

QUARTERLY EARNINGS REPORT

As of March 31, 2024



1st QUARTER 2024

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1Q24 Earnings Report

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Conference Call 1Q24 Results

Date: May 3^d, 2024
Hour: 12:00 PM Eastern Time
 12:00 PM Chilean Time

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1. HIGHLIGHTS

Main Figures at a Consolidated Level

- **Operating Income** for the first quarter of the year 2024 (1Q24) amounted to **US\$382.0 million**, decreasing 31% compared to the revenues recorded in the first quarter of 2023 (1Q23), primarily attributed to (1) lower sales to unregulated clients in Chile, due to a lower average sale price of those contracts, explained by an indexators decrease, and to lower physical sales in this segment; (2) lower sales to regulated clients in Chile and Peru, explained by the expiration of contracts in this segment Dec23 and (3) lower sales to the spot market in Chile, given a lower average sale price explained by the system's higher hydroelectric generation.
- Consolidated **EBITDA** for 1Q24 reached **US\$147.5 million**, decreasing 23% compared to the US\$192.2 million EBITDA in 1Q23. This decline is mainly driven by a decrease in operating income, as explained above. This effect was partially offset by (1) lower gas consumption cost in Chile, given the lower generation using this fuel source due to the higher hydroelectric generation and (2) lower energy and capacity purchases due to the regulated contracts expiration previously mentioned.
- **Non-operating Income** for 1Q24 recorded a loss of **US\$16.6 million**, which compares to the loss of US\$19.3 million during 1Q23, mainly associated with lower financial costs due to the higher engagements associated with the Horizonte project.
- In 1Q24, a **tax expense** of **US\$21.1 million** was recorded, compared to a US\$30.4 million tax expense in 1Q23. This decrease is mainly attributed to the lower profit recorded during the period.
- The Company reported a **profit** of **US\$58.8 million** in 1Q24, compared to the US\$91.9 million profit obtained in 1Q23, primarily due to the lower EBITDA previously mentioned. This impact was partially offset by (1) the lower tax expense in this period and (2) a lower non-operating loss recorded during the period.

Highlights of the year

OPERATION OF OUR POWER PLANTS:

- On January 11th, 2024, Santa María Power Plant completed its major maintenance, which lasted for 75 days. Among the main activities carried out in this major maintenance are: improvements to the steam turbine control systems, change of the low-pressure turbine rotor, change of the valves design that control the entry of high-pressure steam, predictive boiler inspection, among others.
- On January 20th, 2024, Unit 1 of the Nehuenco Complex restarted operations, in line with the information provided to the Electrical Coordinator after the unit's fire on August 4, 2023, while it was undergoing major maintenance. The cause of the fire was the fall of an incandescent metal piece into an area with flammable filters, at the moment when the piece was being welded to the structure of the filter area. Thanks to the action of the Complex's emergency brigade and the Quillota Fire Department, the fire was quickly contained with no reported injuries or spreading to other areas of the Complex.
- During the first quarter, Fenix Power carried out its maintenance, which caused the plant to be out of service for the last 16 days of February. This maintenance involved the following activities execution: the three turbines inspection, corrective balancing of the steam turbine, maintenance of auxiliaries of the three turbines, preventive maintenance of the plant equipment, and the steam turbine's transformer annual maintenance.

COMMERCIAL STRATEGY:

- On January 31st, Antofagasta Minerals and Colbun signed a 100% renewable energy supply contract for the project "Nueva Centinela". The contract, has a term of 15 years and is for a total of up to 912 GWh starting from 2025.
- On March 1st, Colbun reaffirmed its environmental commitment with the signing of a new 100% renewable energy supply contract with Codelco, which will enter into force in January 2026 for 15 years, providing up to 1,100 GWh per year.
- During this year, power purchases agreements have been signed with 22 clients for up to 2,070 GWh per year.

PROJECTS PROGRESS:

- On January 25th, Fenix Power began the operation of its first green hydrogen plant. This project, which includes a photovoltaic plant and an electrolyzer, represents a significant advance in the development and promotion of clean and renewable hydrogen in Peru. In addition, it will allow to replace 100% of the gray hydrogen consumed by the plant, reducing its carbon footprint by around 70 tons of CO₂ equivalent per year.
- On January 26th, the Company began the environmental impact assessment for the Cuatro Vientos wind farm, in Llanquihue. This project will consist of 48 wind turbines, with an installed capacity of up to 360 MW.
- On January 30th, the Environmental Evaluation Service ruled on the relevance entered into the Environmental Impact Assessment Service (EIAS) of the Project "Implementation of the Diego de Almagro Sur 1 Photovoltaic Park Battery System", indicating that the project is not forced to submit to the EIAS. Note that this relevance had the goal of determining the type of environmental permit needed for the installation of a 1,000 MWh storage system. On the other hand, the battery's pilot project of 8MW is in commercial operation since March 8th.
- On January 31st, the EIAS of Arica and Parinacota Region announced the approval of the Company's Celda Solar photovoltaic and energy storage project, which includes an installed capacity of up to 422 MW and 240 MW batteries for 5 hours, with 1,200 MWh of energy.

- On March 14th, Fenix entered the Bayóvar Project into Environmental Impact Studies (EIS) for evaluation by the authority. The project has a maximum installed capacity of 660 MW to be built in 2 phases. This wind farm is located in the department of Piura and operates a total area of approximately 8,800 hectares of private property.
- During the first quarter of 2024, 80% progress was reached on the Horizonte wind project. On the other hand, on March 28, the Company entered a modification project into the Environmental Impact Assessment System, which will increase the current capacity by 20%. This expansion will add up to 180 MW of additional capacity through the installation of 24 new wind turbines.

Subsequent Highlights

DIVIDENDS:

- On April 25th, the Ordinary Shareholders' Meeting agreed to distribute a final dividend of US\$27.0 million, which added to the US\$169.8 million paid in December 2023 reached US\$196.8 million, which represents 50% of the distributable net income for the year 2023, according to the Dividend Distribution Policy agreed on the 2023 Annual Shareholder's Meeting.

2. PHYSICAL SALES AND GENERATION BALANCE

2.1. Physical sales and generation balance in Chile

Table 1 shows a comparison between physical energy and capacity sales, and generation in 1Q23 and 1Q24.

Table 1: Physical sales and generation in Chile

Sales	Quarterly Figures		Var %
	1Q23	1Q24	Q/Q
Total Physical Sales (GWh)	3,363	3,131	(7%)
Regulated Clients	621	248	(60%)
Unregulated Clients	2,438	2,330	(4%)
Sales to the Spot Market	304	553	82%
Capacity Sales (MW)	1,629	1,336	(18%)

Generation	Quarterly Figures		Var %
	1Q23	1Q24	Q/Q
Total Generation (GWh)	3,445	3,224	(6%)
Hydraulic	956	1,624	70%
Thermal	2,274	1,398	(39%)
Gas	1,641	831	(49%)
Diesel	23	2	(91%)
Coal	611	565	(7%)
VRE	216	202	(6%)
Wind*	19	21	10%
Solar**	197	181	(8%)
Spot Market Purchases (GWh)	0	0	-
Sales - Purchases to the Spot Market (GWh)	304	553	82%

(*): Includes energy purchased from Punta Palmeras wind farm.

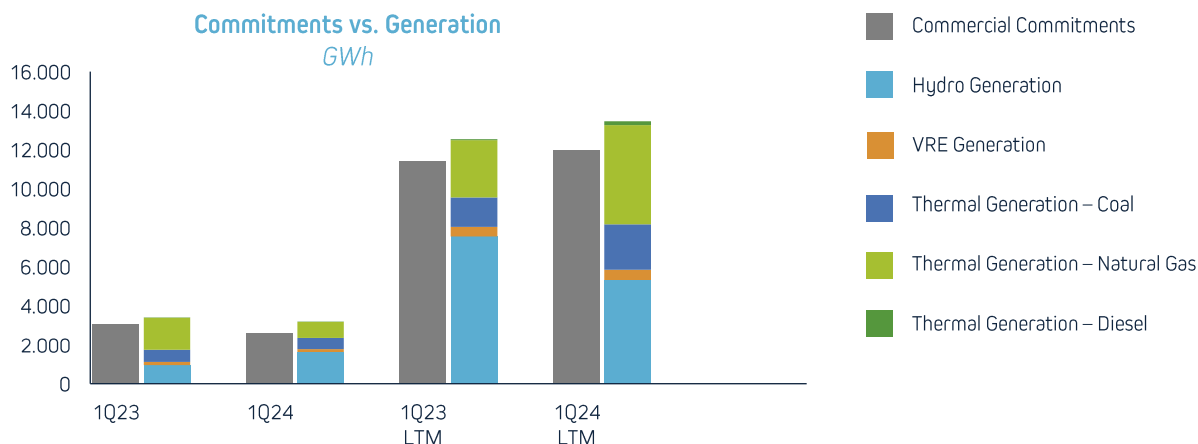
(**): Includes energy purchased from Imelsa solar pv plant.

VRE: Variable renewable energies.

● **Physical sales** during 4Q23 reached **3,131 GWh**, decreasing by 7% compared to 1Q23, mainly due to (1) lower sales to regulated clients driven by the expiration of this segment contracts in Dec23 and (2) lower physical sales to unregulated clients explained by a lower consumption recorded this quarter by the mining industry. These effects were partially offset by higher physical sales to the spot market.

