was not achieved, and then the Court set the points of proof and suspended the probation period in accordance with the law in force. It is expected that the evidence will be rendered as of the next December.

Based on the information and opinions from experts available to such date, Management reasonably believes that this lawsuit will have a favorable outcome for the Company, and that finally, the customer should reimburse the payments required.

#### 4.- Discrepancy on the 2019 Panel of Experts for Toll Recoveries.

Colbún participated in the Discrepancy in the Panel of Experts for claims from Transmission Companies that maintain the illegality of the re-liquidation of tolls for the year 2019 ordered by the National Electric Coordinator (CEN).

As part of its functions, CEN ordered the payment of a re-settlement of tolls for the year 2019 from the transmission segment for the generation segment, which has been claimed by several transmission companies; without prejudice that it is a dispute of the whole system or general, in the particular case of Colbún S.A. and in connection with this procedure, some transmission companies have rejected their obligation to pay these reliquidations in favor of Colbún S.A. of the order of approximately US\$11 million, precisely alleging that the dispute is being known by the Panel of Experts.

The Expert Panel, by means of Opinion 4-2020, resolved the discrepancies presented, accepting in practice part of the claims presented. It is now up to the National Electrical Coordinator (CEN) to apply the provisions of the Panel and issue new payment schedules to determine the timing and amount of payments due. In this context, the Coordinator has requested background information from the generating companies in order to have the necessary information for the repayment process as ruled by the Panel of Experts.

The Administration, based on the background and opinions of experts available at this date, reasonably estimates a favorable final result of this whole process, beyond the Panel's Opinion, since the pending reliefs must be paid as established by the regulations, being pending the form and opportunity as it should proceed to such payment.

### 39. Commitments

Commitments entered with financial institutions

The loan agreements signed by Colbún S.A. with financial institutions and the bond issue contracts impose different obligations on the Company other than the payment obligations, including the compliance with financial indicators of different types during the term of such contracts, which are conventional for these type of financing operations.

The Company should report on a quarterly basis the compliance with these obligations. As of September 30, 2020, the Company complies with all the financial indicators required in such contracts, the detail of which are as follows:

Covenants	Status	09.30.2020	Term
<b>Local market bonds</b>			
EBITDA/Net finance costs	> 3,0	9.14	jun-2029
Indebtedness ratio	< 1,2	0.81	jun-2029
Minimum equity	> MUS\$ 1.348.000	MUS\$ 3,537,007	jun-2029

#### Calculation methodologies

Concept	Account	Amount as of 09.30.2020	
Equity	Total equity	ThUS\$	3,726,247
Net equity	Total equity - Non-controlling interests	ThUS\$	3,537,006
Minimum equity	Total equity - Non-controlling interests	ThUS\$	3,537,006
Total liabilities	Total current liabilities + Total non-current liabilities	ThUS\$	3,005,393
Indebtedness ratio	Total liabilities / Equity		0.81
Ebitda (*)	Revenue - Raw materials and consumables - Employee benefit expenses - other expenses by nature	ThUS\$	685,535
Net financial costs (*)	Finance costs - Finance income	ThUS\$	75,011

(\*) 12 trailing months

(\*) 12 trailing months

#### 40. Environment

The Group's companies on which disbursements associated with environment have been made are: Colbún S.A. and Fenix Power Perú S.A.

Disbursements made for environmental expenses are mainly associated with facilities; accordingly, they will be recognized in profit or loss through depreciation in accordance with their useful life, except for the development of environmental impact statements and studies that correspond to environmental permits performed prior to the construction stage.

The main ongoing projects and a brief description of them are detailed as follows:

Photovoltaic Solar Projects Diego de Almagro Sur I and II : Photovoltaic solar power plant located in the Atacama Region, approximately 27 kilometers south of Diego de Almagro, considering an approximate power of 220MW and an average annual generation of approximately 615 GWh. These projects have their Environmental Impact Study approved.

