

QUARTERLY EARNINGS REPORT

As of December 31, 2024



4th QUARTER 2024

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4Q24 Earnings report

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Conference Call 4Q24 Results

Date: January 31st, 2025
Hour: 8:30 AM Eastern Time
 10:30 AM Chilean Time

USA: +1 718 866 4614
Chile: +562 2840 1484
Event Link:
<https://mm.closir.com/slides?id=106945>

Investor Relations Team Contact:

Soledad Errázuriz V.
serrazuriz@colbun.cl
 + (56) 2 24604450

Isidora Zaldivar S.
izaldivar@colbun.cl
 + (56) 224604308

Macarena Güell M.
mguell@colbun.cl
 + (56) 2 24604084

1. HIGHLIGHTS

Main figures at a consolidated level

- **Operating income** for the fourth quarter of 2024 (4Q24) amounted to **US\$384.5 million**, decreasing 6% compared to the income recorded in the fourth quarter of 2023 (4Q23), primarily due to lower sales to regulated clients in both Chile and Peru, mainly explained by the lower energy and capacity contracted with this segment. This effect was partially offset by (1) higher sales to unregulated clients in Chile and Peru, mainly driven by a higher average sale price compared to 4Q23, and (2) higher sales to the spot market in Chile and Peru, due to the higher energy allocated to this market, given the lower contracted energy with regulated clients mentioned above. **In cumulative terms**, operating income as of Dec-24 amounted to **US\$1,576.0 million**, decreasing 21% compared to Dec-23, primarily due to (1) lower sales to regulated clients in Chile and Peru for the same reasons previously mentioned, (2) lower sales to unregulated clients in both countries, driven by a lower average sale price due to the these contracts' indexation and a reduced consumption in this segment during the year, and (3) lower energy and capacity sales in the spot market in both countries, mainly due to lower marginal costs in both systems, despite higher physical sales in this segment.
- Consolidated **EBITDA** for 4Q24 reached **US\$172.8 million**, increasing 7%, compared to the EBITDA of US\$160.8 million in 4Q23, primarily due to lower raw material and consumables used costs explained by lower gas and coal consumption in Chile. This effect was partially offset by the lower operating income previously mentioned. **In cumulative terms**, EBITDA as of Dec-24 totaled **US\$642.4 million**, decreasing 10% compared to Dec-23, primarily due to the lower operating income previously mentioned. This effect was partially offset by (1) lower fossil fuels consumption, mainly due to the better hydrological conditions recorded during the first half of 2024, and (2) lower energy and capacity purchases from the spot market in both countries, primarily driven by lower marginal costs and lower energy and capacity purchased in this market.
- **Non-operating income** for 4Q24 registered a loss of **US\$45.6 million**, which is compared to a loss of US\$28.4 million recorded in 4Q23, primarily due to (1) lower financial income due to the lower interest rate recorded during the quarter and the lower average balance of financial investments, and (2) a negative effect from the variation in the CLP/US\$ exchange rate on temporary balance sheet items in local currency during the quarter. **In cumulative terms**, the non-operating income as of Dec-24 reached a loss of **US\$82.4 million**, compared to a profit of US\$40.5 million as of Dec-23. The lower profit is primarily explained by the income of US\$116.4 million recorded under "Other Profits (Loss)" in 2023, corresponding to the final price adjustment associated with the sale of shares in Colbún Transmisión S.A. to Alfa Desarrollo SpA. This effect was partially offset by lower financial expenses resulting from higher financial expense activations associated with the Horizonte wind farm project.
- In 4Q24, a **tax expense** of **US\$14.5 million** was recorded, compared to a tax expense of US\$21.0 million in 4Q23. This decrease is mainly explained by (1) a lower pre-tax profit recorded during the period, and (2) San Juan and Totoral wind farms acquisition and their impact on deferred taxes. **In cumulative terms**, as of Dec-24, a tax expense of **US\$87.6 million** was recorded, which is compared to US\$144.7 million as of Dec-23, primarily due to the lower pre-tax profit recorded during the year.
- The Company reported a **profit** of **US\$54.1 million** for 4Q24, compared to a profit of US\$56.2 million in 4Q23, primarily due to the lower non-operating result, as explained above. This effect was partially offset by the higher EBITDA and lower tax expenses. **In cumulative terms**, Colbun reported a profit of **US\$257.2 million** as of Dec-24, compared to a profit of US\$403.8 million as of Dec-23, primarily due to the income of US\$116.4 million before taxes recorded in 2023, corresponding to the final price adjustment associated with the sale of Colbún Transmisión S.A. previously mentioned.