● On the other hand, **generation** for the quarter reached **3,224 GWh**, decreasing 6% compared to 1Q23. This was mainly due to lower thermal generation (-876 GWh), primarily due to a lower gas generation (-810 GWh) explained by a lower economic dispatch and the unavailability of Unit 1 of the Nehuenco Complex until January 20th due to the fire incidence in 3Q23. These effects were partially offset by a higher hydroelectric generation (+668 GWh), attributed to better hydrological conditions since June of last year.

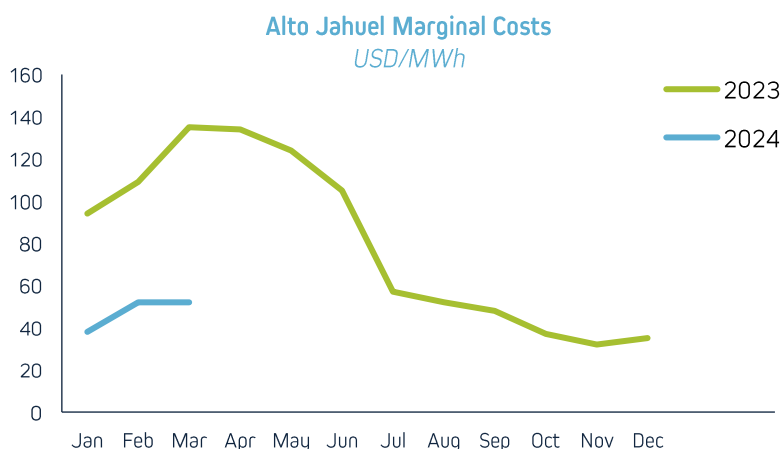
● The **Spot market balance** during the quarter recorded net sales of **553 GWh**, increasing 82% compared to the net sales of 304 GWh in 4Q22. This variation is mainly explained by the lower regulated and unregulated clients consumption previously mentioned.



● **Generation mix in Chile:** As of Mar-24, the hydrological year (Apr23-Mar24) presented surpluses in terms of rainfalls of an average year in the main SEN basins. The surpluses were; Maule: +43%; Laja: +37%; Biobío: +21%. On the other hand, presented deficits on Chapo: -2% and Aconcagua basin: -18%. Average marginal cost decreased 60%, being Alto Jahuel the one that presented the highest decrease, from US\$114.5/MWh in 1Q23 to US\$47.2/MWh in 1Q24.

Table 2: SEN Generation

SEN Generation	Quarterly Figures		Var % Q/Q
	1Q23	1Q24	
Total Generation (GWh)	20,870	21,653	4%
Hydraulic	4,243	6,086	43%
Gas	4,995	3,380	(32%)
Diesel	247	48	(81%)
Coal	3,584	3,532	(1%)
Wind	2,296	2,473	8%
Solar	4,832	5,309	10%
Others	673	825	23%



2.2. Physical sales and generation balance in Peru

Table 3 shows a comparison between physical energy and capacity sales and generation in 1Q23 and 1Q24.

Table 3: Physical sales and generation in Peru

Sales	Quarterly Figures		Var %
	1T23	1T24	Q/Q
Total Physical Sales (GWh)	950	817	(14%)
Regulated Clients	505	298	(41%)
Unregulated Clients	363	281	(23%)
Sales to the Spot Market	82	239	-
Capacity Sales (MW)	570	571	0%
Generation	Quarterly Figures		Var %
	1T23	1T24	Q/Q
Total Generation (GWh)	969	771	(20%)
Gas	969	771	(20%)
Spot Market Purchases (GWh)	5	66	-
Sales - Purchases to the Spot Market (GWh)	77	173	-

● **Physical sales** during 1Q24 reached **817 GWh**, decreasing by 14% compared to 1Q23, primarily due to (1) lower sales to regulated clients due to an option execution that extend the contracts maturity, at the expense of lowering the annual contracted capacity and (2) lower sales to unregulated clients given the expiration of contracts in this segment Dec23. These effects were partially offset by higher sales to the spot market.

● On the other hand, Fenix's **generation** reached **771 GWh**, a 20% decrease compared to 1Q23, mainly due to the maintenance carried out, which meant it was out of service for the last 16 days of February.

● **The spot market balance** in 1Q24 registered net sales of **173 GWh**, compared to net sales of 77 GWh during 1Q23, due to the lower consumption of clients under contract previously mentioned.

● **Generation mix in Peru:** The Mantaro river basin, which supplies the main hydroelectric complex in Peru, CH Mantaro and CH Restitución (900 MW), presented a hydrological condition with a 10% probability of exceedance as of Mar24, compared to 78% as of Mar23.

In cumulative terms, hydroelectric generation in the National Interconnected Electric System (SEIN) increased by 10% compared to Mar-23, primarily due to the better hydrology. On the other hand, thermoelectric generation decreased by 15% as of Mar-24 compared to Mar-23, mainly due to the better hydroelectric generation, given the better hydrological conditions previously mentioned.

The electricity demand growth rate at the end of 1Q24 was 4% compared to 1Q23, mainly driven by the increase in consumption from the regulated segment. Santa Rosa's average marginal cost during 1Q24 reached approximately US\$31/MWh, in line with the US\$32/MWh recorded during 1Q23.

3. INCOME STATEMENT ANALYSIS

Table 4 presents a summary of the Consolidated Income Statement (Chile and Peru) in 1Q23 and 1Q24.

Table 4: Income Statement (US\$ million)

	Quarterly Figures		Var % Q/Q
	1Q23	1Q24	
OPERATING INCOME	554.6	382.0	(31%)
Regulated Customers Sales	123.3	49.8	(60%)
Unregulated Customers Sales	305.3	243.4	(20%)
Energy and Capacity Sales	108.3	73.1	(33%)
Other Operating Income	17.6	15.7	13%
RAW MATERIALS AND CONSUMABLES USED	(323.6)	(196.4)	(39%)
Transmission Tolls	(38.4)	(34.2)	(11%)
Energy and Capacity Purchases	(32.9)	(10.8)	(67%)
Gas Consumption	(178.6)	(94.0)	(47%)
Diesel Consumption	(7.4)	(1.0)	(87%)
Coal Consumption	(45.7)	(33.5)	(27%)
Other Operating Expenses	(20.6)	(23.0)	12%
GROSS PROFIT	231.0	185.6	(20%)
Personnel Expenses	(22.2)	(21.3)	(4%)
Other Expenses, by Nature	(16.6)	(16.9)	2%
Depreciation and Amortization Expenses	(50.6)	(50.9)	1%
OPERATING INCOME (LOSS) (*)	141.6	96.5	(32%)
EBITDA	192.2	147.5	(23%)
Financial Income	15.4	15.3	(0%)
Financial Expenses	(23.1)	(18.4)	(21%)
Exchange rate Differences	1.0	0.6	(37%)
Profit (Loss) of Companies Accounted for Using the Equity Method	4.0	3.0	(25%)
Other Profit (Loss)	(16.5)	(17.1)	4%
NON-OPERATING INCOME	(19.3)	(16.6)	(14%)
PRE-TAX PROFIT (LOSS)	122.3	79.9	(35%)
Income Tax Expense	(30.4)	(21.1)	(31%)
AFTER TAX PROFIT (LOSS)	91.9	58.8	(36%)
PROFIT (LOSS) OF CONTROLLER	87.9	58.6	(33%)
PROFIT (LOSS) ATTRIBUTABLE TO MINORITY INTEREST	4.1	0.2	(95%)

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

Table 5: Closing Exchange Rates

Exchange Rates	Dec-23	Mar-24
Chile (CLP / US\$)	877.12	981.71
Chile UF (CLP/UF)	36,789.36	37,093.52
Peru (PEN / US\$)	3.71	3.72

3.1. Chile's Operating Income Analysis

Table 6 presents a summary of Operating Income and EBITDA in 1Q23 and 1Q24. Subsequently, the major accounts and/or variations will be analyzed.

Table 6: EBITDA Chile (US\$ million)

	Quarterly Figures		Var %
	1Q23	1Q24	Q/Q
OPERATING INCOME	495.0	331.1	(33%)
Regulated Customers Sales	83.1	26.1	(69%)
Unregulated Customers Sales	290.1	228.2	(21%)
Energy and Capacity Sales	106.5	64.5	(39%)
Other Operating Income	15.4	12.3	(20%)
RAW MATERIALS AND CONSUMABLES USED	(293.7)	(167.9)	(43%)
Transmission Tolls	(37.4)	(32.8)	(12%)
Energy and Capacity Purchases	(31.2)	(9.4)	(70%)
Gas Consumption	(154.3)	(71.0)	(54%)
Diesel Consumption	(7.4)	(0.9)	(87%)
Coal Consumption	(45.7)	(33.5)	(27%)
Other Operating Expenses	(17.7)	(20.2)	14%
GROSS PROFIT	201.4	163.2	(19%)
Personnel Expenses	(19.7)	(18.8)	(5%)
Other Expenses, by Nature	(14.6)	(14.8)	1%
Depreciation and Amortization Expenses	(41.6)	(42.1)	1%
OPERATING INCOME (LOSS) (*)	125.5	87.5	(30%)
EBITDA	167.1	129.7	(22%)

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

● **Operating Income** for 1Q24 amounted to **US\$331.1 million**, decreasing by 33% compared to the US\$495.0 million recorded in 1Q23, mainly due to (1) lower sales to unregulated clients associated to the lower average sale price, given the decrease in the value of these contracts' indexators, accompanied by lower physical sales in this segment, (2) lower sales to regulated clients, mainly associated with contracts' expirations in this segment, and (3) lower sales in the spot market, primarily explained by a lower average sale price.