The construction phase of the project began during the month of September with the closure of the perimeter and roads.

Puente Negro S/E Expansion: Expansion of the Puente Negro electrical substation in the O'Higgins Region.

The project is 96% complete.

San Pedro hydroelectric power plant: Dam hydroelectric power plant located in Los Ríos Region.

The project has reached the 15% completion mark approximately and awaits the processing of the new environmental impact study of modifications to the project to resume the works and construction activities.

Additionally, there are disbursements associated with 26 power generation plants in operation, including the Fenix plant (Chilca, Peru) and the transmission assets such as electric substations and transmission lines.

As of September 30, 2020, and December 31, 2019, the detail of the disbursements performed and to be performed in relation to environment regulations is the following:

**Accrued expenses as of 09.30.2020**

Identification of Parent or Subsidiary	Project Name associated with the disbursement	Concept associated with the disbursement	Asset / Expense	Description	Disbursement amount in ThUS\$	Actual or estimated dates when the disbursement was or will be made
Colbún S.A.	Sta María	Environmental Management of Power Plant	Expense	Cost	292	sept-20
Colbún S.A.	Nehuenco	Environmental Management of Power Plant	Expense	Cost	326	sept-20
Colbún S.A.	Angostura	Environmental Management of Power Plant	Expense	Cost	149	sept-20
Colbún S.A.	Zona Bio-Bio	Environmental Management of Power Plant	Expense	Expense	9	sept-20
Colbún S.A.	Quilleco	Environmental Management of Power Plant	Expense	Cost	86	sept-20
Colbún S.A.	Los Quillos	Environmental Management of Power Plant	Expense	Cost	136	sept-20
Colbún S.A.	Gestión Ambiental Corporativa	Environmental Management of Parent	Expense	Expense	48	sept-20
Colbún S.A.	Candelaria	Environmental Management of Power Plant	Expense	Cost	108	sept-20
Colbún S.A.	Colbún	Environmental Management of Power Plant	Expense	Cost	52	sept-20
Colbún S.A.	Los Pinos	Environmental Management of Power Plant	Expense	Cost	134	sept-20
Colbún S.A.	Rucúe	Environmental Management of Power Plant	Expense	Cost	55	sept-20
Colbún S.A.	Hornitos	Environmental Management of Power Plant	Expense	Expense	46	sept-20
Colbún S.A.	Canutillar	Environmental Management of Power Plant	Expense	Cost	20	sept-20
<b>Total</b>					<b>1,461</b>	

**Future expenses as of 09.30.2020**

Identification of Parent or Subsidiary	Project Name associated with the disbursement	Concept associated with the disbursement	Asset / Expense	Description	Disbursement amount in ThUS\$	Actual or estimated dates when the disbursement was or will be made
Colbún S.A.	Sta María	Environmental Management of Power Plant	Expense	Cost	125	dic-20
Colbún S.A.	Angostura	Environmental Management of Power Plant	Expense	Cost	89	dic-20
Colbún S.A.	Colbún	Environmental Management of Power Plant	Expense	Cost	14	dic-20
Colbún S.A.	Candelaria	Environmental Management of Power Plant	Expense	Cost	38	dic-20
Colbún S.A.	Canutillar	Environmental Management of Power Plant	Expense	Cost	9	dic-20
Colbún S.A.	Nehuenco	Environmental Management of Power Plant	Expense	Cost	125	dic-20
Colbún S.A.	Gestión Ambiental Corporativa	Environmental Management of Parent	Expense	Expense	69	dic-20
Colbún S.A.	Los Quillos	Environmental Management of Power Plant	Expense	Cost	46	dic-20
Colbún S.A.	Quilleco	Environmental Management of Power Plant	Expense	Cost	26	dic-20
Colbún S.A.	Hornitos	Environmental Management of Power Plant	Expense	Expense	22	dic-20
Colbún S.A.	Los Pinos	Environmental Management of Power Plant	Expense	Cost	52	dic-20
Colbún S.A.	Rucúe	Environmental Management of Power Plant	Expense	Cost	16	dic-20
<b>Total</b>					<b>631</b>	