Highlights of the year

COMMERCIAL STRATEGY:

- During 2024, power purchase agreements (PPAs) were signed in Chile with 41 clients for 2,106 GWh per year. Among the main contracts signed, the renewable PPA with Codelco stands out, totaling 1,100 GWh per year for 15 years starting in January 2026, and with Antofagasta Minerals associated with “Nueva Centinela” project, for a total of up to 912 GWh per year starting in 2025, for 15 years.
- During 2024, PPAs were awarded in Peru to 26 clients for a total of 256 MW per year. The most significant awards of the year were for the regulated segment of Pluz Energía Perú (137.5 MW) and the Distriluz group (67 MW). In the unregulated segment, the renewals with our clients Grupo Patio (7 MW) and Agro Industrial Paramonga (7 MW) stand out.

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, totaled US\$196.7 million, which represents 50% of distributable net profit for the year 2023, consistent with the dividend policy.
- On December 13, provisional dividends for US\$99.7 million were paid, charged to the profit of the year 2024.

FINANCING:

- On November 26, Colbun S.A. signed a “green” loan for up to US\$300 million with BBVA and Bank of America of which US\$200 million were disbursed in December, and US\$100 million remain available to be withdrawn within a twelve-month period. This loan is bullet, with a 5-year term, and the funds will be used to finance renewable energy generation projects, reinforcing our commitment to sustainability and the energy transition.

MERGERS AND ACQUISITIONS:

- On October 1, Colbun S.A. completed the 100% acquisition of Inversiones Latin America Power SpA (ILAP) shares, which owns the companies San Juan S.A. and Norvind S.A., after meeting the purchase agreement suspensive conditions notified on June 28, 2024. The transaction includes the purchase of the San Juan and Totoral wind farms, with installed capacities of 193 MW and 46 MW, respectively, both currently in operation. The transaction price, free of debt and cash amounted to US\$403 million.

PEC:

- On October 9, Colbun S.A. reached an agreement with the Inter-American Investment Corporation (IIC) to sell payment documents (DDP, for its Spanish acronym) related to the price stabilization mechanism under PEC III Law. This agreement will allow Colbun to sell DDP that reflect the difference between the rates charged in its supply contracts and the effective rates under PEC III Law, with an estimated amount of up to US\$99 million for Colbun S.A. and US\$19 million for ILAP companies. On October 24, the first sale of DDP under this agreement was completed, amounting to US\$70 million for Colbun S.A. and US\$11 million for ILAP. It is worth noting that this will not have an impact on Colbun’s results.

PROJECTS PROGRESS:

- On January 25, Fenix thermal power plant began operating its green hydrogen plant, which will be used for the cooling of the generators of the plant. This project, which includes a photovoltaic plant and an electrolyzer, represents a significant step forward in the development and promotion of clean and renewable hydrogen in Peru. Additionally, it will replace 100% of the grey hydrogen consumed by the plant, reducing its carbon footprint by about 70 tons of CO₂ equivalent per year.
- During 2024, the Company made significant progress in various renewable energy and storage projects. These projects are at different development stages, ranging from environmental evaluation and approval for execution and construction.

Projects Submitted for Environmental Evaluation:

- Cuatro Vientos Wind Farm: Submitted for environmental evaluation on January 26 in Llanquihue, Chile. The project would contemplate up to 360 MW.
- Bayóvar Wind Project: Submitted for environmental evaluation on March 14 in Piura, Peru. This project would contemplate up to 660 MW, to be developed in two phases.
- Paposo Pumped Storage Project: Submitted for environmental evaluation on May 31, in the Antofagasta Region, Chile. This project envisions a capacity of up to 800 MW and aims to store renewable energy to generate during peak demand hours. The project was suspended following the rejection of the appeal for reconsideration submitted by Colbún to the same environmental authority.
- El Encanto Photovoltaic Solar and BESS Project: Submitted for environmental evaluation on December 27, in the O'Higgins Region, Chile. This project would contemplate up to 250 MW of photovoltaic capacity and 1,040 MWh of generation with batteries.

Projects with updates on their Relevance submitted for the Environmental Impact Assessment System (EIAS):

The Environmental Evaluation Service (SEA) ruled during 2024 on the relevance of entering the EIAS for the Diego de Almagro Sur photovoltaic park and the Intipacha and Jardín Solar photovoltaic projects, specifically stating that their battery systems are not required to go through the EIAS.

Projects in Construction Stage:

- BESS Celda Solar: This project involves a storage system of 228 MW, equivalent to 912 MWh of generation. In December, the investment decision was made, with an approved amount of US\$260 million. For this project, the Company entered into an agreement with the battery and electric vehicle manufacturer Tesla.
- Horizonte: As of December 31, the project reached 97% completion, finishing the mechanical completion of its 140 wind turbines, 70 of which were energized as of that date and had injected around 200 GWh of energy to the National Electric System since May during their testing phase.

