

# QUARTERLY EARNINGS REPORT

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As of June 30, 2024



2<sup>nd</sup> QUARTER 2024

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### Conference Call 2Q24 Results

Date: August 2<sup>nd</sup>, 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 second quarter of the year 2024 (2Q24) amounted to **US\$425.5 million**, decreasing 22% compared to the operating income recorded in the second quarter of 2023 (2Q23), primarily attributed to (1) lower sales to regulated clients both in Chile and Peru, mainly explained by the lower energy and capacity contracted in this segment, and (2) lower sales to unregulated clients in Chile, primarily due to a lower average sale price of those contracts, explained by a decrease in the indexation polynomials. **In cumulative terms**, operating income as of Jun-24 amounted to **US\$807.5 million**, decreasing 27% compared to Jun-23, mainly due to the same reasons that explain the variations in quarterly terms.
- Consolidated **EBITDA** for 2Q24 reached **US\$152.5 million**, increasing 13% compared to the US\$134.8 million EBITDA in 2Q23. This increase is mainly explained by (1) a lower average supply cost, due to better hydrological conditions in Chile, which allowed a lower generation based on fossil fuels, (2) lower energy and capacity purchases costs in Peru due to the greater availability of Fenix plant compared to 2Q23, as the plant was unavailable for major maintenance during most of 2Q23, and (3) lower costs for energy and capacity purchases in Chile primarily due to lower tariff income payments and reduced capacity purchases. These effects were partially offset by the lower operating income previously mentioned. **In cumulative terms**, EBITDA as of Jun-24 totaled **US\$299.9 million**, decreasing 8% compared to Jun-23, mainly due to the lower operating income previously mentioned. These effects were partially offset by lower raw materials and consumables used costs, primarily due to the same reasons explaining the quarterly variations.
- **Non-operating Income** for 2Q24 recorded a loss of **US\$12.2 million**, which compares to the profit of US\$88.7 million during 2Q23, mainly associated with the US\$116.4 million income recorded in “Other earnings” in 2Q23, corresponding to the final price adjustment associated with the sale of the shares of Colbún Transmisión S.A to Alfa Desarrollo SpA. This effect was partially offset by lower financial costs given the largest capitalizations associated with Horizonte wind farm project. **In cumulative terms**, as of Jun-24 non-operating income reached a loss of **US\$28.8 million**, compared to the profit of US\$69.4 million as of Jun-23. This variation is mainly due to the same reasons that explain the variations in quarterly terms.
- The Company reported a **profit** of **US\$61.5 million** in 2Q24, compared to the US\$131.2 million profit obtained in 2Q23, mainly associated with the income of US\$116.4 million recorded in “Other earnings” in 2Q23 corresponding to the final price adjustment associated with the sale of the shares of Colbún Transmisión S.A previously mentioned. **In cumulative terms**, as of Jun-24 Colbun presented a profit of **US\$120.3 million**, which compares with a profit of US\$223.1 million recorded as of Jun-23, mainly due to the same reasons that explain the variations in quarterly terms.

## *Highlights of the quarter*

### **DIVIDENDS:**

● On May 10, the Company distributed a final dividend of US\$27.0 million, which added to the US\$169.8 million paid on December 15, 2023, totalizing US\$196.7 million, which represents 50% of distributable net profit for the year 2023, consistent with the dividend policy.

### **PROJECTS PROGRESS:**

● On May 31, Colbun entered Páposo Pumped Storage project, located in the Antofagasta Region, into the Environmental Assessment System. This project has a capacity of 800 MW and uses a closed circuit of desalinated water recirculation for the storage of renewable energy. The project seeks to contribute to the energy transition by storing energy without emissions during the day and generating energy during the hours of greatest demand at night. In addition, the project includes social commitments such as the supply of drinking water and local employment programs.

● On June 5, the Horizonte Wind Farm Project energized its first 8 wind turbines out of a total of 140. By the second quarter of 2024, 87% progress was reached on this project, with the mechanical completion of 94 wind turbines and 33 of them energized, which have added 21 GWh of energy to the National Electrical System since May in their testing process.

### **MERGERS AND ACQUISITIONS:**

● On June 28, the Company entered into a Purchase and Sale Agreement for the acquisition of the shares of Inversiones Latin American Power SpA (ILAP), which, in turn, owns the companies San Juan S.A. and Norvid S.A. With this transaction, Colbun will acquire San Juan and Totoral wind farms, both in operation and with an installed capacity of 193 MW and 46 MW respectively. The price associated with this transaction amounts to US\$401 million, which may vary due to the application of adjustments stipulated in the contract, usual for this type of transactions. The transaction's completion and, consequently, the ILAP shares acquisition is subject to certain suspensive conditions, such as the approval that must be granted by the National Economic Prosecutor's Office in accordance with the provisions of D.L 211 of 1973.

## 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 2Q23 and 2Q24, and cumulative as of Jun-23 and Jun-24.

**Table 1: Physical sales and generation in Chile**

Accumulated Figures		Sales	Quarterly Figures		Var %	Var %
Jun-24	Jun-24		2Q24	2Q23	Ac/Ac	Q/Q
<b>6,318</b>	<b>6,805</b>	<b>Total Physical Sales (GWh)</b>	<b>3,187</b>	<b>3,442</b>	<b>(7%)</b>	<b>(7%)</b>
519	1,277	Regulated Clients	271	657	(59%)	(59%)
4,581	4,763	Unregulated Clients	2,251	2,325	(4%)	(3%)
1,218	765	Sales to the Spot Market	665	460	59%	44%
<b>1,338</b>	<b>1,626</b>	<b>Capacity Sales (MW)</b>	<b>1,340</b>	<b>1,623</b>	<b>(18%)</b>	<b>(17%)</b>

Accumulated Figures		Generation	Quarterly Figures		Var %	Var %
Jun-24	Jun-24		2Q24	2Q23	Ac/Ac	Q/Q
<b>6,477</b>	<b>6,960</b>	<b>Total Generation (GWh)</b>	<b>3,253</b>	<b>3,514</b>	<b>(7%)</b>	<b>(7%)</b>
<b>3,261</b>	<b>2,096</b>	<b>Hydraulic</b>	<b>1,637</b>	<b>1,140</b>	<b>56%</b>	<b>44%</b>
<b>2,837</b>	<b>4,478</b>	<b>Thermal</b>	<b>1,439</b>	<b>2,204</b>	<b>(37%)</b>	<b>(35%)</b>
1,937	3,172	Gas	1,106	1,531	(39%)	(28%)
12	61	Diesel	10	39	(80%)	(73%)
888	1,245	Coal	323	634	(29%)	(49%)
<b>378</b>	<b>386</b>	<b>VRE</b>	<b>176</b>	<b>170</b>	<b>(2%)</b>	<b>4%</b>
62	41	Wind*	41	22	51%	85%
316	345	Solar**	135	148	(8%)	(9%)
<b>0</b>	<b>0</b>	<b>Spot Market Purchases (GWh)</b>	<b>0</b>	<b>0</b>	<b>0%</b>	<b>0%</b>
<b>1,218</b>	<b>765</b>	<b>Sales - Purchases to the Spot Market (GWh)</b>	<b>665</b>	<b>460</b>	<b>59%</b>	<b>44%</b>

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

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

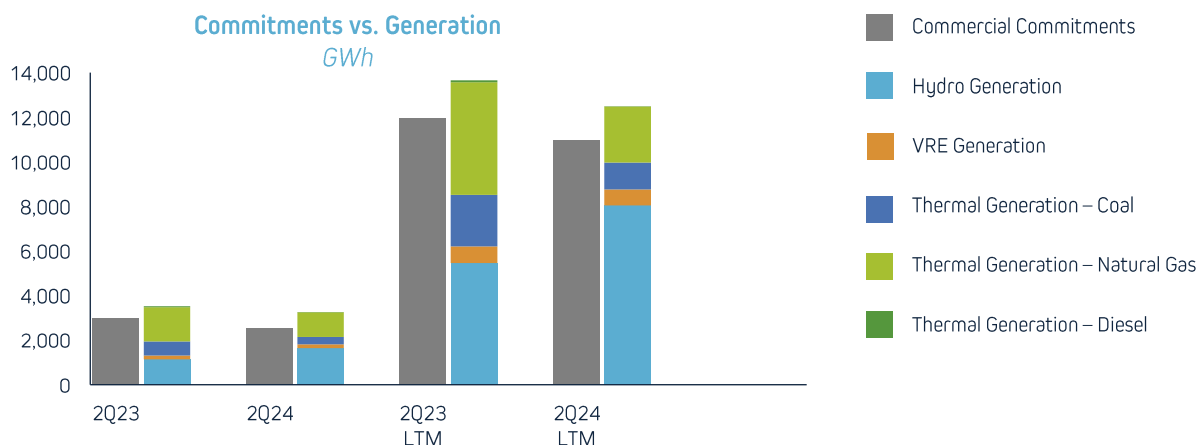
VRE: Variable renewable energies.