● **Costs of raw materials and consumables used** in 1Q24 totaled **US\$167.9 million**, decreasing by 43% compared to 1Q23, primarily due to (1) lower gas consumption costs associated with lower generation from this fuel, (2) lower energy and capacity purchases, mainly due to the previously mentioned contract's expiration, and (3) lower coal consumption costs explained by the lower average price of this fuel compared to 1Q23.

● **EBITDA** for 1Q24 reached **US\$129.6 million**, decreasing by 22% compared to the EBITDA of US\$167.1 million in 1Q23, mainly due to the lower operating income, partially offset by lower raw materials and consumables used cost previously mentioned.

3.2. Peru's Operating Income Analysis

Table 7 shows a summary of Fenix's Operating Income and EBITDA for the quarters 1Q23 and 1Q24. Subsequently, the main accounts and/or variations will be analyzed.

Table 7: EBITDA Peru (US\$ million)

	Quarterly Figures		Var %
	1Q23	1Q24	Q/Q
OPERATING INCOME	59.6	50.9	(15%)
Regulated Customers Sales	40.2	23.8	(41%)
Unregulated Customers Sales	15.3	15.2	(0%)
Energy and Capacity Sales	1.8	8.6	-
Other Operating Income	2.2	3.4	51%
RAW MATERIALS AND CONSUMABLES USED	(29.9)	(28.5)	(5%)
Transmission Tolls	(1.0)	(1.3)	30%
Energy and Capacity Purchases	(1.7)	(1.3)	(19%)
Gas Consumption	(24.3)	(23.0)	(5%)
Diesel Consumption	0.0	(0.0)	-
Other Operating Expenses	(3.0)	(2.8)	(4%)
GROSS PROFIT	29.6	22.3	(25%)
Personnel Expenses	(2.5)	(2.5)	(2%)
Other Expenses, by Nature	(2.1)	(2.3)	12%
Depreciation and Amortization Expenses	(9.0)	(8.8)	(1%)
OPERATING INCOME (LOSS) (*)	16.0	8.7	(46%)
EBITDA	25.0	17.6	(30%)

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

● **Operating income** in 1Q24 amounted to **US\$50.9 million**, decreasing by 15% compared to the income of US\$59.6 million recorded in 1Q23, mainly explained by lower sales to regulated clients due to the lower contracted annual capacity associated with the contracts' expiration in this segment. This effect was partially offset by higher energy and capacity sales to the spot market driven by lower physical sales to clients under contract.

● **Raw materials and consumables used costs** in 1Q24 amounted to **US\$28.5 million**, decreasing by 5% compared to 1Q23, mainly explained by lower gas consumption costs associated with the reduced generation from this fuel due to the power plant unavailability resulting from its maintenance, carried out at the end of February.

● **Fenix's EBITDA totaled US\$17.6 million** in 1Q24, decreasing by 30% compared to the EBITDA of US\$25.0 million recorded in 1Q23, primarily driven by the lower sales to regulated clients mentioned earlier. This effect was partially offset by lower gas consumption costs.

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

Table 8 shows a summary of the Consolidated Non-Operating Result (Chile and Peru) in 1Q23 and 1Q24. Subsequently, the main accounts and/or variations will be analyzed.

Table 8: Consolidated Non-Operating Result (US\$ million)

	Quarterly Figures		Var %
	1Q23	1Q24	Q/Q
Financial Income	15.4	15.3	(0%)
Financial Expenses	(23.1)	(18.4)	(21%)
Exchange rate Differences	1.0	0.6	(37%)
Profit (Loss) of Companies Accounted for Using the Equity Method	4.0	3.0	(25%)
Other Profit (Loss)	(16.5)	(17.1)	4%
NON-OPERATING INCOME	(19.3)	(16.6)	(14%)
PRE-TAX PROFIT (LOSS)	122.3	79.9	(35%)
Income Tax Expense	(30.4)	(21.1)	(31%)
AFTER TAX PROFIT (LOSS)	91.9	58.8	(36%)
PROFIT (LOSS) OF CONTROLLER	87.9	58.6	(33%)
PROFIT (LOSS) ATTRIBUTABLE TO MINORITY INTEREST	4.1	0.2	(95%)

- **Non-operating Income** for 1Q24 recorded a loss of **US\$16.6 million**, which compares to the loss of US\$19.3 million during 1Q23, mainly associated with lower financial costs due to the higher engagements associated with the Horizonte project.
- In 1Q24, a **tax expense** of **US\$21.1 million** was recorded, compared to a US\$30.4 million tax expense in 1Q23. This decrease is mainly attributed to the lower profit recorded during the period.
- The Company reported a **profit** of **US\$58.8 million** in 1Q24, compared to the US\$91.9 million profit obtained in 1Q23, primarily due to the lower EBITDA previously mentioned. This impact was partially offset by (1) the lower tax expense in this period and (2) a lower non-operating loss recorded during the period.

4. CONSOLIDATED BALANCE SHEET ANALYSIS

Table 9 shows an analysis of the Balance Sheet's relevant accounts as of Dec-23 and Mar-24. Subsequently, the main variations will be analyzed.

Table 9: Consolidated Balance Sheet Main Accounts for Chile and Peru (US\$ million)

	Dec-23	Mar-24	Var	Var %
Current assets	1,426.2	1,422.0	(4.2)	(0%)
Non-current assets	5,234.5	5,258.3	23.8	0%
TOTAL ASSETS	6,660.7	6,680.3	19.6	0%
Current liabilities	470.8	448.7	(22.1)	(5%)
Non-current liabilities	3,092.6	3,078.7	(13.9)	(0%)
Total net equity	3,097.3	3,152.9	55.6	2%
TOTAL LIABILITIES AND NET EQUITY	6,660.7	6,680.3	19.6	0%

- **Current Assets:** Reached **US\$1,422.0 million** as of Mar-24, in line with the current assets registered as of Dec-23.
- **Non-current Assets:** Recorded **US\$5,258.3 million** as of Mar-24, in line with the non-current assets registered as of Dec-23.
- **Current Liabilities:** Totaled **US\$448.7 million** as of Mar-24, decreasing by 5% compared to the current liabilities recorded as of Dec-23, mainly due to (1) lower accounts payable levels mainly associated with payments of energy and capacity purchases in the spot market and ancillary services payments, (2) lower employee benefit provisions, and (3) lower short-term financial debt resulting from amortizations and interest payments in Peru and Chile.
- **Non-current Liabilities:** Reached **US\$3,078.7 million** as of Mar-24, in line compared to the non-current liabilities recorded as of Dec-23.
- **Total Net Equity:** The Company reached a Net Equity of **US\$3,152.9 million**, increasing by 2% compared to the Net Equity recorded as of Dec-23, primarily due to the profits recorded during the quarter.

Table 10: Main Debt Items (US\$ million)

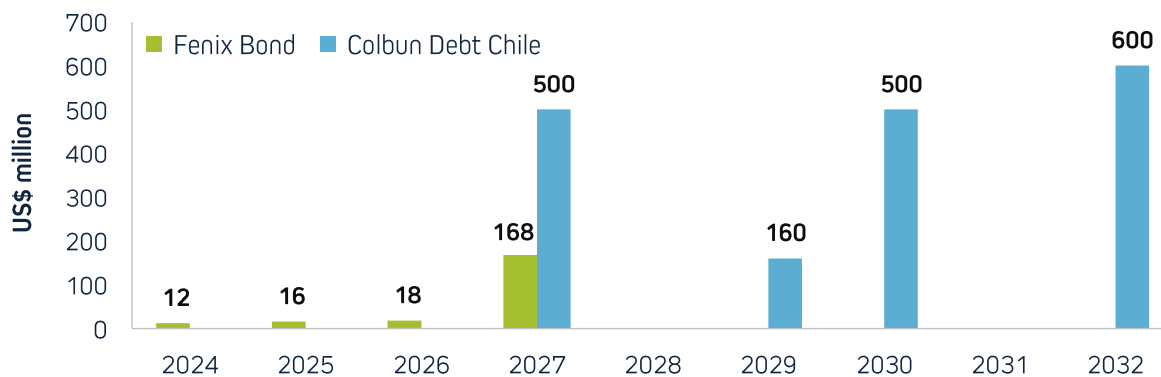
	Dec-23	Mar-24	Var	Var %
Gross Financial Debt*	2,123.3	2,101.8	(21.5)	(1%)
Financial Investments**	1,031.1	990.1	(41.0)	(4%)
Net Debt	1,092.2	1,111.6	19.4	2%
EBITDA LTM	713.9	669.2	(44.7)	(6%)
Net Debt/EBITDA LTM	1.5	1.7	0.1	9%

(*) The amount includes debt associated to Fenix without recourse to Colbun: (1) an international bond with an outstanding capital of US\$214.0 million, (2) a financial leasing for US\$11.3 million associated with a transmission contract with Consorcio Transmataro, (3) a US\$92.9 million financial leasing associated with a gas distribution contract with Calidda, and (4) credit lines for US\$25.0 million.

(**) The account "Financial Investments" presented includes: (1) the amount associated to time deposits that, for having an investment term of more than 90 days, are recorded as "Other Current Financial Assets" in the Financial Statements; y (2) an investment in a fixed-income portfolio, which, for having an investment term of less than 1 year, is recorded as "Other Current Financial Assets" in the Financial Statements.

Table 11: Long Term Financial Debt

Average Life	5.7 years
Average Rate	3.8%
Currency	100% USD



5. CONSOLIDATED FINANCIAL RATIOS

A comparative table of consolidated financial indicators as of Dec-23 and Mar-24 is presented below. Balance Sheet financial indicators are calculated at the specified date and Income Statement ratios include the accumulated result over the last twelve months as of the indicated date.