**Accrued expenses as of 09.30.2019**

Identification of Parent or Subsidiary	Project Name associated with the disbursement	Concept associated with the disbursement	Asset / Expense	Description	Disbursement amount in ThUS\$	Actual or estimated dates when the disbursement was or will be made
Colbún S.A.	Zona Bio-Bio	Environmental Management of Power Plant	Expense	Cost	264	may-19
Colbún S.A.	Sta María	Environmental Management of Power Plant	Expense	Cost	395	sept-19
Colbún S.A.	Angostura	Environmental Management of Power Plant	Expense	Cost	367	ago-19
Colbún S.A.	Nehuenco	Environmental Management of Power Plant	Expense	Cost	296	sept-19
Colbún S.A.	Zona Maule	Environmental Management of Power Plant	Expense	Cost	116	ago-19
Colbún S.A.	Colbún	Environmental Management of Power Plant	Expense	Cost	108	sept-19
Colbún S.A.	Candelaria	Environmental Management of Power Plant	Expense	Cost	145	sept-19
Colbún S.A.	Quilleco	Environmental Management of Power Plant	Expense	Cost	191	sept-19
Colbún S.A.	Gestión Ambiental Corporativa	Environmental Management of Parent	Expense	Cost	127	jun-19
Colbún S.A.	Los Pinos	Environmental Management of Power Plant	Expense	Cost	120	sept-19
Colbún S.A.	Los Quilos	Environmental Management of Parent	Expense	Cost	160	sept-19
Colbún S.A.	Hornitos	Environmental Management of Power Plant	Expense	Cost	71	sept-19
Colbún S.A.	Rucúe	Environmental Management of Power Plant	Expense	Cost	73	sept-19
Colbún S.A.	Antilhue	Environmental Management of Power Plant	Expense	Cost	58	sept-19
Colbún S.A.	Canutillar	Environmental Management of Power Plant	Expense	Cost	32	sept-19
<b>Total</b>					<b>2,523</b>	

**Future expenses as of 09.30.2019**

Identification of Parent or Subsidiary	Project Name associated with the disbursement	Concept associated with the disbursement	Asset / Expense	Description	Disbursement amount in ThUS\$	Actual or estimated dates when the disbursement was or will be made
Colbún S.A.	Angostura	Environmental Management of Power Plant	Expense	Cost	119	ago-19
Colbún S.A.	Nehuenco	Environmental Management of Power Plant	Expense	Cost	99	oct-20
Colbún S.A.	Sta María	Environmental Management of Power Plant	Expense	Cost	140	sept-19
Colbún S.A.	Candelaria	Environmental Management of Power Plant	Expense	Cost	54	abr-19
Colbún S.A.	Los Pinos	Environmental Management of Power Plant	Expense	Cost	37	ago-19
Colbún S.A.	Gestión Ambiental Corporativa	Environmental Management of Parent	Expense	Cost	54	jun-19
Colbún S.A.	Quilleco	Environmental Management of Power Plant	Expense	Cost	46	ago-19
Colbún S.A.	Zona Bio-Bio	Environmental Management of Power Plant	Expense	Cost	8	feb-19
Colbún S.A.	Los Quilos	Environmental Management of Power Plant	Expense	Cost	68	sept-19
Colbún S.A.	Rucúe	Environmental Management of Power Plant	Expense	Cost	32	ago-19
Colbún S.A.	Colbún	Environmental Management of Power Plant	Expense	Cost	34	abr-19
Colbún S.A.	Zona Maule	Environmental Management of Power Plant	Expense	Cost	45	feb-19
Colbún S.A.	Hornitos	Environmental Management of Power Plant	Expense	Cost	11	mar-19
Colbún S.A.	Canutillar	Environmental Management of Power Plant	Expense	Cost	12	sept-19
Colbún S.A.	Antilhue	Environmental Management of Power Plant	Expense	Cost	12	jul-19
<b>Total</b>					<b>771</b>	