● **Physical sales** during 2Q24 reached **3,187 GWh**, decreasing 7% compared to 2Q23, mainly due to (1) lower sales to regulated clients driven by the expiration of contracts in this segment in Dec-23 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, due to the lower energy allocated to under contract clients previously mentioned.

● On the other hand, **generation** for the quarter reached **3,253 GWh**, decreasing 7% compared to 2Q23, mainly explained by the lower thermal generation (-765 GWh), primarily due to a lower gas (-425 GWh) and coal (-311 GWh) generation driven by a lower economic dispatch. These effects were partially offset by a higher hydroelectric generation (+497 GWh) given the favorable hydrological conditions observed during this second quarter.

● **In cumulative terms**, physical sales as of Jun-24 reached **6,318 GWh**, decreasing 7% compared to Jun-23, mainly explained by the same reasons that explain the variations in quarterly terms. On the other hand, **cumulative generation** as of Jun-24 reached **6,477 GWh**, decreasing 7% compared to Jun-23 mainly driven by the lower thermal generation (-1,641 GWh), mostly due to the lower gas (-1,235 GWh) and coal generation (-357 GWh). These effects were partially offset by a higher hydroelectric generation (+1.166 GWh).

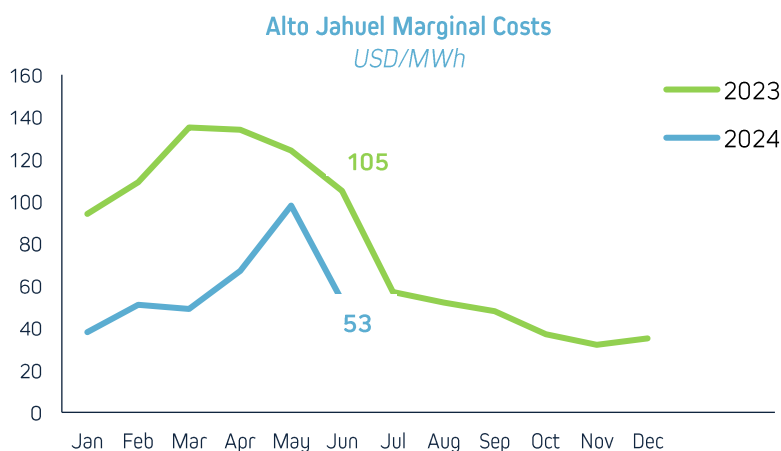
● The **Spot market balance** during the quarter recorded net sales of **665 GWh**, increasing 44% compared to the net sales of 304 GWh in 2Q23. This variation is mainly explained by the lower regulated and unregulated client consumption previously mentioned.



● **Generation mix in Chile:** As of Jun-24, the hydrological year (Apr24-Mar25) presented surpluses in terms of rainfalls compared to an average year in the main SEN basins: Aconcagua: +52%; Maule: +22%; Laja: +38%; Biobío: +23% and Canutillar: +5%. The average marginal cost, measured in Alto Jahuel, decreased 40% compared to 2Q24, averaging US\$72/ MWh in 2Q24.

**Table 2: SEN Generation**

Accumulated Figures		SEN Generation	Quarterly Figures		Var %	Var %
Jun-24	Jun-24		2Q24	2Q23	Ac/Ac	Q/Q
<b>43,154</b>	<b>41,622</b>	<b>Total Generation (GWh)</b>	<b>21,501</b>	<b>20,752</b>	<b>4%</b>	<b>4%</b>
11,748	7,887	Hydraulic	5,662	3,645	49%	55%
7,821	10,711	Gas	4,441	5,716	(27%)	(22%)
112	414	Diesel	64	168	(73%)	(62%)
7,700	7,965	Coal	4,168	4,380	(3%)	(5%)
5,098	4,775	Wind	2,625	2,479	7%	6%
9,120	8,472	Solar	3,811	3,640	8%	5%
1,556	1,397	Others	731	724	11%	1%



## 2.2. Physical sales and generation balance in Peru

Table 3 shows a comparison between physical energy and capacity sales and generation in 2Q23 and 2Q24, and cumulative as of Jun-23 and Jun-24.

**Table 3: Physical sales and generation in Peru**

Accumulated Figures		Sales	Quarterly Figures		Var %	Var %
Jun-24	Jun-23		2T24	2T23	Ac/Ac	Q/Q
<b>1,667</b>	<b>1,839</b>	<b>Total Physical Sales (GWh)</b>	<b>850</b>	<b>889</b>	<b>(9%)</b>	<b>(4%)</b>
574	998	Regulated Clients	276	492	(43%)	(44%)
634	720	Unregulated Clients	353	358	(12%)	(1%)
459	121	Sales to the Spot Market	220	39	-	-
<b>570</b>	<b>570</b>	<b>Capacity Sales (MW)</b>	<b>568</b>	<b>570</b>	<b>(0%)</b>	<b>(0%)</b>
Accumulated Figures		Generation	Quarterly Figures		Var %	Var %
Jun-24	Jun-23		2T24	2T23	Ac/Ac	Q/Q
<b>1,636</b>	<b>1,307</b>	<b>Total Generation (GWh)</b>	<b>865</b>	<b>338</b>	<b>25%</b>	<b>-</b>
1,636	1,307	Gas	865	338	25%	-
<b>73</b>	<b>567</b>	<b>Spot Market Purchases (GWh)</b>	<b>7</b>	<b>562</b>	<b>(87%)</b>	<b>(99%)</b>
<b>386</b>	<b>(446)</b>	<b>Sales - Purchases to the Spot Market (GWh)</b>	<b>213</b>	<b>(524)</b>	<b>-</b>	<b>-</b>

● **Physical sales** during 2Q24 reached **850 GWh**, decreasing 4% compared to 2Q23, primarily due to lower sales to regulated clients due to an option execution that extends the existing contracts maturity, in exchange for a lower annual contracted capacity. This effect was partially offset by higher sales to the spot market, due to (1) the higher unavailability of the Fenix thermal power plant during 2Q23, and (2) the lower energy and capacity delivered to customers under contract.

● On the other hand, Fenix's **generation** reached **865 GWh**, increasing compared to 2Q23, mainly due to a higher power plant availability, as it was unavailable for major maintenance for most of 2Q23, operating for only 22 days.

● **In cumulative terms**, physical sales as of Jun-24 reached **1,667 GWh**, decreasing 9% compared to Jun-23, mainly due to the same reasons that explain the variations in quarterly terms. On the other hand, **cumulative generation** as of Jun-24 reached **1,636 GWh**, increasing 25% compared to Jun-23, mainly due to the higher duration of 2023's major maintenance.

● **The spot market balance** in 2Q24 registered net sales of **213 GWh**, compared to net purchases of 524 GWh during 2Q23, due to (1) the lower generation recorded during 2Q23 and (2) the lower consumption of under contract clients 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 16% probability of exceedance as of Jun-24, compared to 79% as of Jun-23.

In cumulative terms, hydroelectric generation in the National Interconnected Electric System (SEIN) increased by 12% compared to Jun-23, primarily due to the better hydrology. On the other hand, thermoelectric generation decreased by 16% as of Jun-24 compared to Jun-23, mainly due to the better hydroelectric generation, given the better hydrological conditions previously mentioned.

The electricity demand growth rate at the end of 2Q24 was 1.4% compared to 2Q23, mainly driven by the increase in consumption from the regulated segment.