Table 12: Financial Ratios

Ratio	Dec-23	Mar-24	Var %
Current Liquidity: Current Assets in operation / Current Liabilities in operation	3.03	3.17	5%
Acid Test: (Current Assets - Inventory - Advanced Payments) / Current Liabilities in operation	2.81	2.97	5%
Debt Ratio: (Current Liabilities in Operation + Non-current Liabilities) / Total Net Equity	1.15	1.12	-3%
Short-term Debt (%): Current Liabilities in operation / (Current Liabilities in operation + Non-current Liabilities)	13.21%	12.72%	-4%
Long-term Debt (%): Non-current Liabilities in operation / (Current Liabilities in Operation + Non-current Liabilities)	86.79%	87.28%	1%
Financial Expenses Coverage: (Profit (Loss) Before Taxes + Financial Expenses) / Financial Expenses	7.42	7.27	-2%
Equity Profitability (%): Profit (Loss) After Taxes, Continuing Activities / Average Net Equity	13.04%	11.76%	-10%
Profitability of Assets (%): Profit (Loss) Controller / Total Average Assets	5.91%	5.45%	-8%
Operating Income / Property, Plant and Equipment, Net (Average)	10.41%	9.44%	-9%

Income Statement ratios correspond to last 12 months values.

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

- **Current Liquidity** and **Acid Test Ratio** reached **3.17x** and **2.97x** as of Mar-24, increasing both by 5% compared to the values as of Dec-23. This increase is primarily due to lower current liabilities associated with (1) lower accounts payable levels mainly associated with payments of energy and capacity purchases, (2) lower employee benefits provisions, and (3) the Company's decreased short-term financial debt.
- **The Indebtedness Ratio** reached **1.12x** as of Mar-24, decreasing by 3% compared to the value of 1.15x as of Dec-23, primarily due to the lower current liabilities, as mentioned above.
- The percentage of **Short-Term Debt** as of Mar-24 was **12.72%**, decreasing by 4% compared to the value of 13.21% as of Dec-23, mainly due to the reduction in current liabilities mentioned above, while non-current liabilities remained in line compared with Dec-23 amounts.
- The percentage of **Long-Term Debt** as of Mar-24 was **87.28%**, increasing by 1% compared to the value of 86.79% as of Dec-23, primarily due to the reduction in current liabilities mentioned above, while non-current liabilities remained in line with Dec-23 amounts.
- The **Financial Expenses Coverage** as of Mar-24 reached **7.27x**, decreasing by 2% compared to the value of 7.42x as of Dec-23. The variation is mainly explained by the lower profits recorded in the period.
- The **Equity Profitability** as of Mar-24 was **11.76%**, decreasing by 10% compared to the value of 13.04% recorded as of Dec-23. The variation is mainly explained by the lower profits recorded in the period.
- **Profitability of Assets** as of Mar-24 was **5.45%**, recording an 8% decrease compared to the value of 5.91% as of Dec-23, primarily due to the lower profits recorded in the period.
- The **Performance of Operating Assets** as of Mar-24 was **9.44%**, decreasing by 9% compared to the value of 10.41% as of Dec-23, primarily due to higher property, plant, and equipment, associated to Horizonte wind farm project advance, and to the lower operational result recorded in the period.

6. CONSOLIDATED CASH FLOW ANALYSIS

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

Table 13: Cash Flow Summary for Chile and Peru (US\$ million)

	Quarterly Figures		Var %
	1Q23	1Q24	Q/Q
Cash Equivalents, Beg. of Period*	1,154.5	1,031.1	(11%)
Net cash flows provided by (used in) operating activities	77.9	74.7	(4%)
Net cash flows provided by (used in) financing activities	(46.8)	(47.6)	2%
Net cash flows provided by (used in) investing activities**	(122.1)	(46.6)	(62%)
Net Cash Flows for the Period	(91.0)	(19.5)	(79%)
Effects of exchange rate changes on cash and cash equivalents	(1.6)	(21.4)	-
Cash Equivalents, End of Period	1,061.9	990.1	(7%)

(*) The account "Cash and Cash Equivalents" presented includes: (1) the amount associated to time deposits that, for having an investment term of more than 90 days, are recorded as "Other Current Financial Assets" in the Financial Statements.; and (2) an investment in a fixed-income portfolio, which, for having an investment term of more less 1 year, is recorded as "Other Current Financial Assets" in the Financial Statements.

(**) Cash Flow from Investing Activities" differs from the Financial Statements since it does not incorporate the amount associated with deposits with maturity over 90 days and the investment in a fixed income portfolio.

During 1Q24, the Company reported a **negative net cash flow of US\$19.5 million**, which compares to the negative net cash flow of US\$91.0 million in 1Q23.

● **Operating Activities:** During 1Q24, a positive net cash flow of **US\$74.7 million** was generated, compared to the positive net cash flow of **US\$77.9 million** in 1Q23, mainly explained by the lower operational income recorded during the period.

● **Financing Activities:** Generated a negative net cash flow of **US\$47.6 million** during 1Q24, in line with the negative net cash flow of US\$46.8 million in 1Q23.

● **Investment Activities:** Generated a negative net cash flow of **US\$46.6 million** during 1Q24, compared to a negative net cash flow of US\$122.1 million in 1Q23, mainly explained by lower CAPEX disbursements associated with the Horizonte wind project, compared with this project disbursements during the 1Q23.

7. ENVIRONMENT AND RISK ANALYSIS

Colbun S.A. is a power generation company whose installed capacity reaches 3,991 MW composed by 2,134 MW of thermal units, 1,627 MW of hydraulic units and 230 MW of solar photovoltaic power plants. The Company operates in the National Electric System (SEN) in Chile, representing 15% of the market. It also operates in the National Interconnected Electric System (SEIN) in Peru, where it has approximately 5% of market share. Both participations measured in terms of generation.

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

7.1 Medium-term outlook in Chile

As of Mar-24, the last month of the hydrological year (Apr-23 – Mar-24), the main basins of the SEN have accumulated greater rainfall than an average year. The surpluses were: Maule: +43%; Laja: +37%; and Biobio: +21%. On the other side, there were deficits in Chapo: -2%; and Aconcagua: -18%. Compared to the previous hydrological year, the Aconcagua, Maule, Laja, Bioibio and Canutillar basins presented variations in precipitation of +64%, +60%, +54%, +20%, and +8% respectively. In terms of inflow energy, the hydrological year ended with a probability of exceedance of 57%.

The Company has a contract with Enap Refinerías S.A. ("ERSA") which includes reserved regasification and supply capacity for 13 years, which came into force on January 1, 2018. This agreement provides natural gas to operate two combined cycle units during most of the first half of the year, period in which there is generally a lower availability of water resources. In addition, it is possible to access natural gas via spot purchases. Additionally, firm supply contracts for Argentine natural gas were signed for 2.3 MMm³/day for the period October 2023 - April 2024, 1.2 MMm³/day for the period May 2024 - September 2024 and 1.3 MMm³/day for the period October 2024 - December 2024.

During this year, power purchase agreements have been signed in Chile with 22 clients for an annual total of 2,070 GWh. Among the mains contracts signed, the contract to supply renewable energy to Codelco stands out, for a total of 1,100 GWh per year for 15 years starting in January 2026, and with Antofagasta Minerals associated with the "Nueva Centinela" project, for a total of up to 912 GWh per year starting from the year 2025 for 15 years.

The Company's results for the upcoming months will be determined mainly by the ability to achieve a balanced level between cost-efficient own generation and contracting level. Such efficient generation will depend on the reliable operation that our plants may have, the hydrological conditions and the terms and volumes in which the purchase of natural gas is contracted if the dry hydrological condition is maintained.

7.2 Medium-term outlook in Peru

As of the first quarter of 2024, the SEIN registered a hydrological condition with a probability of exceedance of 10%, compared to 78% recorded in 2023.

In 1Q24, electricity demand increased by 4% compared to the same period in 2023, due to an increase in mining and regulated client demand. On the other hand, compared to the previous quarter, during 1Q24 an increase in energy demand of 2% was recorded.

Santa Rosa's average marginal cost during 1Q24 reached US\$31/MWh, in line with the US\$32/MWh in 1Q23.

7.3 Growth plan and long-term actions

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

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

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

Generation projects under development - Chile

Project	Installed Capacity	Technology	Location	Status
Horizonte	816 MW	Wind	Antofagasta Region	Under Construction
Celda Solar	422 MW + 1,200 MWh	Photovoltaic + Storage System	Arica y Parinacota Region	Environmentally Approved
BESS Diego de Almagro	1,000 MWh	Storage System	Atacama Region	Environmentally Approved
Inti Pacha	750 MW + 2,000 MWh	Photovoltaic + Storage System	Antofagasta Region	Environmentally Approved
Jardín Solar	537 MW + 1,000 MWh	Photovoltaic + Storage System	Tarapacá Region	Environmentally Approved
Cuatro Vientos	360 MW	Wind	Los Lagos Region	Under Environmental Studies
Junquillos	473 MW	Wind	Biobío Region	Under Environmental Studies
Horizonte Expansion	180 MW	Wind	Biobío Region	Under Environmental Impact Assessment
New Selector S/S Lullaillo	500kV	Transmission	Antofagasta Region	Engineering and Permissions

● **Horizonte Wind Farm project (816 MW):** Horizonte is a wind farm located 130 km northeast of Taltal and 170 km southwest of Antofagasta. It considers a minimum installed capacity of 816 MW, which is made up of 140 machines of 5.83 MW each and an average annual generation of approximately 2,450 GWh. It considers the connection to SEN in the Parinas substation, located 19 kms from the project.