OPERATION OF OUR POWER PLANTS:

- During 2024, some of our main thermal power plants underwent major maintenance to ensure their proper functioning and efficiency:
 - Fenix Thermal Plant: From February 15, 2024, to February 28, 2024.
 - Nehuenco 2 Thermal Plant: From September 30, 2024, to October 4, 2024.
 - Santa María Thermal Plant: From November 1, 2024, and is still ongoing.

● On December 5, the 10th anniversary of the Angostura Plant and Park was celebrated, with 1,400,000 visits and 600 supported ventures. This hydroelectric project, key to the social and tourist development of Santa Bárbara and Quillaco, has boosted local entrepreneurship, generating approximately 2,500 million pesos annually from these entrepreneurs and promoting sustainable tourism.

● On December 12, Colbun signed the sale of the Carena hydroelectric power plant assets (10 MW) to Nueva Carena SpA, part of the HLT Energía group, specialized in mini-hydro and renewable energies. This decision is part of our asset optimization strategy for the energy transition.

SUSTAINABILITY MANAGEMENT:

● During 2024, Colbun achieved significant recognition in sustainability and ESG management, reflecting its comprehensive commitment to sustainability, business ethics, safety, gender equity, and social responsibility.

- In safety: The Company achieved a record in the Global Accident Frequency Rate and was recognized by the Chilean Safety Association (ACHS) with second place nationally in safety culture.
- In gender equity: Colbun was recognized by “Great Place To Work” as one of the top five companies to work for women.
- In sustainable management: Colbun was recognized by EY and El Mercurio as the most outstanding Company in ESG criteria and earning first place in the Business Sustainability Ranking by Brinca and Adolfo Ibáñez University in the Mining and Energy category. Additionally, it achieved a historic result in the Dow Jones Sustainability Index (DJSI), ranking among the top 6% of the best-rated electric companies globally.

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 4Q23 and 4Q24, and cumulative as of Dec-23 and Dec-24.

Table 1: Physical sales and generation in Chile

Accumulated Figures		Sales	Quarterly Figures		Var %	Var %
Dec-24	Dec-23		4Q24	4Q23	Ac/Ac	Q/Q
11,926	12,974	Total Physical Sales (GWh)	2,791	2,946	(8%)	(5%)
1,083	2,580	Regulated Clients	313	608	(58%)	(49%)
9,208	9,344	Unregulated Clients	2,363	2,303	(1%)	3%
1,635	1,050	Sales to the Spot Market	115	35	56%	-
1,276	1,626	Capacity Sales (MW)	1,331	1,626	(22%)	(18%)

Accumulated Figures		Generation	Quarterly Figures		Var %	Var %
Dec-24	Dec-23		4Q24	4Q23	Ac/Ac	Q/Q
12,113	12,976	Total Generation (GWh)	2,806	2,779	(7%)	1%
7,276	6,872	Hydraulic	2,098	2,349	6%	(11%)
3,779	5,371	Thermal	263	237	(30%)	11%
2,517	3,754	Gas	244	148	(33%)	65%
17	64	Diesel	3	2	(73%)	38%
1,245	1,553	Coal	16	87	(20%)	(81%)
1,059	732	VRE	445	193	45%	130%
433	101	Wind*	272	32	-	-
626	631	Solar**	172	161	(1%)	7%
71	188	Spot Market Purchases (GWh)	25	170	(62%)	(85%)
1,564	862	Sales - Purchases to the Spot Market (GWh)	90	(135)	82%	-

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

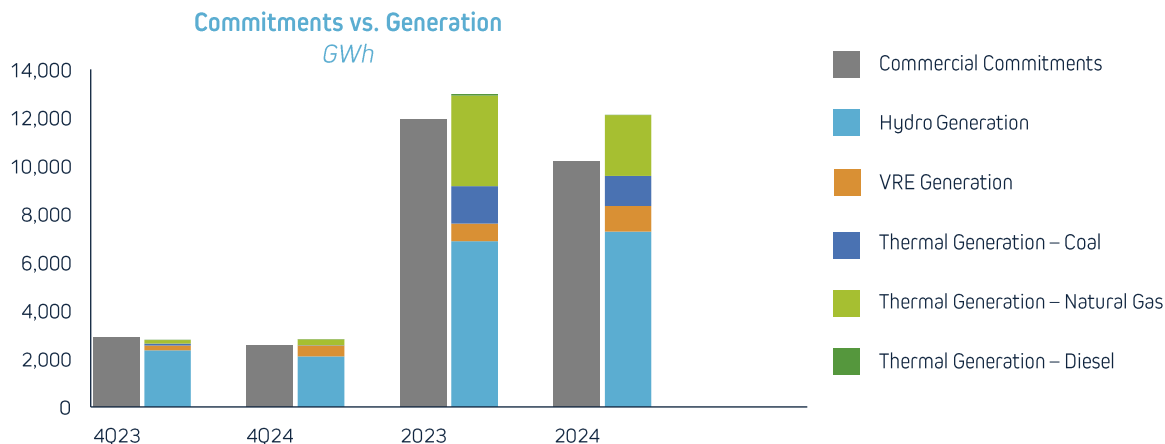
(**): Includes energy purchased from Imelsa solar pv plant.