### 3. INCOME STATEMENT ANALYSIS

Table 4 presents a summary of the Consolidated Income Statement (Chile and Peru) in 2Q23 and 2Q24, and cumulative as of Jun-23 and Jun-24.

**Table 4: Income Statement (US\$ million)**

Quarterly Figures			Quarterly Figures		Var %	Var %
Jun-24	Jun-23		2Q24	2Q23	Ac/Ac	Q/Q
<b>807.5</b>	<b>1,100.6</b>	<b>OPERATING INCOME</b>	<b>425.5</b>	<b>546.0</b>	<b>(27%)</b>	<b>(22%)</b>
108.6	252.1	Regulated Customers Sales	58.8	128.8	(57%)	(54%)
500.4	603.5	Unregulated Customers Sales	257.0	298.2	(17%)	(14%)
166.9	211.6	Energy and Capacity Sales	93.8	103.2	(21%)	(9%)
31.6	33.4	Other Operating Income	15.9	15.7	(5%)	1%
<b>(429.9)</b>	<b>(693.6)</b>	<b>RAW MATERIALS AND CONSUMABLES USED</b>	<b>(233.5)</b>	<b>(370.0)</b>	<b>(38%)</b>	<b>(37%)</b>
(69.7)	(80.4)	Transmission Tolls	(35.5)	(41.9)	(13%)	(15%)
(31.4)	(105.8)	Energy and Capacity Purchases	(20.6)	(73.0)	(70%)	(72%)
(218.4)	(342.5)	Gas Consumption	(124.4)	(163.9)	(36%)	(24%)
(3.8)	(16.1)	Diesel Consumption	(2.8)	(8.7)	(77%)	(68%)
(61.1)	(101.3)	Coal Consumption	(27.6)	(55.7)	(40%)	(50%)
(45.5)	(47.4)	Other Operating Expenses	-22.5	(26.8)	(4%)	(16%)
<b>377.6</b>	<b>407.0</b>	<b>GROSS PROFIT</b>	<b>192.1</b>	<b>176.0</b>	<b>(7%)</b>	<b>9%</b>
(44.3)	(45.6)	Personnel Expenses	(23.1)	(23.4)	(3%)	(1%)
(33.4)	(34.5)	Other Expenses, by Nature	(16.5)	(17.8)	(3%)	(7%)
(102.6)	(100.9)	Depreciation and Amortization Expenses	(51.6)	(50.3)	2%	3%
<b>197.3</b>	<b>226.0</b>	<b>OPERATING INCOME (LOSS) (*)</b>	<b>100.8</b>	<b>84.5</b>	<b>(13%)</b>	<b>19%</b>
<b>299.9</b>	<b>327.0</b>	<b>EBITDA</b>	<b>152.5</b>	<b>134.8</b>	<b>(8%)</b>	<b>13%</b>
29.4	31.8	Financial Income	14.1	16.5	(8%)	(14%)
(36.0)	(45.2)	Financial Expenses	(17.6)	(22.1)	(20%)	(20%)
0.2	(2.2)	Exchange rate Differences	(0.4)	(3.1)	-	(87%)
6.3	7.4	Profit (Loss) of Companies Accounted for Using the Equity Method	3.3	3.4	(15%)	(2%)
(28.7)	77.5	Other Profit (Loss)	(11.6)	94.0	-	-
<b>(28.8)</b>	<b>69.4</b>	<b>NON-OPERATING INCOME</b>	<b>(12.2)</b>	<b>88.7</b>	<b>-</b>	<b>-</b>
<b>168.5</b>	<b>295.4</b>	<b>PRE-TAX PROFIT (LOSS)</b>	<b>88.6</b>	<b>173.1</b>	<b>(43%)</b>	<b>(49%)</b>
<b>(48.3)</b>	<b>(72.2)</b>	Income Tax Expense	<b>(27.2)</b>	<b>(41.9)</b>	<b>(33%)</b>	<b>(35%)</b>
<b>120.3</b>	<b>223.1</b>	<b>AFTER TAX PROFIT (LOSS)</b>	<b>61.5</b>	<b>131.2</b>	<b>(46%)</b>	<b>(53%)</b>
<b>120.4</b>	<b>221.8</b>	<b>PROFIT (LOSS) OF CONTROLLER</b>	<b>61.8</b>	<b>133.9</b>	<b>(46%)</b>	<b>(54%)</b>
<b>(0.1)</b>	<b>1.4</b>	<b>PROFIT (LOSS) ATTRIBUTABLE TO MINORITY INTEREST</b>	<b>(0.3)</b>	<b>(2.7)</b>	<b>-</b>	<b>(89%)</b>

(\*): 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	Jun-24	Dec-23	Jun-23
Chile (CLP / US\$)	944.34	877.12	801.66
Chile UF (CLP/UF)	37,571.86	36,789.36	36,089.48
Peru (PEN / US\$)	3.84	3.71	3.63



### 3.1. Chile's Operating Income Analysis

Table 6 presents a summary of Operating Income and EBITDA in 2Q23 and 2Q24, and cumulative as of Jun-23 and Jun-24. Subsequently, the major accounts and/or variations will be analyzed.

**Table 6: EBITDA Chile (US\$ million)**

Accumulated Figures			Quarterly Figures		Var %	Var %
Jun-24	Jun-23		2Q24	2Q23	Ac/Ac	Q/Q
<b>703.6</b>	<b>977.4</b>	<b>OPERATING INCOME</b>	<b>372.5</b>	<b>482.3</b>	<b>(28%)</b>	<b>(23%)</b>
62.7	171.4	Regulated Customers Sales	36.6	88.4	(63%)	(59%)
466.6	568.4	Unregulated Customers Sales	238.4	278.4	(18%)	(14%)
149.7	209.7	Energy and Capacity Sales	85.1	103.2	(29%)	(18%)
24.6	27.8	Other Operating Income	12.3	12.4	(12%)	(1%)
<b>(373.2)</b>	<b>(604.4)</b>	<b>RAW MATERIALS AND CONSUMABLES USED</b>	<b>(205.3)</b>	<b>(310.7)</b>	<b>(38%)</b>	<b>(34%)</b>
(67.1)	(78.5)	Transmission Tolls	(34.3)	(41.1)	(15%)	(17%)
(29.4)	(66.2)	Energy and Capacity Purchases	(20.0)	(35.0)	(56%)	(43%)
(171.5)	(301.8)	Gas Consumption	(100.5)	(147.5)	(43%)	(32%)
(3.7)	(16.1)	Diesel Consumption	(2.8)	(8.7)	(77%)	(68%)
(61.1)	(101.3)	Coal Consumption	(27.6)	(55.7)	(40%)	(50%)
(40.2)	(40.4)	Other Operating Expenses	(20.0)	(22.7)	(0%)	(12%)
<b>330.4</b>	<b>373.0</b>	<b>GROSS PROFIT</b>	<b>167.2</b>	<b>171.6</b>	<b>(11%)</b>	<b>(3%)</b>
(39.7)	(40.8)	Personnel Expenses	(20.9)	(21.1)	(3%)	(1%)
(29.4)	(30.6)	Other Expenses, by Nature	(14.6)	(16.0)	(4%)	(9%)
(84.7)	(83.4)	Depreciation and Amortization Expenses	(42.6)	(41.8)	2%	2%
<b>176.6</b>	<b>218.1</b>	<b>OPERATING INCOME (LOSS) (*)</b>	<b>89.1</b>	<b>92.7</b>	<b>(19%)</b>	<b>(4%)</b>
<b>261.3</b>	<b>301.5</b>	<b>EBITDA</b>	<b>131.7</b>	<b>134.5</b>	<b>(13%)</b>	<b>(2%)</b>

(\*): 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 2Q24 amounted to **US\$372.5 million**, decreasing 23% compared to the US\$482.3 million recorded in 2Q23, mainly due to (1) lower sales to regulated clients, mainly associated with the expiration of contracts in this segment in Dec-23, (2) lower sales to unregulated clients associated with a lower average sale price, explained by a decrease in the indexation polynomials, accompanied by lower physical sales in this segment, and (3) lower sales in the spot market, primarily explained by a lower average sale price, despite higher physical sales to this market. **In cumulative terms**, operating income as of Jun-24 amounted to **US\$703.6 million**, decreasing 28% compared to Jun-23, primarily due to the same reasons that explain the variations in quarterly terms.