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

On September 13, 2021, the SEA issued the Environmental Qualification Resolution (Resolución de Calificación Ambiental or RCA) of the project. On September 21, the approval by the Board of Directors of the start of construction was announced at a meeting held in Taltal. On November 8 of the same year, the beginning of the Construction Phase of the Project was declared before the Superintendence of the Environment.

The approved investment for this project reaches US\$898 million. The entry into operation of Transelec's Parinas substation took place in January 2024, with which, in accordance with plans, the testing and commissioning period of the first wind turbines will begin in May 2024. On the other side, the entry into operation of the last wind turbines is projected towards 4Q24.

By the first quarter of 2024, 80% progress on the project was reached. The assembly of the turbines continues to progress, reaching the mechanical completion of 68 wind turbines. In addition, the construction of internal roads and wind turbine platforms is finished. The substations, transmission lines and medium voltage networks, have a cumulative progress of 93% with respect to the complete electrical works. In total, 851 main components have been unloaded to date at the wind turbine site,

including blades, towers, bushings, hubs and generators. It is worth highlighting the challenge that has been to transport the oversized components of the wind turbines from Puerto Angamos in Mejillones to the Project, 170 km south of La Negra – Antofagasta, due to the shortage of police escorts available for these transfers. Since December 2023, an improvement has been observed in the frequency of transport of wind turbine components, after the implementation of private escorts for certain sections of the transport route).

◆ **Celda Solar Photovoltaic Project and BESS (422 MW + 1,200 MW):** The project considers the installation of a solar power generation park that has an installed capacity of close to 420 MW plus 1,200 MWh in batteries (BESS) in two phases, with a first phase of 230 MWDC of photovoltaic park and 120 MW/5h – 600 MWh of energy storage. An average annual generation of approximately 610 GWh is estimated for phase 1. This solar farm is located approximately 76 km south of Arica, in the commune of Camarones in the Arica and Parinacota Region and uses a total area of approximately 960 ha.

The energy generated will be injected into the Interconnected System through a 3.5 km long power transmission line, connecting to the new Roncacho substation.

This project originates from the award of 3 concessions of onerous use tendered by the Ministry of National Assets, which were signed in 3Q19.

The National Electrical Coordinator approved, in 1Q23, the Request for Authorization to connect the project to Roncacho S/S.

The Environmental Impact Study for a 420 MW photovoltaic project and a 240 MW BESS with 5 hours duration, was entered into processing in 3Q22 and approved on January 31st, 2024.

Currently, it is in the process of closing tenders and defining the business case to present the background and make the investment decision.

◆ **Batteries - Diego de Almagro Project (1,000 MWh):** The Project considers the installation of a battery park with a capacity of 1,000 MWh in the installations of the Diego de Almagro photovoltaic park. The evacuation of energy will be through the existing infrastructure of the photovoltaic park.

In 1Q24, the Environmental Evaluation Service ruled on the relevance of entering the Environmental Impact Assessment System (EIAS) of the Project “Implementation of the Diego de Almagro Sur 1 Photovoltaic Park Battery System”, indicating that it is not forced to submit to the EIAS.

◆ **Photovoltaic Solar Project and BESS Inti Pacha I, II and III (250 MW each + 2,000 MWh):** This solar project is located approximately 75 km east of Tocopilla, in the María Elena commune, Antofagasta Region. It will use a total area of 1,000 ha.

The project considers the installation of a solar energy generation park in three phases, with an installed capacity of approximately 250 MW per phase and a total annual generation of approximately 2,000 GWh considering the three phases, which will be injected into the Interconnected System through an electric transmission line of approximately 3 km in length, connecting to the Crucero substation.

This project originates from the awarding of 3 CUOs (Onerous Use Concessions) tendered by the Ministry of National Assets.

The easement contract for the connection line to SE Crucero for Inti Pacha I and II was signed in 1Q23.

The National Electric Coordinator approved, in 1Q23, the Connection Authorization Request of the project to the Crucero Substation with a deadline to Declare in construction by April 2024.

In 1Q24, the Environmental Evaluation Service ruled on the relevance of entering the Environmental Impact Assessment System (hereinafter “EIAS”) of the “Energy storage system in the Inti Pacha PV” Project, indicating that it is not forced to submit to the EIAS.

◆ **Photovoltaic Solar Project and BESS Jardín Solar (537 MW + 1,000 MWh):** The Project considers the installation of a solar energy generation park with an installed capacity of approximately 537 MW to be built in 2 stages of 263 MW and 274 MW respectively, and an average annual generation of approximately 1,500 GWh. This solar park is located approximately 8 km southeast of the town of Pozo Almonte, in the commune of Pozo Almonte in the Tarapacá Region, and uses a total area of approximately 1,000 ha.

The energy generated will be injected into the Interconnected System through an electric transmission line, which starts at the S/E associated with the park, and has an approximate extension of 3 km, connecting to the new Pozo Almonte substation located 2.5 km 2.5 km northeast of the intersection of the highway to La Tirana with the Pan-American Highway.

The project obtained its RCA in 3Q21.

In 1Q24, the Environmental Evaluation Service ruled on the relevance of entering the Environmental Impact Assessment System (hereinafter "EIAS") of the "Energy Storage System in the PF Jardín Solar" Project, indicating that it is not forced to submit to the EIAS.

● **Cuatro Vientos Wind Farm Project (360 MW):** It is located in Llanquihue, in the Los Lagos Region. It will contemplate the installation of 48 wind turbines of 7.5 MW of nominal capacity each, totaling a maximum installed capacity of 360 MW, with an annual energy generation of approximately 800 GWh per year and a plant factor of 25%.

The Project's transmission system considers the construction of the Cuatro Vientos 33/220 kV Lift Substation and a 15 km double-circuit Electric Transmission Line that will be connected to the existing Tineo Substation, located in the commune of Llanquihue.

● **Junquillos Wind Farm Project (360 MW):** The Junquillos project is a wind farm located 15 km northwest of the city of Mulchén, in the commune of Mulchén in the Biobío Region. It will include the installation of a maximum of 63 wind turbines (up to 7.5 MW each), which will result in an installed capacity of up to 473 MW.

The energy generated will be injected into the Interconnected System through a 12 km power transmission line to S/S Mulchén.

During 4Q23, the project's EIA was submitted to environmental processing.

During 1Q24, within the framework of the environmental processing of the project, Addendum 2 to the EIA was prepared to enter the SEIA in June 2024. Currently, it is in the indigenous consultation process by the SEA.

In 1Q24, Citizen Participation (CAP) and review of the EIA were carried out by 21 Services, with 17 official letters issued.

● **Expansion of the Horizonte Wind Farm (180 MW):** The expansion includes the installation of up to 24 new wind turbines, with a maximum nominal capacity of 7.5 MW each, which will add up to an additional 180 MW to its generation capacity. This expansion will increase the installed capacity of the original park that is currently under construction by up to 20%, reaching 956 MW.

Construction is estimated to begin in the second half of 2025, taking advantage of the temporary infrastructure of the original park.

In 1Q24, the Horizonte Wind Farm expansion project was entered into the Environmental Impact Assessment System (EIAS).

● **New Llullaillaco Sectioning Substation Project (500kV):** The project "New Llullaillaco 500kV Sectioning Substation" is a new initiative contained in the Expansion Plan of the National Transmission System that is part of the bidding process of the National Electrical Coordinator, generated from Exempt Decree No. 257 of the Ministry of Energy, dated December 13, 2022. This bidding process ended with the award of this project to Colbun S.A. on November 8, 2023.

The project consists of the construction of a new sectioning substation, by sectioning the 2x500 kV Parinas – Cumbre line, with its respective line and yard sections at 500 kV. Additionally, the project considers the construction of links for the sectioning of the aforementioned line at the Llullaillaco substation, maintaining, at least, the technical characteristics of the current transmission line that is sectioned.

The S/S will be located in the Province of Taltal, Antofagasta Region, 170 km south from Antofagasta, next to Route 5 North at kilometer 1,204, on land that has an area of 25 hectares.

The total term of the project is 36 months from the publication of the award decree.

During the first quarter, progress was made in carrying out environmental and human-related campaigns, as part of the preparation of the Environmental Impact Assessment, which is expected to be entered into the SEIA in September 2023.

The start of construction is estimated for the first quarter of 2025 and commissioning for the first quarter of 2027.

● **Other renewable energy projects from variable sources:** At the end of 1Q24, Colbun continues making progress in the pipeline of options for wind, solar and storage projects, which are in early stages of development. These projects are highly competitive,

locations have been chosen with the best energy resources, they have high socio-environmental feasibility, have lower investment costs and are distributed throughout the country.

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

Generation projects under development – Peru

Project	Installed Capacity	Technology	Location	Status
Bayóvar	660 MW	Wind	Piura Department	Under Environmental Studies
Tres Quebradas	238 MW	Wind	Arequipa Department	Under Environmental Studies
Algarrobal	400 MW	Photovoltaic	Moquegua Department	Preparing Environmental Studies
Naylamp	238 MW	Wind	Lambayeque Department	Preparing Environmental Studies

● **Bayóvar Wind Project (660 MW):** Bayóvar Project involves a wind generation farm with a capacity of approximately 660 MW to be built in 2 phases of 250 MW (phase 1) and 410 MW (phase 2). It is estimated that the project’s average annual generation will be of approximately 940 GWh (phase 1) and 1,400 GWh (phase 2). This wind farm is located 46 km southwest of Sechura city, in San Martín de Sechura community in Piura department and occupies a total area of approximately 8,800 hectares of private property.