## Disbursements in Peru

### Accrued expenses as of 09.30.2020

Identification of Parent or Subsidiary	Project Name associated with the disbursement	Concept associated with the disbursement	Asset / Expense	Description	Disbursement amount in ThUS\$	Actual or estimated dates when the disbursement was or will be made
Fenix Power Perú S.A.	Monitoring and Environmental Management	Monitoring and Environmental Management	Expense	Cost	189	sept-20
<b>Total</b>					<b>189</b>	

### Future expenses as of 09.30.2020

Identification of Parent or Subsidiary	Project Name associated with the disbursement	Concept associated with the disbursement	Asset / Expense	Description	Disbursement amount in ThUS\$	Actual or estimated dates when the disbursement was or will be made
Fenix Power Perú S.A.	Monitoring and Environmental Management	Monitoring and Environmental Management	Expense	Cost	107	dic-20
<b>Total</b>					<b>107</b>	

### Accrued expenses as of 09.30.2019

Identification of Parent or Subsidiary	Project Name associated with the disbursement	Concept associated with the disbursement	Asset / Expense	Description	Disbursement amount in ThUS\$	Actual or estimated dates when the disbursement was or will be made
Fenix Power Perú S.A.	Monitoring and Environmental Management	Monitoring and Environmental Management	Expense	Cost	303	sept-19
<b>Total</b>					<b>303</b>	

### Future expenses as of 09.30.2019

Identification of Parent or Subsidiary	Project Name associated with the disbursement	Concept associated with the disbursement	Asset / Expense	Description	Disbursement amount in ThUS\$	Actual or estimated dates when the disbursement was or will be made
Fenix Power Perú S.A.	Monitoring and Environmental Management	Monitoring and Environmental Management	Expense	Cost	115	sept-19
<b>Total</b>					<b>115</b>	

#### **41. Events occurred after the date of the financial position**

At the Board of Directors' Meeting held on October 27, 2020, the Company's Board approved the interim consolidated financial statements as of September 30, 2020, prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Between October 1, 2020 and the date of issuance of these interim consolidated financial statements, no other subsequent events have occurred.

## 42. Foreign currency

This caption comprises the following:

Assets	Foreign currency	Currency	09.30.2020 ThUS\$	12.31.2019 ThUS\$
<b>Total current assets</b>				
Cash and cash equivalents	Ch\$	US\$	103.208	44.043
Cash and cash equivalents	Euro	US\$	476	332
Cash and cash equivalents	PEN	US\$	6.595	6.363
Other non-financial assets, current	Ch\$	US\$	1.763	3.286
Trade and other receivables, current	Ch\$	US\$	140.230	189.016
Trade and other receivables, current	PEN	US\$	23.232	27.136
Trade receivables due from related parties, current	Ch\$	US\$	42	11
Current tax assets	Ch\$	US\$	9	214
Current tax assets	PEN	US\$	2.913	3.693
<b>Total current assets</b>			<b>278.468</b>	<b>274.094</b>
<b>Non-current assets</b>				
Other non-financial assets, non-current	Ch\$	US\$	9.667	21.736
Trade and other receivables, non-current	Ch\$	US\$	-	28.923
<b>Total non-current assets</b>			<b>9.667</b>	<b>50.659</b>
<b>Total assets</b>			<b>288.135</b>	<b>324.753</b>
Liabilities	Foreign currency	Currency	09.30.2020 ThUS\$	12.31.2019 ThUS\$
<b>Total current liabilities</b>				
Other financial liabilities, current	Ch\$	US\$	189	-
Other financial liabilities, current	UF	US\$	13.339	12.962
Lease liabilities, current	UF	US\$	2.267	2.814
Trade and other payables	Ch\$	US\$	98.193	106.886
Trade and other payables	PEN	US\$	7.660	12.899
Payables due to related parties, current	Ch\$	US\$	24	644
Other current provisions	Ch\$	US\$	25.971	804
Provisions for employee benefits, current	Ch\$	US\$	17.324	18.244
Provisions for employee benefits, current	PEN	US\$	1.273	1.588
Other current non-financial assets	Ch\$	US\$	21.984	30.665
Other current non-financial assets	PEN	US\$	1.762	572
<b>Total current liabilities</b>			<b>189.986</b>	<b>188.078</b>
<b>Non-current liabilities</b>				
Other financial liabilities, non-current	Pesos	US\$	262	-
Other financial liabilities, non-current	UF	US\$	43.061	51.068
Lease liabilities, non-current	UF	US\$	3.302	4.734
Provisions for employee benefits, non-current	Ch\$	US\$	36.779	35.576
Other non-financial liabilities, non-current	Ch\$	US\$	9.952	14.936
<b>Total non-current liabilities</b>			<b>93.356</b>	<b>106.314</b>
<b>Total liabilities</b>			<b>283.342</b>	<b>294.392</b>