● **Costs of raw materials and consumables used** in 2Q24 totaled **US\$205.3 million**, decreasing 34% compared to 2Q23, primarily due to (1) a lower average supply cost, due to better hydrological conditions, which allowed a lower generation based on fossil fuels, and (2) lower costs for energy and capacity purchases, mainly due to lower tariff income payments and lower capacity purchases. **In cumulative terms**, the costs of raw materials and consumables used as of Jun-24 reached **US\$373.2 million**, decreasing 38% compared to Jun-23, mainly due to the same reasons that explain the variations in quarterly terms.

● **EBITDA** for 2Q24 reached **US\$131.7 million**, decreasing 2% compared to the EBITDA of US\$134.5 million in 2Q23, mainly due to the lower operating income, partially offset by lower raw materials and consumables used cost previously mentioned. **In cumulative terms**, EBITDA as of Jun-24 totaled **US\$261.3 million**, decreasing 13% compared to Jun-23, mainly due to the same reasons that explain the variations in quarterly terms.

## 3.2. Peru's Operating Income Analysis

Table 7 shows a summary of Fenix's Operating Income and EBITDA for the quarters 2Q23 and 2Q24, and cumulative as of Jun-23 and Jun-24. Subsequently, the main accounts and/or variations will be analyzed.

**Table 7: EBITDA Peru (US\$ million)**

Accumulated Figures			Quarterly Figures		Var %	
Jun-24	Jun-23		2Q24	2Q23	Ac/Ac	Q/Q
<b>103.9</b>	<b>123.2</b>	<b>OPERATING INCOME</b>	<b>53.1</b>	<b>63.7</b>	<b>(16%)</b>	<b>(17%)</b>
46.0	80.7	Regulated Customers Sales	22.2	40.5	(43%)	(45%)
33.8	35.1	Unregulated Customers Sales	18.6	19.8	(4%)	(6%)
17.3	1.8	Energy and Capacity Sales	8.7	0.0	-	-
6.9	5.6	Other Operating Income	3.6	3.4	24%	6%
<b>(56.7)</b>	<b>(89.3)</b>	<b>RAW MATERIALS AND CONSUMABLES USED</b>	<b>(28.2)</b>	<b>(59.3)</b>	<b>(36%)</b>	<b>(52%)</b>
(2.5)	(1.8)	Transmission Tolls	(1.2)	(0.8)	37%	46%
(1.9)	(39.6)	Energy and Capacity Purchases	(0.6)	(38.0)	(95%)	(98%)
(46.9)	(40.7)	Gas Consumption	(23.9)	(16.4)	15%	45%
(0.0)	0.0	Diesel Consumption	0.0	0.0	0%	0%
(5.4)	(7.1)	Other Operating Expenses	(2.6)	(4.1)	(24%)	(38%)
<b>47.2</b>	<b>33.9</b>	<b>GROSS PROFIT</b>	<b>24.9</b>	<b>4.3</b>	<b>39%</b>	<b>-</b>
(4.6)	(4.7)	Personnel Expenses	(2.2)	(2.2)	(3%)	(3%)
(4.3)	(4.0)	Other Expenses, by Nature	(2.0)	(1.9)	8%	3%
(17.9)	(17.5)	Depreciation and Amortization Expenses	(9.0)	(8.5)	2%	6%
<b>20.4</b>	<b>7.7</b>	<b>OPERATING INCOME (LOSS) (*)</b>	<b>11.7</b>	<b>(8.3)</b>	<b>-</b>	<b>-</b>
<b>38.3</b>	<b>25.2</b>	<b>EBITDA</b>	<b>20.7</b>	<b>0.2</b>	<b>52%</b>	<b>-</b>

(\*): 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 2Q24 amounted to **US\$53.1 million**, decreasing 17% compared to the income of US\$63.7 million recorded in 2Q23, mainly explained by lower sales to regulated clients resulting from the execution of options that extend the existing contracts life in exchange for a lower annual contracted capacity. This effect was partially offset by higher physical sales of energy and capacity to the spot market due to a higher generation and the lower physical sales to under contract customers mentioned above. **In cumulative terms**, revenue from ordinary activities as of Jun-24 amounted to **US\$103.9 million**, decreasing 16% compared to Jun-23, mainly due to the same reasons that explain the variations in quarterly terms.

● **Raw materials and consumables used costs** in 2Q24 amounted to **US\$28.2 million**, decreasing 52% compared to 2Q23, mainly explained by lower purchases of energy and capacity in the spot market, resulting from the greater power plant availability compared to 2Q23, associated with the major maintenance extension previously mentioned. This effect was partially offset by higher gas consumption costs associated with the higher generation. **In cumulative terms**, the costs of raw materials and consumables used as of Jun-24 amounted to **US\$56.7 million**, decreasing 36% compared to Jun-23, mainly due to the same reasons that explain the variations in quarterly terms.

● **Fenix's EBITDA** amounted to **US\$20.7 million** in 2Q24, increasing compared to EBITDA of US\$0.2 million recorded in 2Q23, mainly due to the higher unavailability of the Fenix thermal power plant during 2Q23. **In cumulative terms**, EBITDA as of Jun-24 totaled **US\$38.3 million**, increasing 52% compared to Jun-23, mainly due to the same reasons that explain the variation in quarterly terms.

### 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 2Q23 and 2Q24, and cumulative as of Jun-23 and Jun-24. Subsequently, the main accounts and/or variations will be analyzed.

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

Accumulated Figures			Quarterly Figures		Var %	Var %
Jun-24	Jun-23		2Q24	2Q23	Ac/Ac	Q/Q
29.4	31.8	Financial Income	14.1	16.5	(8%)	(14%)
(36.0)	(45.2)	Financial Expenses	(17.6)	(22.1)	(20%)	(20%)
0.2	(2.2)	Exchange rate Differences	(0.4)	(3.1)	-	(87%)
6.3	7.4	Profit (Loss) of Companies Accounted for Using the Equity Method	3.3	3.4	(15%)	(2%)
(28.7)	77.5	Other Profit (Loss)	(11.6)	94.0	-	-
<b>(28.8)</b>	<b>69.4</b>	<b>NON-OPERATING INCOME</b>	<b>(12.2)</b>	<b>88.7</b>	-	-
<b>168.5</b>	<b>295.4</b>	<b>PRE-TAX PROFIT (LOSS)</b>	<b>88.6</b>	<b>173.1</b>	<b>(43%)</b>	<b>(49%)</b>
(48.3)	(72.2)	Income Tax Expense	(27.2)	(41.9)	(33%)	(35%)
<b>120.3</b>	<b>223.1</b>	<b>AFTER TAX PROFIT (LOSS)</b>	<b>61.5</b>	<b>131.2</b>	<b>(46%)</b>	<b>(53%)</b>
<b>120.4</b>	<b>221.8</b>	<b>PROFIT (LOSS) OF CONTROLLER</b>	<b>61.8</b>	<b>133.9</b>	<b>(46%)</b>	<b>(54%)</b>
(0.1)	1.4	PROFIT (LOSS) ATTRIBUTABLE TO MINORITY INTEREST	(0.3)	(2.7)	-	(89%)

● **Non-operating Income** for 2Q24 recorded a loss of **US\$12.2 million**, which compares to the profit of US\$88.7 million during 2Q23, mainly associated with the US\$116.4 million income recorded in “Other earnings” in 2Q23, corresponding to the final price adjustment associated with the sale of the shares of Colbún Transmisión S.A to Alfa Desarrollo SpA. This effect was partially offset by lower financial costs given the largest capitalizations associated with Horizonte wind farm project. **In cumulative terms**, as of Jun-24 non-operating income reached a loss of **US\$28.8 million**, compared to the profit of US\$69.4 million as of Jun-23. This variation is mainly due to the same reasons that explain the variations in quarterly terms.