The energy generated will be injected into the Interconnected System through a transmission line which starts at the substation associated with the park and has an approximate extension of 44 km, connecting at 500 kV to La Niña substation, located 11 km north of the PE-04 road junction to Bayóvar with Panamericana highway.

The project’s Pre-operability Study of phase 1 was approved in 4Q23 by the SEIN’s Economic Operation Committee (COES, as its Spanish acronym).

The project Environmental Impact Study was submitted for processing in 1Q24 and is currently under review by the National Environmental Certification Service.

● **Tres Quebradas Wind Project (238 MW):** Tres Quebradas Project involves a wind generation farm with a capacity of approximately 238 MW. It is estimated that the project’s average annual generation will be of approximately 833 GWh. This wind farm is located 23 km south of Acarí town, in Bella Unión district within Arequipa department, and occupies a approximately 3,600 hectares of property owned total area by the Peruvian State.

The energy generated will be injected into the Interconnected System through a transmission line, which starts at the substation associated with the park and has an approximate extension of 78 km, connecting at 220 kV to Poroma substation, located 13 km southwest of Poroma city.

The project’s Environmental Impact Study was submitted for processing in 1Q24 and is currently under review by the Ministry of Energy and Mines.

● **Algarrobal Photovoltaic Project (400 MW):** Algarrobal Project considers a solar generation park that will have an installed capacity of approximately 400 MW and will be built in 2 phases of approximately 250 MW (phase 1) and 150 MW (phase 2). It is estimated that the project’s average annual generation will be of approximately 1,230 GWh. This solar park is located 60 km southwest of Moquegua city, in El Algarrobal and Moquegua districts, in Moquegua department, and uses approximately 760 hectares total area owned by the Peruvian State.

The energy generated will be injected into the Interconnected System through a transmission line, which begins at the substation associated with the project, and has an approximate extension of 40 km, connecting at 220 kV to Montalvo substation, located 5 km to the northwest of Moquegua with the Pan-American Highway highway intersection.

The project's Pre-operability Study of phase 1 was approved in 1Q24 by the SEIN Economic Operation Committee (COES, as its Spanish acronym).

● **Naylamp Wind Project (238 MW):** Naylamp Project involves a wind generation park with an installed capacity of approximately 238 MW. It is estimated that the project's average annual generation will be of approximately 890 GWh. This wind park is located 10 km southeast of Mórrope city, in San Pedro de Mórrope city in Lambayeque department, and occupies a total area of approximately 3,950 hectares of private property.

The energy generated will be injected into the Interconnected System through a transmission line, which starts at the substation associated with the park and has an approximate extension of 2 km, connecting at 220 kV to the future Lambayeque Oeste substation, located 2 km southwest of the LA-661 road junction with Panamericana highway.

The project's Pre-operability Study was approved in 4Q23 by the SEI's Economic Operation Committee (COES, as its Spanish acronym).

The project's Environmental Impact Study is currently in the documentation preparation stage.

7.4 Risk Management

A. Risk Management Policy

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

Global risks management undertake the identification, measurement, analysis, mitigation and control of the different risks arising from the Company's different management departments, as well as estimating the impact on its consolidated position, follow up and control throughout time. This process involves the intervention of the Company's senior management and risk-taking areas.

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

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

B. Risk Factors

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

● B.1. Electrical Business Risks

B.1.1. Hydrological risk

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

The Company's exposure to hydrological risk is reasonably mitigated through a commercial policy that aims to maintain a balance between competitive generation (hydraulic in an average to dry year, cost-efficient coal-fired and natural gas-fired thermal generation, and other cost-efficient renewable energies and duly complemented by other generation sources given

their intermittency and volatility) and commercial commitments. In conditions of extreme and repeated droughts, an eventual lack of water for cooling would affect the combined cycles generating capacity.

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

B.1.2. Fuel price risk

In Chile, in low inflows situations to the hydraulic plants, Colbun must use its thermal plants or purchase energy in the spot market at marginal cost. The foregoing generates a risk due to variations in international fuel prices. To mitigate the impact of very relevant and unforeseen variations in fuel prices, hedging programs are carried out with various derivative instruments, such as options that fix the fuel price. Otherwise, in the face of abundant hydrology, the Company could find itself in a surplus position in the spot market, whose price would be, in part, determined by the fuel prices, but the company would be in a selling position, case in which the exposure to fuel prices would be lower.

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

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

B.1.3. Fuel supply risks

The Company has an agreement with Enap Refinerías S.A. (“ERSA”), that includes reserved regasification capacity and supply for 13 years, whose entry into force was January 1, 2018. With this contract the Company has natural gas supply to operate two combined cycle units during most of the first half of the year, a period which generally has less availability of water resources. In addition, it is possible to access additional natural gas via spot purchases. Additionally, firm supply contracts for Argentine natural gas were signed for 2.3 MMm³/day for the period October 2023 - April 2024, 1.2 MMm³/day for the period May 2024 - September 2024 and for 1.3 MMm³/day for the period October 2024 - December 2024.

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

Regarding coal purchases for Santa María power plant, new tenders have been periodically undertaken (the last in August 2023), inviting important international suppliers to bid, awarding the supply contract to well supported and competitive companies. The above follows an early purchase policy and an inventory management policy in order to substantially mitigate the risk of not having access to this fuel.

B.1.4. Equipment failure and maintenance risks

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

B.1.5. Project construction risks

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

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

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

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

B.1.6. Regulatory risks

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

Chile

Green Hydrogen Action Plan 2023 – 2030

On December 22, 2023, the public consultation for the Plan defining the Roadmap for the deployment of the green hydrogen industry began. The Plan aims to reconcile economic development with the respect for the environment, territory, and communities. It was developed in coordination with various agencies, ministries, local governments, and private companies, attempting to cover all aspects influencing green hydrogen projects. The 111 measures outlined in this plan focus on 8 lines of action: (1) Enablement and promotion of the market, (2) Enabling infrastructure, (3) Participation, information, and education, (4) Permit system, (5) Industry sustainability, (6) Territorial deployment, (7) Capacities, knowledge, and skills development, (8) International positioning. The public consultation period extended until February 13.

Causes in the Tribunal for the Defense of Free Competition (TDLC, as its Spanish acronym)

- Threshold Liberalization 300 kW: On December 13, 2023, the Ministry of Energy submitted a request to the TDLC to prepare a report regarding the reduction of the connected power threshold to qualify for the free price regime to 300 kW, in accordance with Article 147 of the General Electricity Services Law. The Tribunal received information until February 24, with over 20 entities participating in the process. This case is relevant for Colbun as there is particular interest in the development of preventive regulation that accompanies the progressive liberalization process of the Chilean retail market, aiming to ensure adequate competitive conditions among energy trading agents.

Key Developments in Bills in Progress

1. **The Energy Transition Bill** is in the first legislative process in the Senate's Mining and Energy Committee and has been approved in general by the Senate plenary. At this stage, the executive branch has submitted amendments with the aim of focusing the project on three points:
 - Tariff revenues reassignment: It maintains the proposal for the creation of the concept of extraordinary tariff revenues. During 2024, and until the regulation is issued – which will define the calculation and reassignment methodology – extraordinary tariff revenues will be those exceeding 10% of the system National Total Annual Transmission Volume. These will be reassigned by the Coordinator to the generating companies that have

presented the greatest price differences between their injections and withdrawals of energy during the hours in which they simultaneously inject and withdraw.

- Transmission system's urgent expansion: The Ministry of Energy may exclude works from the transmission planning process, being able to decree their execution as necessary and urgent. It remains consistent with the original project that owners will be responsible for the bidding process and the investment value review process for awarded expansion works.
- Bidding for energy storage systems: It is defined as a single mechanism, and the capacity to be auctioned cannot exceed 500 MW. The mechanism includes two auctions: one for infrastructure that awards construction and operation rights, and another for services that involves acquiring commercial rights in energy, power, and ancillary services markets. It does not include coverage or payment from the customer segment.

Senators have also submitted amendments to the project, including alternative mechanisms for reassigning tariff revenues and the authority for generating companies to propose and finance expansion works in transmission facilities at their own cost and risk.

Currently, the project is in the first constitutional process in the Senate, under review by the Mining and Energy Committee. It does not have an urgent status.

2. **Environmental Assessment 2.0**: On Wednesday, January 10, 2024, the Executive submitted this project to the Senate, which seeks to strengthen the environmental institutions contained in Law 19,300, improve its efficiency by providing certainty and predictability, and modify associated legal bodies. Its main proposals are:
 - Voluntary early participation: investors will be able to improve the design of their projects in the early stages, prior to entering the system.
 - Decisions Technification: gives greater powers to the Environmental Impact Service (SEA, as its Spanish acronym) and eliminates political bodies, such as the Committee of Ministers and the Environmental Assessment Commissions (COEVA, as its acronym in Spanish).
 - Establishes a single challenge route to avoid excessive times and referrals between courts and administration.

Currently the project is in the first constitutional process with simple urgency, being reviewed by the Commission on the Environment, Climate Change and National Assets.