The detail of assets and liabilities in foreign currency does not include the investments accounted for using the equity method; accordingly, the differences arising from the exchange rate difference are recognized in equity as translation adjustment (see note 28, letter e).

Maturity profile of other financial liabilities in foreign currency

As of September 30, 2020	Foreign currency	Currency	Up to 91 days ThUS\$	91 days to 1 year ThUS\$	1 to 3 years ThUS\$	3 to 5 years ThUS\$	Over 5 years ThUS\$	Total ThUS\$
Other financial liabilities	Ch\$	US\$	55	114	262	-	-	431
Other financial liabilities	UF	US\$	7,128	6,231	13,673	9,796	19,593	56,421
<b>Total</b>			<b>7,183</b>	<b>6,345</b>	<b>13,935</b>	<b>9,796</b>	<b>19,593</b>	<b>56,852</b>

As of December 31, 2019	Foreign currency	Currency	Up to 91 days ThUS\$	91 days to 1 year ThUS\$	1 to 3 years ThUS\$	3 to 5 years ThUS\$	Over 5 years ThUS\$	Total ThUS\$
Other financial liabilities	UF	US\$	-	12,962	18,074	10,152	22,842	64,030
<b>Total</b>			<b>-</b>	<b>12,962</b>	<b>18,074</b>	<b>10,152</b>	<b>22,842</b>	<b>64,030</b>

#### 43. Headcount (unaudited)

As of September 30, 2020, and 2019, this caption comprises the following:

	No. of employees							
	09.30.2020				12.31.2019			
	Chile	Perú	Colombia	Total	Chile	Perú	Total	
Managers and main executives	77	9	1	87	71	8	79	
Professionals and technical staff	723	70	-	793	623	66	689	
Other	244	18	-	262	255	18	273	
<b>Total</b>	<b>1,044</b>	<b>97</b>	<b>1</b>	<b>1,141</b>	<b>949</b>	<b>92</b>	<b>1,041</b>	
<b>Average of the year</b>	<b>1,024</b>	<b>94</b>	<b>1</b>	<b>1,119</b>	<b>970</b>	<b>90</b>	<b>1,060</b>	

#### 44. Exhibit 1 Additional information required for XBRL taxonomy

This exhibit forms an integral part of the Company's interim consolidated financial statements.

Fees for external auditors

As of September 30, 2020, and 2019, this caption comprises the following:

Concept	January - September		July - September	
	2020 ThUS\$	2019 ThUS\$	2020 ThUS\$	2019 ThUS\$
Audit services	197	220	130	143
Tax services	6	3	-	-
Other services	286	43	6	13
<b>Auditor's fees</b>	<b>489</b>	<b>266</b>	<b>136</b>	<b>156</b>

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