● In 2Q24, a **tax expense** of **US\$27.2 million** was recorded, compared to a US\$41.9 million tax expense in 2Q23. This decrease is mainly attributed to the lower profit recorded during the period. **In cumulative terms**, as of Jun-24 a tax expense of US\$48.3 million was recorded, which compares to the US\$72.2 million expense as of Jun-23, mainly due to the same reasons that explain the variations in quarterly terms.

● The Company reported a **profit** of **US\$61.5 million** in 2Q24, compared to the US\$131.2 million profit obtained in 2Q23, mainly associated with the income of US\$116.4 million recorded in “Other earnings” in 2Q23 corresponding to the final price adjustment associated with the sale of the shares of Colbún Transmisión S.A previously mentioned. **In cumulative terms**, as of Jun-24 Colbun presented a profit of **US\$120.3 million**, which compares with a profit of US\$223.1 million recorded as of Jun-23, mainly due to the same reasons that explain the variations in quarterly terms.

## 4. CONSOLIDATED BALANCE SHEET ANALYSIS

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

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

	Jun-24	Dec-23	Var	Var %
Current assets	1,348.2	1,426.2	(78.0)	(5%)
Non-current assets	5,277.0	5,234.5	42.5	1%
<b>TOTAL ASSETS</b>	<b>6,625.2</b>	<b>6,660.7</b>	<b>(35.5)</b>	<b>(1%)</b>
Current liabilities	330.7	470.8	(140.1)	(30%)
Non-current liabilities	3,078.4	3,092.6	(14.3)	(0%)
Total net equity	3,216.1	3,097.3	118.9	4%
<b>TOTAL LIABILITIES AND NET EQUITY</b>	<b>6,625.2</b>	<b>6,660.7</b>	<b>(35.5)</b>	<b>(1%)</b>

● **Current Assets:** Reached **US\$1,348.2 million** as of Jun-24, decreasing 5% compared to the current assets recorded at the end of Dec-23, primarily due to a lower level of "Cash and cash equivalents," mainly associated with (1) disbursements for the Horizonte wind project, (2) debt service payments, and (3) dividend payments during 2024. These effects were partially offset by the positive cash flow from operations.

● **Non-current Assets:** Recorded **US\$5,277.0 million** as of Jun-24, in line with the non-current assets registered as of Dec-23.

● **Current Liabilities:** Totaled **US\$330.7 million** as of Jun-24, decreasing 30% compared to the current liabilities recorded as of Dec-23, mainly due to (1) lower current tax liabilities resulting from the income tax payment in April 2024, and (2) lower levels of accounts payable, mainly associated with payments for energy and capacity purchases in the spot market.

● **Non-current Liabilities:** Reached **US\$3,078.4 million** as of Jun-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\$3,216.1 million**, increasing by 4% 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)**

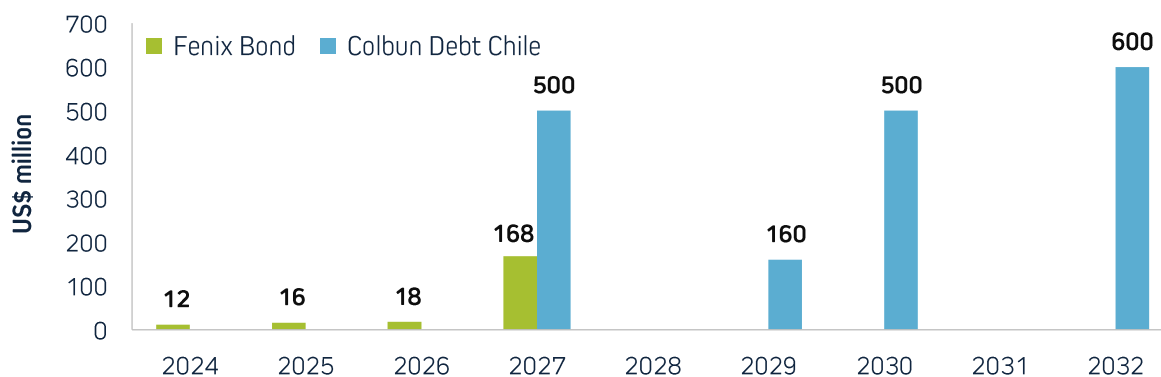
	Jun-24	Dec-23	Var	Var %
Gross Financial Debt*	2,109.0	2,123.3	(14.3)	(1%)
Financial Investments**	906.2	1,031.1	(124.9)	(12%)
Net Debt	1,202.8	1,092.2	110.6	10%
EBITDA LTM	686.9	713.9	(27.0)	(4%)
Net Debt/EBITDA LTM	1.8	1.5	0.2	14%

(\*) 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\$11.1 million associated with a transmission contract with Consorcio Transmataro, (3) a US\$91.0 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	5.4 years
Average Rate	3.8%
Currency	100% USD



## 5. CONSOLIDATED FINANCIAL RATIOS

A comparative table of consolidated financial indicators as of Dec-23 and Jun-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	Jun-24	Dec-23	Var %
Current Liquidity: Current Assets in operation / Current Liabilities in operation	4.08	3.03	35%
Acid Test: (Current Assets - Inventory - Advanced Payments) / Current Liabilities in operation	3.85	2.81	37%
Debt Ratio: (Current Liabilities in Operation + Non-current Liabilities) / Total Net Equity	1.06	1.15	-8%
Short-term Debt (%): Current Liabilities in operation / (Current Liabilities in operation + Non-current Liabilities)	9.70%	13.21%	-27%
Long-term Debt (%): Non-current Liabilities in operation / (Current Liabilities in Operation + Non-current Liabilities)	90.30%	86.79%	4%
Financial Expenses Coverage: (Profit (Loss) Before Taxes + Financial Expenses) / Financial Expenses	6.54	7.42	-12%
Equity Profitability (%): Profit (Loss) After Taxes, Continuing Activities / Average Net Equity	9.36%	13.04%	-28%
Profitability of Assets (%): Profit (Loss) Controller / Total Average Assets	4.41%	5.91%	-25%
Operating Income / Property, Plant and Equipment, Net (Average)	9.75%	10.41%	-6%

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 **4.08x** and **3.85x** as of Jun-24, increasing 35% and 37% respectively compared to the values as of Dec-23. This increase is primarily due to lower current liabilities associated with (1) lower current tax liabilities, and (2) lower levels of accounts payable mainly related to the payment of energy and capacity purchases in the spot market, previously mentioned.
- **The Indebtedness Ratio** reached **1.06x** as of Jun-24, decreasing 8% 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 Jun-24 was **9.70%**, decreasing 27% compared to the value of 13.21% as of Dec-23, mainly due to the lower current liabilities mentioned above, while non-current liabilities remained in line compared with Dec-23 amounts.
- The percentage of **Long-Term Debt** as of Jun-24 was **90.30%**, increasing 4% 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 Jun-24 reached **6.54x**, decreasing 12% 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 Jun-24 was **9.36%**, decreasing 28% 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 Jun-24 was **4.41%**, recording a 25% 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 Jun-24 was **9.75%**, decreasing 6% compared to the value of 10.41% as of Dec-23, primarily due to higher property, plant, and equipment, associated with the progress of Horizonte wind farm project 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)**

Accumulated Figures			Quarterly Figures		Var %	Var %
Jun-24	Jun-23		2Q24	2Q23	Ac/Ac	Q/Q
1,154.5	1,154.5	Cash Equivalents, Beg. of Period*	990.2	1,061.9	0%	(7%)
79.5	156.5	Net cash flows provided by (used in) operating activities	4.8	78.7	(49%)	(94%)
(92.9)	(204.9)	Net cash flows provided by (used in) financing activities	(45.3)	(158.1)	(55%)	(71%)
(89.9)	(156.7)	Net cash flows provided by (used in) investing activities**	(43.3)	(34.6)	(43%)	25%
(103.2)	(205.0)	Net Cash Flows for the Period	(83.7)	(114.0)	(50%)	(27%)
(21.7)	0.3	Effects of exchange rate changes on cash and cash equivalents	(0.3)	1.9	-	-
906.2	949.8	Cash Equivalents, End of Period	906.2	949.8	(5%)	(5%)

(\*) 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 2Q24, the Company reported a **negative net cash flow of US\$83.7 million**, which compares to the negative net cash flow of US\$114.0 million in 2Q23.