3. **Intelligent Permitting System**: On Monday, January 15, 2024, the Executive entered the Chamber of Deputies this project that seeks to simplify and reduce the processing time of sectoral permits. Its main proposals are:
 - Common regulatory framework establishment for the processing and regulation of sectoral authorities.
 - "System for Sectoral Regulation and Evaluation" creation: an entity that seeks to move towards a more coherent, integrated, and modern authorization regime.
 - "Service for Sectoral Regulation and Evaluation" creation: an institution that will ensure progressive improvement of sectoral regulations.
 - Established minimum procedural standards, and a unified information system.
 - 37 normative bodies modification, aiming for administrative efficiency.

Currently, the project is in the first constitutional process with qualified urgency for immediate discussion, being reviewed by the Committee on Economy and the Committee on Finance. On April 9, 2024, the commission approved the bill in general terms, so now it enters the stage of detailed discussion, opening space for amendments.

Announcements: Modification to the Coordination and Operation Regulation

On April 4, 2024, the Ministry of Energy released the diagnosis and Work Plan for the modification of the "Regulations for the Coordination and Operation of the National Electrical System" (Regulation 125/2017). The plan contemplates 5 phases over a period of 15 months, which considers 6 weeks to listen to industry proposals. Subsequently, the ministry will present a preliminary proposal for modifications that can be observed by the industry, and in October of this year it will present the final conceptual proposal. The process of drafting the articles is planned for the last quarter of 2024 and the public consultation process for the first months of 2025.

The diagnosis presented by the Ministry focused on 4 areas, with special focus on the matters derived from the publication of the Storage and Electromobility Law at the end of 2022. The matters are:

- New Technologies: Provide greater certainty to project developers of generation-consumption systems and storage systems.
- Short-Term Market: Analyze the methodology and assumptions for calculating guarantees for market participation, considering an adequate balance between risk and incentive so as not to introduce entry barriers.
- Operation Coordination: Discuss the generation pro rata mechanism based on principles of proportionality and technical limitations. Evaluate automated dispatch tools and automatic control schemes for Coordination of Operation.
- Declaration in Construction: Optimize the current declaration process in project's construction.

The trade associations will present their proposals between April 16 and May 14. The modification of this regulation is very relevant, given the matters that are regulated in it and by the participation window that the ministry opened for its design.

Enacted Laws

On April 8, 2024, the Cybersecurity Framework Law (Law 21,663) was published, which establishes the institutions, principles and general cybersecurity regulations for State agencies and specific institutions. In accordance with the provisions of the law, this will apply to private institutions that carry out generation, transmission, or distribution activities, as they are considered essential services. For this reason, the obligations and duties that emanate from this law are of special interest to Colbun.

On April 10, 2024, the Senate approved the Tariff Normalization Bill, which contemplates measures to gradually unfreeze electricity supply rates. To do this, it makes modifications mainly to Law 21,472:

- Extends the validity of the Rate Stabilization Fund (FET, as its acronym in Spanish) until 2035 and increases the resources accounted for the operation of the MPC from us\$1,800 million to US\$ 5,500 million.
- Enables financing through the FET of a transitional subsidy for vulnerable residential clients.
- Allows differences derived from monthly variations in the price of contracts to be recognized as payment documents, in accordance with the MPC mechanism.
- Gradually unfreezes distribution rates (VAD).

From the agreements derived from the parliamentary discussion, the creation of a Technical Table was defined, which will meet for 4 months to look for alternatives to increase the annual amount of the transitional subsidy, as well as other policies aimed at reducing the increase in the electricity rate for regulated clients.

Decarbonization Plan

On January 25, 2024, the working groups on the creation of a Roadmap for Decarbonization with a focus on 2030 concluded. This initiative is by the Ministries of Energy and Environment. The workshops focused on three main themes:

- Electrical grid, electricity market, and infrastructure modernization.
- Thermo-electric conversion and transition fuels.
- Fair Energy Transition and Communities.

Additionally, on March 25, 2024, the first Carbon Neutrality meeting and Resilience Committee was held, a body convened by the Ministries of the Environment, Economy, Energy and Science. The committee is made up of 19 people from the private sector, academia, and civil society, who will have the objective of technically supporting ministries in the process of accelerating the transition towards carbon-neutrality and strengthening the resilience of the economy. This body will work for 5 months on approximately 15 short-term measures or actions, with great impact on carbon neutrality, driven mainly by the private sector, and that considers matters that are not currently addressed in other processes.

Peru

Measures for the Economic Reactivation

On November 11, 2023, the Executive Branch published a total of 25 measures to reactivate the economy through the so-called United Plan, which provides for actions for all productive sectors of the country in order to encourage the growth of the Gross Domestic Product (GDP) and mitigate the impact of the El Niño Phenomenon.

In the energy sector, these are the main actions foreseen:

- Greater promotion of investment in renewable energy given that access to the market for wind and solar energy projects will be promoted.
- The contracting of capacity and energy as independent services will be enabled, as well as the contracting of energy through its unbundling in hourly blocks.
- New sources of investment will be generated in order not to affect existing investment.
- Finally, a bill will be presented to extend the accelerated depreciation regime for Income Tax (IR) purposes in energy generation activities until December 31, 2035.

Congress Permanent Commission

On December 16, 2023, it was published in El Peruano that the Permanent Commission of Congress will be able to legislate directly, until February 28, 2024, regarding issues that are included in the agenda of the plenary session of the national representation or that are sent by the Executive: That is, it will be empowered to legislate on the opinions and bills or legislative resolutions that are on the agenda and on the agenda of the plenary session of Congress, as well as those that are included by agreement of the Board of Spokespersons.

Electric mobility charging infrastructure regulation for the installation and operation.

On December 31, 2023, Supreme Decree No. 036-2023-EM was published, which provides for the publication of said regulation, which will enter into force six months after its publication. This regulation's purpose is to establish a regulatory framework to guide the different actors involved in the installation, adaptation and operation of the electric mobility charging infrastructure (ICME, as its Spanish acronym); and to establish the minimum requirements for installation, operation, safety, and maintenance that the ICME must comply with, as well as the design and construction of its facilities.

On the other hand, the scope of the Regulation includes the owners of new and/or existing ICMEs. Likewise, it establishes in its final complementary provision that OSINERGMIN and the Municipalities must adapt their procedures to supervise and oversee that the installations of the ICMEs comply with the provisions of the Regulation. Likewise, for a period of one year as from the entry into force of this Supreme Decree, Manufacturers, Importers, Distributors and Marketers must submit to the supervising and controlling entity, the certificate of conformity or a test report to comply with the requirements.

MINEM 2024 - Early Agenda

On January 31, 2024, through Resolution No. 026-2024-MINEM/DM, the Ministry of Energy and Mines Early Agenda 2024 was approved. The main objective of this agenda is to report on the 33 public problems that have been prioritized for attention during the year 2024, through the issuance or regulations modification. Of these public problems, 15 correspond to the energy sector and 8 to the hydrocarbons sector. In addition, it facilitates the active participation of citizens and companies in the sector, collecting relevant information and evidence on the problems raised.

Executive Board of the Executive Branch Installation

On January 5, 2024, the Minister of Economy and Finance, Alex Alonso Contreras Miranda, and the Minister of Energy and Mines, Oscar Vera Gargurevich, installed the Executive Board for the Development of Renewable Energies, aimed at promoting competitive energy investment and reliable that supports the economic growth and development of the country.

Main Developments in Bills in Processing

1. **The Bill that seeks to modify Law 28832** (PdL 2139/2021, PdL 3662/2022, PdL 4565/2022 and PdL 4748/2022), which has been the previous initiatives result, was approved on June 9, 2023, in Opinion 30 of the Energy and Mines Commission. This unified project raises the following issues:

- Ancillary Services: Ancillary service providers are included as market agents. Likewise, this market operation and administration will be regulated by the Ministry of Energy and Mines (MINEM). The ancillary service market

entry will be on January 1, 2026 and the responsibility for payment is given to those who generate the instability. This ancillary service market does not exclude any agent.

- Regulated Market Tenders: Energy blocks purchase of capacity and power separately or jointly is contemplated, under the conditions established by the regulation. The bidding terms are established, categorized as short, medium, and long-term, with the maximum term to be contracted being 15 years. In addition, bilateral contracts will have a maximum term of 2 years.
- Bar Rate Prices: The bar price set by supervisory Organism of Investment in Energy and Mining (OSINERGMIN) cannot differ by more than 10% from unregulated and regulated prices weighted average, taking each year's March 31 as the cut-off date.
- Tenders in Isolated Systems: Renewable generation is prioritized in MINEM tenders.
- Contracts Coexistence: Energy and/or capacity consumed distribution that respects the current contracts terms and conditions.

This project is awaiting discussion in the congressional plenary.

2. **The Bill that establishes measures to promote the natural gas massification** is multiple bills result: PdL 679, PdL 1453, PdL 523, PdL 817 and PdL 1939 that were presented during 2021 and 2022 in the Energy and Mines Commission, subsequently unified under Opinion 15. On June 23, 2023, had its approval in the plenary of the Congress. The main proposals are detailed below:

- Natural gas distribution projects Promotion: Natural gas distribution infrastructure increase through pipelines is sought through projects promoted by MINEM in those departments or provinces that do not have such infrastructure. These projects financing will be provided by the Energy Social Inclusion Fund (FISE, as its Spanish acronym), or from the Hydrocarbon Energy Security System (SISE, as its Spanish acronym).
- Compensation Mechanism Creation for Decentralized Access to Natural Gas: It seeks to create a compensation mechanism to level Natural Gas prices for the users of distribution concessions. The reference prices are the final prices on the tariff categories, where the highest demand concentration is found in natural gas distribution concessions connected to the pipeline transportation system. The compensation mechanism is applied through a tariff discount in beneficiary users monthly billing. For Natural Gas Vehicles users, the mechanism whether consumption is applied regardless through pipelines or another modality. This mechanism is financed by the FISE in the first instance, or by the surcharge to the natural gas transportation service through pipelines to clients who make use of it if the FISE funds do not cover the compensation amounts. In generators' case, a surcharge is made on the connection toll to the main transmission system.
- Fuel Inventory Agency Creation: Its main function is to manage, provide and hydrocarbon storage facilities dispose considered strategic by the Peruvian State, in order to guarantee fuels continuous supply, of LPG and other hydrocarbons.