● **Operating Activities:** During 2Q24, a positive net cash flow of **US\$4.8 million** was generated, compared to the positive net cash flow of US\$78.7 million in 2Q23, primarily explained by (1) higher tax payments compared to 2Q23, and (2) lower operating margin. These effects were partially offset by lower operating expenses. **In cumulative terms**, a positive net cash flow of **US\$79.5 million** was recorded as of Jun-24, compared to the positive net cash flow of US\$156.5 million as of Jun-23, primarily due to the same reasons that explain the variations in quarterly terms.

● **Financing Activities:** Generated a negative net cash flow of **US\$45.3 million** during 2Q24, which compares to the negative net cash flow of US\$158.1 million in 2Q23, primarily explained by lower dividend payments, which amounted to US\$26.1 million during 2Q24, while in 2Q23 it amounted US\$139.5 million. **In cumulative terms**, a negative net cash flow of **US\$92.9 million** was recorded, compared to the negative net cash flow of US\$204.9 million as of Jun-23, primarily due to the same reasons that explain the variations in quarterly terms.

● **Investment Activities:** Generated a negative net cash flow of **US\$43.3 million** during 2Q24, which is compared to a negative net cash flow of US\$34.6 million in 2Q23, primarily explained by the income of US\$116.4 million corresponding to the final price adjustment associated with the sale of shares in Colbún Transmisión S.A to Alfa Desarrollo SpA during 2Q23. This effect was partially offset by lower CAPEX disbursements associated with Horizonte wind farm project, compared to the disbursements for this project during 2Q23. **In cumulative terms**, a negative net cash flow of **US\$89.9 million** was recorded, compared to the negative net cash flow of US\$156.7 million as of Jun-23, primarily explained by lower CAPEX disbursements associated with Horizonte wind farm project during 2024.



## 7. ENVIRONMENT AND RISK ANALYSIS

Colbun S.A. is a power generation company whose installed capacity reaches 3,980 MW composed by 2,134 MW of thermal units, 1,616 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 Jun-24, the hydrological year (Apr-24 – Mar-25) has shown surpluses in rainfalls compared to an average year in the main basins of the SEN. The surpluses were: Aconcagua: +52%; Maule: +22%; Laja: +38%; Biobio: +23% and Canutillar: +5%. Additionally, compared to the previous hydrological year, the Aconcagua, Maule, Laja, Biobio and Canutillar basins presented positive variations in rainfall levels of +225%, +1%, +10%, +14%, and +29% respectively. In terms of inflow energy, the hydrological year as of Jun-24 has a probability of exceedance of 53%.

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 MMm<sup>3</sup>/day for the period October 2023 - April 2024, 1.2 MMm<sup>3</sup>/day for the period May 2024 - September 2024 and 1.3 MMm<sup>3</sup>/day for the period October 2024 - December 2024.

During this year, power purchase agreements have been signed in Chile with 26 clients for an annual total of 2,074 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 second quarter of 2024, the SEIN registered a hydrological condition with a probability of exceedance of 16%, compared to 79% recorded in 2023.

In 2Q24, electricity demand increased by 1.4% compared to the same period in 2023, due to an increase in regulated client's demand. On the other hand, compared to the previous quarter, during 2Q24 a decrease in energy demand of -2.3% was recorded due to a reduction in regulated demand caused by changes in temperature.

Santa Rosa's average marginal cost during 2Q24 reached US\$31/MWh, in contrast with 2Q23 (US\$64/MWh), this was due to the unavailability of thermal power plants (Fenix and Chilca I) and lower hydroelectric generation.

## 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 Paríacota Region	Environmentally Approved
BESS Diego de Almagro	1,000 MWh	Batteries	Atacama Region	Environmentally Approved
Inti Pacha	925 MW + 2,000 MWh	Photovoltaic + Storage System	Antofagasta Region	Environmentally Approved
Jardín Solar	802 MW + 1,000 MWh	Photovoltaic + Storage System	Tarapacá Region	Environmentally Approved
Paposo Pumped Storage	800 MW	Storage	Antofagasta Region	Under Environmental Studies
Cuatro Vientos	360 MW	Wind	Los Lagos Region	Under Environmental Studies
Junquillos	473 MW	Wind	Biobío Region	Under Environmental Studies
Horizonte Modification	180 MW	Wind	Biobío Region	Under Environmental Impact Statement
New Selector S/S Lullaillaco	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 Paríacota 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 Paríacota 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 second quarter of 2024, 87% progress on the project was reached. The assembly of the turbines continues to progress, reaching the mechanical completion of 94 wind turbines, and the construction of internal roads and wind turbine platforms has been completed. The substations, transmission lines and medium voltage networks, have a cumulative progress of 99% related to the complete electrical works.

◆ **Celda Solar Photovoltaic Project and BESS (422 MW + 1,200 MWh):** 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 120MW/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 31, 2024.

In 2Q24, the process of tendering the main equipment and obtaining the necessary sectoral permits for the construction phase continued.

◆ **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.

As of 2Q24, the investment opportunity is in a businesscase evaluation.

◆ **Photovoltaic Solar Project and BESS Inti Pacha I, II and III (925 MW + 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. A request for a 2-year extension of the deadline to Declare under construction is currently being processed.

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.

As of 2Q24, the investment opportunity is in a businesscase evaluation.

◆ **Photovoltaic Solar Project and BESS Jardín Solar (802 MW + 1,000 MWh):** The Project considers the installation of a solar energy generation park that has an installed capacity of close to 802 MW to be built in 2 stages 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.

As of 2Q24, the investment opportunity is in a businesscase evaluation.

● **Paposo Pumped Storage Project (800 MW):** Paposo Pumped Storage project will consist in the construction and operation of a power generation plant through a pumping plant with a maximum installed capacity of 800 MW, which will operate with desalinated water obtained from a reverse osmosis desalination plant that it will be located approximately 5.2 km north of Paposo cove.

The Pumping Station will be composed of two reservoirs connected to each other by an adduction and impulsion pipe, where the water will be pumped from the lower reservoir located in the coastal area to the upper reservoir located in the coastal cliff. In this way, water will accumulate during the day, to later generate energy in the afternoon, night and early morning, changing the direction of the water flow from the upper reservoir to the lower reservoir through the same pipe, taking advantage of a difference in level of about 1,500 meters between the reservoirs.

The energy produced will be transmitted to a lifting substation located next to the power plant, raising its electrical voltage to be transmitted through the electrical transmission line to its injection point to the National Electric System (SEN as its Spanish acronyms) in the Parinas Substation (existing).

In 2Q24, the project was submitted to the Environmental Impact Assessment System (SEIA as its Spanish acronyms) for processing.

● **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 up to 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.

The Environmental Impact Assessment (EIA) for this project was submitted for processing in 1Q24.

As of 2Q24, we are in the process of preparing Addendum 1 to the EIA based on Environmental Evaluation Service (SEA as its Spanish acronyms) and citizen comments.

● **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 of the EIA was prepared. The Citizen Participation (PAC as its Spanish acronyms) and review of the EIA was also carried out by 21 services, with 17 official notifications issued.

During 2Q24, it was submitted for environmental processing and is currently in the process of indigenous consultation by the SEA.

● **Horizonte Wind Farm Modification (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).

As of 2Q24, the first Consolidated Report of Request for Clarifications, Rectifications and/or Amplifications (ICSARA as its Spanish acronyms) is in the process of being prepared.

● **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 Paríñas– 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 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 of 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, which has not happened yet. For this reason, the start of construction is estimated for the first quarter of 2025 and commissioning for the first quarter of 2027.

In 2Q24, the environmental and human environment campaigns were completed, which are part of the preparation of the Environmental Impact Statement (DIA), which is expected to be entered into the SEIA in September 2024.

● **Other renewable energy projects from variable sources:** At the end of 2Q24, Colbun continues making progress in the pipeline of options for wind, solar and storage projects, which are in preliminary development stages. 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
Algarrobal	400 MW	Photovoltaic	Moquegua Department	Preparing Environmental Studies
Bayóvar	660 MW	Wind	Piura Department	Under Environmental Studies
Tres Quebradas	238 MW	Wind	Arequipa Department	Under Environmental Studies
Naylamp	238 MW	Wind	Lambayeque Department	Preparing Environmental Studies
Pampas	300 MW	Wind	Ica Department	Engineering and Permits

● **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. It is estimated that the project’s average annual generation will be 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).

The project’s Environmental Impact Study was submitted for processing in 2Q24 and is currently under review by the Ministry of Energy and Mines.

● **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. It is estimated that the project’s average annual generation will be 1,230 GWh. 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.

As of 2Q24, it is 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 833 GWh. This wind farm is located 23 km south of Acarí town, in Bella Unión district within Arequipa department, and occupies an 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,

As of 2Q24, it is under review by the Ministry of Energy and Mines.

● **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).

As of 2Q24, the preparation of the documentation for the Environmental Impact Study of the project is still in progress.

● **Pampas Wind Project (300 MW):** Pampas Project considers the installation of a wind farm with an installed capacity of approximately 300 MW. It is estimated that the project's average annual generation will be of approximately 1,000 GWh. This wind farm is located 80 km southwest of the city of Ica, in the district of Santiago in the department of Ica and uses a total area of approximately 10,000 acres of state-owned land.

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 35 km, connecting at 220 kV to the future Colectora substation, which was awarded in June 2024 by Proinversion.

As of 2Q24, the project is in an initial engineering stage to start preparing the file for the Environmental Impact Study.

## 7.4 Risk Management

### 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.

### A. 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 in to 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 could 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 MMm<sup>3</sup>/day for the period October 2023 - April 2024, 1.2 MMm<sup>3</sup>/day for the period May 2024 - September 2024 and for 1.3 MMm<sup>3</sup>/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

#### Enacted Laws

1. On April 30, the **Tariff Normalization Law (Law 21.667)** was published, which contemplates measures to gradually unfreeze electricity supply tariffs. To this end, it mainly modifies Law 21.472:
  - It extends the validity of the Tariff Stabilization Fund (FET) until 2035 and increases the resources accounted for the operation of the MPC from 1,800 to 5,500 MMUSD.
  - It enables the financing through the FET of a transitory subsidy for vulnerable residential customers.
  - Allows the differences derived from monthly variations in the price of contracts to be recognized as payment documents, according to the MPC mechanism.
  - Gradual unfreezing of distribution tariffs (VAD).

From the agreements derived from the parliamentary discussion, the creation of a Technical Round Table was defined, which has been meeting since the end of May in order to find alternatives to increase the annual amount of the transitory subsidy, as well as other policies aimed at reducing the increase in the electricity tariff for regulated customers. In accordance with the discussion that has been generated at this table, on July 1st the Minister of Energy announced a new bill which aims to tripling the coverage of the electricity subsidy. The main measures of the bill are:

- Transitional increase in the carbon emissions tax.
- The increase of the fiscal contribution derived from the higher VAT collection due to the tariff increase.
- Temporary increase of the additional value of the Public Service Charge for large consumers (monthly consumption over 5,000 kWh).
- Legal modification so that regulated customers may purchase energy from Small Means of Distributed Generation (PMGD as its Spanish acronyms).

The Technical Committee expects to dispatch the project by July 30 at the latest.

On July 5, the Ministry of Energy published the **average node price** decree in the Official Newspaper, in accordance with the provisions of Law 21.667. With this, the process of normalization of energy prices of regulated contracts becomes effective, and customers will see an increase in their electricity bills from the billing of July consumption.

2. On April 8, the **Cybersecurity Framework Law (Law 21.663)** was published, which establishes the institutional framework, principles and general cybersecurity regulations for government agencies and certain institutions. According to the provisions of the law, it will apply to private institutions that carry out activities of energy generation, transmission or distribution, as they are considered essential services. Therefore, the obligations and duties arising from this law are of special interest to Colbun.

#### Key Developments in Bills in Progress

1. **The Energy Transition Bill:** on July 9, the Senate Chamber sent the bill to the Chamber of Deputies for the second constitutional procedure. In this process, the Senate rejected the proposed amendment to Article 114 bis, which incorporated a new mechanism for reallocating extraordinary tariff revenues and the threshold to be considered by the Commission on a transitory basis. Consequently, a protocol was subscribed to present a proposal of methodology for the tariff income in the second constitutional procedure, the points to be discussed will be the following:

- Extraordinary tariff incomes indication: it will be sought to maintain the reallocation for delay of works (Art. 114 bis LGSE), the implementation of a transitory mechanism and another permanent one, which is competitive, will be discussed.
- Indication of Vertical Integration (Art. 7 LGSE): to guarantee free competition in the sector.

Comparing to the original bill, the following is maintained so far:

- Urgent works development for transmission system expansion: the Ministry of Energy will have a mechanism that will allow it to exclude works from the transmission planning process, being able to order that they be executed by means of an exempt decree given their necessary and urgent nature.
- Expansion works tendering: these will be tendered by their owners and the review process of the investment value of awarded expansion works.

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 bill is in its first constitutional procedure with simple urgency and its discussion is at a standstill while waiting for the receipt of indications, whose deadline was originally set for June 28, but was extended to July 12.

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.

The bill is currently in its first constitutional proceeding with a qualified priority urgency and is being reviewed by the Economy Committee.

4. **Bill on the Use of Seawater for Desalination:** On June 7, 2024, the Executive entered the Senate a substitute indication to the bill on the use of seawater for desalination, which had been on pause since 2022.

The initiative is currently in the process of hearings in the Senate Water Resources Commission and has been attended by various institutions such as Chilean Association of Desalination and Reuse (ACADES as its Spanish acronyms), the Mining Council, the Regional Governors Association and academics to deliver their opinions, proposals and proposals.

The main measures proposed in this Bill are:

- The creation of a concession or special maritime destination for desalination.
- The possibility of requesting or imposing legal aqueduct easements.
- The creation of a National Desalination Strategy.
- The modification of other legal bodies to enable this industry.

## Other Relevant Regulatory Announcements

1. **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.

After the presentation phase of the trade associations ended on May 14, the Ministry would present its preliminary proposals, however, they were postponed until September 2024.

The modification of this regulation is relevant, given the matters that are regulated in it.

**Regulation of Small Generation Means (DS 88):** On July 3, the Ministry presented the institutional diagnosis where it indicated that the modification will focus on the axes:

- Coordination of the operation
- New technologies
- Network connection
- Markets (stabilized price)
- Other themes.

The working group will meet between July and August 2024.

2. **Small Distributed Means of Generation (SDMG) Technical Standard (connection and operation):** Chilean Association for Renewable Energy and Storage (ACERA as its Spanish acronyms) and its partners have raised difficulties for SDMG with storage to be developed.

Consequently, on June 24, the Superintendency of Electricity and Fuels (SEC as its Spanish acronyms) issued an official letter establishing new guidelines for the evaluation of SDMG with storage systems adjusted by time blocks. Currently awaiting publication.

3. **Technical Standard for Safety and Quality of Service (NTSyCS as its Spanish acronyms):** On June 27, the work of the advisory committee for the modification of the technical standard began. The objectives of the modification are:
  - Update or incorporate, when appropriate, security and quality of supply requirements: considering the energy transition, high penetration of renewable energies, new temporal management technologies and the projected decarbonization of the energy matrix.
  - Adjust and reduce redundancies between the main body and the annexes: as well as detect and provide solutions that have arisen from the current standard.

In addition, on July 8, the commission presented the preliminary survey of the Modification of the Technical Standard for Safety and Quality of Service (NTSyCS)

4. **Green Hydrogen Action Plan 2023-2030:** On May 2, 2024, the Green Hydrogen Action Plan 2023 - 2030 was presented, after a public consultation process. This Plan defines the roadmap for the deployment of this industry, reconciling economic development taking in account the environment, territory and communities. The Plan was developed in coordination with different organizations, ministries, local governments and private companies, trying to cover all aspects that affect green hydrogen projects. The text contemplates 81 measures, distributed in 18 lines of work, which will be implemented in two stages:
  - The first between 2023 and 2026: it will explore establishing the conditions that allow the development of the industry by defining environmental, social and labor standards, in addition to having an efficient permit system, promoting scientific research around the industry and advancing in tax and financial incentives.
  - The second between 2026 and until 2030: considers having the instruments of territorial planning, regulations, local development, citizen participation and preparation of human capital to carry out the development of green hydrogen.
5. **Decarbonization Plan:** On January 25, the working groups ended their duties on the discussion for the 2030 Decarbonization Roadmap, an initiative led by the Ministries of Energy and Environment. Additionally, on March 25, the first meeting of the Carbon Neutrality 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. In this instance, they worked 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 consider matters that are not currently addressed in any other processes.