On October 4, 2023, the president of the Energy and Mines Commission requested a clarification (improvement in drafting) regarding the draft law addressing the designation of functions for the Steering Committee responsible for managing the FISE fund, which was approved on November 9, 2023.

Furthermore, on November 14, 2023, the draft was submitted to the president of the Republic with a deadline of 15 business days. Then, on December 4, 2023, the president of the Republic made observations on the draft regarding points such as the Hydrocarbon Energy Security System, the position and Hydrocarbon Energy Security System destination, the FISE financing, the fund, fund administration and compliance with provisions, and finally, supervision and oversight. Consequently, on December 4, 2023, the draft law was returned to the energy and mines commission for review.

This project has been assigned to the Economy, Banking, Finance, and Financial Intelligence Commission and the Energy and Mines Commission, so it is still under review within the respective commissions.

3. The **Bill that promotes Lithium**, associated to PdL 4775, PdL 5288 and PdL 4184. On May 18, 2023, it was approved under Opinion 26 of the Energy and Mining Commission. Among the main initiatives are national interest creation declaration, construction and implementation of the National Lithium Plant for the production of batteries and other products, to serve and supply the domestic and international market. Likewise, on June 23, 2023, by an accumulation agreement, Bills 5288/2022 and 4184/2022 were added to the approved report.

Additionally, on October 1, 2023, a new Bill 5799/2023 was published, which aims to promote the exploration, exploitation, industrialization, and commercialization of lithium and its derivatives within the national territory, with the purpose of ensuring their sustainable development and declaring them strategic resources.

- 4. The Bill that promotes the use of green energy (PdL 6354/2023).** On November 8, 2023, this PdL was presented with the purpose of promoting a greater supply in energy generation, promoting new non-conventional renewable energy resources research and technological development such as nuclear, biogas and carbon capture.

Currently, the bill is awaiting the Energy and Mines Committee and the Economy opinions, Banking, Finance and Financial Intelligence Committee.

- 5. Tax Benefits Bill.** (PdL 6747/2023), on March 6, 2024, the energy and mining commission approved the Opinion that proposes extending the validity of the tax benefit provided by Legislative Decree No. 1058 referring to accelerated depreciation until December 31st, 2035 to promote investment in the activity of electricity generation with water resources and other renewable resources.

Main Developments in Supreme Decrees in Process

On March 12, 2024, Ministerial Resolution No. 091-2024-MINAM was published, which provides for the publication of two Supreme Decree projects:

- The Draft Supreme Decree that seeks to modify the Regulations of Law No. 27446, known as the Law of the National Environmental Impact Assessment System. Its main objective is to streamline the environmental certification procedure for holders of investment projects to reduce costs associated with delays and ensure that projects are approved within shorter deadlines or within those established in the EIAS Law and its regulations.
- The Draft Supreme Decree that aims to approve the Terms of Reference of environmental studies for projects with common or similar characteristics, as established in Annex 1 of the Regulation for Environmental Protection in Electrical Activities. Among other aspects, this proposal would provide the terms of reference for the Environmental Impact Declaration (DIA, as its Spanish acronym), as well as for wind plants semi-detailed Environmental Impact Study (EIA-sd, as its Spanish acronym).

Enacted laws

On March 24, 2024, Law No. 31992, Law that promotes the use of Green Hydrogen, was published in El Peruano. The most relevant aspects of the law are mentioned below:

- Policy and Planning: The MINEM will formulate sectoral energy policies and plans for the development of the green hydrogen value chain, as well as the granting of economic and fiscal benefits, and the establishment of short, medium and long-term goals. In addition, to encourage the development and production of green hydrogen at an industrial level from surplus renewable electrical energy and for its application as a mixture in the gas network.
- National Interest Declaration: The national interest declaration is promulgated for the research, development, production, transformation, storage, conditioning, transportation, distribution, marketing, export and use of green hydrogen as fuel and energy vector.
- Green Certificate: The MINEM must publish in the Law regulations, the necessary requirements to obtain green origin certification of green hydrogen. Within a period of no more than 180 calendar days from the entry into force of the Law (September 19, 2024), the regulations and additional regulations necessary for its application must be published.

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

Future energy consumption projection is very relevant for its market price determination.

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

The growth that has been observed in the Chilean (and potentially in the Peruvian) market of variable renewable energy sources such as solar and wind has generated integration costs and therefore has affected the operating conditions of the rest of the

electrical system especially in the absence of a market for ancillary services that adequately remunerates the services necessary to manage the variability of such generation sources.

The energy demand in Chile has experienced an increase of approximately 3.8% during 1Q24 compared to 1Q23, while Peru has also seen an increase of approximately 3.6% compared to 1Q23.

B.2 Financial risks

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

B.2.1 Exchange rate risk

The exchange rate risk is mainly caused by currency fluctuations that come from two sources.

- The first exposure source comes from cash flows corresponding to revenues, costs and disbursements of investments denominated in currencies other than the functional currency (U.S. dollar).
- The second source of risk corresponds to the accounting mismatch between assets and liabilities of the Statement of Financial Position denominated in currencies other than the functional currency.

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

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

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

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

B.2.2 Interest rate risk

Is related to changes in interest rates that affect future cash flows, value tied to a floating interest rate, and changes in the fair value of assets and liabilities linked to fixed interest rate that are accounted at fair value.

As of March 31, 2024, the Company's financial debt is 92% fixed rate and 8% floating rate.

B.2.3 Credit risk

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

Starting in 2016, Colbun has expanded its presence in the segment of medium and small unregulated clients, for which it has implemented new procedures and controls related to the risk assessment of this client and collection monitoring type. On a quarterly basis, un-collectability provisions are calculated based on risk analysis of each client considering the client's credit rating, payment behavior and industry, among other factors.

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

As of March 31, 2024, cash surpluses investments are invested in interest-bearing checking accounts, mutual funds (of banking subsidiaries) and time deposits in local and international banks. The latter correspond to short-term mutual funds, with less than 90 days duration, known as the "money market".

Information on contractual maturities of the main financial liabilities is disclosed in note 10 of the Financial Statements.

B.2.4 Liquidity Risks

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

As of March 31, 2024, Colbun has approximately US\$990 million cash surpluses, invested in interest-bearing checking accounts, time deposits and mutual funds with 32 days average term (including deposits with less and more than 90 days terms of, the latter are recorded as "Other Current Financial Assets" in the Consolidated Financial Statements) and fixed-income investments with 0 to 1 year terms that are expected to be held to maturity.

Also, the Company has available as additional liquidity sources as of today:

- Three bond facilities registered in the local market, two for a combined UF 7 million total amount and one for UF 7 million amount.
- Uncommitted bank lines for approximately US\$150 million. Fenix has uncommitted totaling US\$67 million credit lines.

In the next 12 months, the Company must disburse approximately US\$102 million in interest and principal amortization. These obligations are expected to be funded with the Company's own cash flow generation.

As of March 31, 2024, Colbun has national risk ratings AA by Fitch Ratings and Feller Rate, both with stable outlook. Internationally, the Company's rating is Baa2 by Moody's, BBB by S&P and BBB+ by Fitch Ratings, all with stable outlook.

As of March 31, 2024, Fenix has international risk ratings of BBB- by S&P and Fitch Ratings, both with stable outlook.

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

Information on contractual maturities of the main financial liabilities is disclosed in note 22 of the Financial Statements.

B.2.5 Risk exposure measurement

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

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

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

Regarding financial risks, for measuring exposure purpose, Colbun prepares a sensitivity analysis and value at risk in order to monitor potential losses assumed by the Company in the event that the exposure exists. The exchange rate risk is limited, since the Company's main flows (revenues, costs and projects disbursements) are denominated directly in or indexed to USD.

Exposure to accounts mismatching is mitigated by applying a maximum mismatch policy between assets and liabilities for those structural balance items denominated in currencies other than USD. Given the above, As of March 31, 2024, the Company's

exposure to foreign exchange differences impact on structural items translates into approximately US\$6.4 million potential effect, on a quarterly basis, based on a sensitivity analysis at 95% confidence level.

The exposure associated with the variation in interest rates is measured as monthly interest sensitivity expense to 25 basis points change in the variable reference rate, which is the SOFR rate. Thus, an increase of 25 basis points in the SOFR rate would mean an increase in the monthly interest expense of US\$33 thousand per accrual, while a decrease in the reference rate would result in a reduction of US\$33 thousand in the monthly interest expense per accrual. The Company considers the interest rate risk to be limited. This effect is partially mitigated through cash investments linked to the SOFR rate.

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

At the end of the period, the financial institution that has the largest share of cash surpluses reached 25%. Regarding existing derivatives, the Company's international counterparts have a credit rating equivalent to BBB+ or higher and national counterparts have local credit ratings of BBB+ or higher. It should be noted that in derivatives no counterparty concentrates more than 68% in notional terms.

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

DISCLAIMER

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

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

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