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.

#### Cases in the Court for the Defense of Free Competition (TDLC)

1. **Lawsuit against CNE for Condition of Inflexibility in the Technical Standard (NT) of Liquefied Natural Gas (LNG):** In December 2021, the companies Hidromaula and Eléctrica Puntilla sued the CNE before the TDLC, for violating the free competition established in Decree Law No. 211, defining the condition of inflexibility in the “Technical Standard for the Programming and Coordination of the Operation of Units that Use Regasified LNG.”

The process has gone through various claims through the Supreme Court so that it can be processed by the TDLC. The case is currently being reviewed by the Court and is in the process of witness hearings.

2. **Liberalization of the 300 kW Threshold:** 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 opt for the free price regime at 300 kW, in accordance with what is stated in Art. 147 of the General Law of Electrical Services.

The Court received information until February 24, with more than 20 entities being present in the process. On July 17, the public hearing was held where the Ministry, Colbun and other interested parties presented. The process will end with the publication of the Court's report in the coming months. This cause is relevant for Colbun since it has a particular interest on the development of preventive regulation that accompanies the process of progressive liberalization of the Chilean retail market, in order to ensure adequate conditions of competition among energy marketing agents.

## Peru

### Enacted Laws

1. On March 24, 2024, the **Law for the Promotion of Green Hydrogen** (Law No. 31992) 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.
  - Declaration of National Interest: The declaration of national interest 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 regulations of the Law the necessary requirements to obtain the certification of green origin 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.
2. On July 4, the **Law that delegates to the Executive the power to legislate in matters of economic reactivation, simplification and regulatory quality, business activity of the State, citizen security and national defense (Law No. 32089)** was published. In matters where the Executive Branch has legislative powers, for example, in the electricity sector, in:
  - Approve regulatory improvements in Law 28832: Law to ensure the efficient development of Electrical Generation, with the objective of increasing competition in the activity of electrical energy generation and promoting greater investment in new sources of electrical energy generation for the country supply of regulated users, in order to have electricity at a lower cost and less polluting, which will contribute to reducing the electricity rates of regulated users.
  - Modify article 2 of Law No. 31992: Green Hydrogen Promotion Law to promote the development of green hydrogen.
  - Promote the development of national petrochemical infrastructure: For the implementation and operation of Petrochemical Plants that include the production of urea and fertilizers.
  - Modify articles 8, 9, 14, 15, and 18 of the General Law of Rural Electrification (No. 28749), and related articles: To accelerate the execution of rural electrification projects.
  - Strengthening the massification of natural gas: creating a compensation mechanism for decentralized access that levels final prices for regulated users of the pipeline network distribution service at a national level.

It should be noted that the norm grants this delegation to the Executive Branch for a period of 90 days from its entry into force.

### Key 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 initiative's 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, the Ministry of Energy and Mines (MINEM) will regulate this market operation and administration. 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 contract's terms and conditions.

On June 5, 2024, the Economy, Banking, Finance and Financial Intelligence Commission declared itself inhibited, that is, it was not considered competent to deal with the matter in question. Currently, this project is waiting to be debated in the plenary session of Congress.

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 the other hand, on November 14, 2023, the autograph is presented to the President of the Republic within 15 business days. Then, on December 4, 2023, the President of the Republic observes the autograph on points such as the Hydrocarbon Energy Security System, the position and destiny of the Hydrocarbon Energy Security System, the financing of the FISE, the destination of the fund, the administration of the fund and compliance with provisions, and, finally, supervision and inspection. Consequently, the PdL on December 4, 2023, has returned to the Energy and Mines Commission for review. On April 18, 2024, the Energy and Mines Commission returned the same opinion for debate in plenary.

This project was debated again in plenary on May 2, 2024. However, the discussion went to an intermediate room to review the consumption range of the beneficiaries of the levelized rate in the entire regulated market. Currently, it remains paralyzed and awaiting a final opinion.

3. **The Bill for the Promotion and Development of Green Transportation** (PdL 7301/2022, PdL 3039/2022, PdL 5515/2022, PdL 4903/2022, PdL 6798/2023, and PdL 2617/2024) aims to declare the promotion of the use of electric and hybrid vehicles and the implementation of the necessary charging infrastructure as a matter of national interest, due to the resulting reduction in greenhouse gas (GHG) emissions and the reduction in the importation of liquid fuels. On June 6, 2024, the Energy and Mines Commission's report was approved. This report on the unified projects addresses the following topics:

- Formulation of sectoral energy policies and plans by the Ministry of Energy and Mines (MINEM), aligned with the Ministry of Transport and Communications (MTC) and the Ministry of Economy and Finance (MEF).
  - Economic incentives to acquire electric and hybrid vehicles, renew the vehicle fleet, and implement charging infrastructure; ii) exemption from VAT and the Vehicle Property Tax (IPV) for 5 years for electric vehicles, and economic and tax benefits for the manufacture, assembly, or importation of electric and hybrid vehicles.
  - Development of infrastructure for the charging and maintenance of electric and hybrid vehicles, and promotion of research, development, and innovation in electromobility technologies.
  - Promotion of electric vehicles as a tool for entrepreneurship among micro and small business owners, and encouragement of electromobility in public passenger transportation.
4. **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 31, 2035, to promote investment in the activity of electricity generation with water resources and other renewable resources.

#### **Main Developments in Supreme Decrees in Process**

1. 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) for PV projects, as well as for wind plants semi-detailed Environmental Impact Study (EIA-sd, as its Spanish acronym).
2. On June 20, 2024, Ministerial Resolution No. 253-2024-MINEM/DM was published, which approves the Guidelines for the preparation of the Citizen Participation Plan (CPP) of the semi-detailed Environmental Impact Studies (EIA-sd) of the Electricity subsector. These guidelines establish the minimum requirements and content that the owners must comply with when preparing said plan, prior to their request for evaluation and approval by the competent environmental authority. In addition, it makes available table formats that the Owner can use to present the information mentioned above.

#### **Other Relevant Regulatory Announcements**

1. **Early Agenda - MINEM 2024:** On January 31, 2024, through Resolution No. 026-2024-MINEM/DM, the Early Agenda 2024 of the Ministry of Energy and Mines 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 modification of regulations. 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.
2. **Final Management Report 2023-2024 of the Energy and Mines Commission:** On June 17, 2024, the Energy and Mines Commission presented the final management report corresponding to the 2023-2024 legislative period. This report documents and evaluates the Commission's work, summarizing activities, project status, as well as challenges and achievements achieved. In this report, it is mentioned that during the annual period of sessions 2023-2024, the Commission assumed 85 bills, of which 35 opinions were debated and approved and 3 laws were published.

To date, it is expected that the Energy and Mines Commission will be reconstituted in mid-August for the period 2024-2025.

## ● 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, 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 June 30, 2024, the Company's financial debt is denominated 92% at a fixed rate and 8% at a 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.

Recently, 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 June 30, 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 June 30, 2024, Colbun has approximately US\$906 million cash surpluses, invested in interest-bearing checking accounts, time deposits and mutual funds with 21 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).

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

- Five bond facilities, one for an amount of UF 7 million with a thirty-year validity (since its approval in August 2009). Two for a joint amount of UF 7 million with validity for ten and thirty years (since its approval in February 2020), and two for a total amount of UF 7 million each with validity for ten and thirty years (since its approval in May 2024), and against which no placements have been made to date.
- 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 June 30, 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 June 30, 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 June 30, 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 26%. 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. Regarding derivatives, the counterparty that concentrates the largest participation reaches 72% 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

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*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.*