VRE: Variable renewable energies.

● **Physical sales** during 4Q24 reached **2,791 GWh**, decreasing 5% compared to 4Q23. This difference is primarily explained by lower sales to regulated clients due to the expiration of contracts in this segment in Dec-23. This effect was partially offset by higher physical sales to the spot market, resulting from the lower energy allocated to regulated clients mentioned earlier. **In cumulative terms**, physical sales as of Dec-24 reached **11,926 GWh**, decreasing 8% compared to Dec-23, mainly due to (1) lower sales to regulated clients, driven by the expirations explained above, and (2) lower sales to unregulated clients, primary due to the reduced consumption from the mining industry during the first three quarters of the year. These effects were partially offset by higher physical sales to the spot market, explained by the same reasons as the quarterly variations.

● On the other hand, **the generation** during the quarter reached **2,806 GWh**, increasing 1% compared to 4Q23, mainly due to (1) higher wind generation (+240 GWh), mainly due to the energy associated with and the acquisition of San Juan and Totoral wind farms and to the Horizonte wind farm project, and (2) higher gas-based generation (+96 GWh) due to the higher availability of the Nehuenco Complex, which was out of service during 4Q23. These effects were partially offset by (1) lower hydroelectric generation (-251 GWh), primarily explained by the higher snowmelt recorded in 4Q23, and (2) lower coal-based generation (-71 GWh), mainly due to its lower economic dispatch during October. **Cumulative generation** as of Dec-24 reached **12,113 GWh**, decreasing 7% compared to Dec-23, primarily due to lower thermal generation (-1,592 GWh), mainly driven by lower gas-based generation (-1,237 GWh) and coal-based generation (-308 GWh), associated with the lower economic dispatch of both technologies. These effects were partially offset by (1) higher hydroelectric generation (+403 GWh) mainly during the first semester of 2024, and (2) higher wind generation (+332 GWh), mainly associated to the energy generated by Horizonte wind farm in 2024 and the acquisition of San Juan and Totoral wind farms.

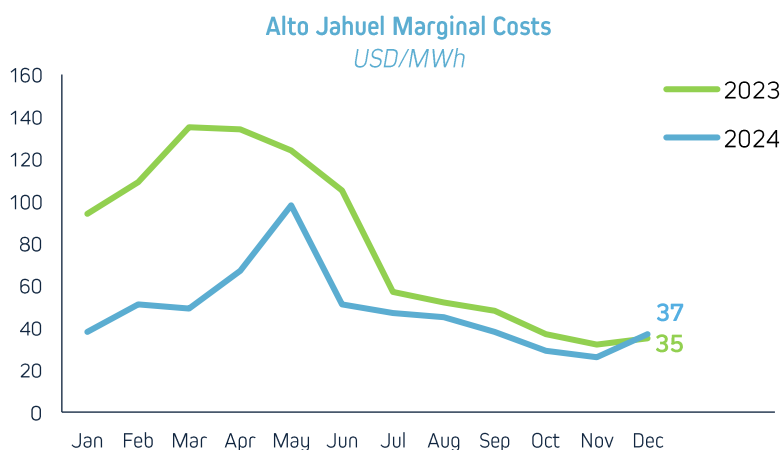
● The **spot market balance** during the quarter recorded net sales of **90 GWh**, compared to net purchases of 135 GWh recorded in 4Q23. This variation is mainly explained by the lower sales to regulated clients previously mentioned. **In cumulative terms**, as of Dec-24, the spot market balance recorded net sales of **1,564 GWh**, while as of Dec-23, net sales of 862 GWh were registered. This variation is mainly explained by the lower energy allocated to sales under contract previously mentioned.



● **Generation mix in Chile:** As of Dec-24, the hydrological year (Apr-24 to Mar-25) has presented a precipitation deficit compared to an average year in the main basins of the National Electric System (SEN as its Spanish acronyms): Aconcagua: -6%; Maule: -22%; Biobio: -5%; and Canutillar: -17%. On the other hand, the only basin showing a surplus is Laja: +1%. The average marginal cost, measured at Alto Jahuel, decreased by 11% compared to 4Q23, averaging US\$30/MWh in 4Q24.

Table 2: SEN Generation

Accumulated Figures		SEN Generation	Quarterly Figures		Var %	Var %
Dec-24	Dec-23		4Q24	4Q23	Ac/Ac	Q/Q
85,668	83,649	Total Generation (GWh)	21,253	20,886	2%	2%
27,069	23,955	Hydraulic	8,206	8,044	13%	2%
12,343	15,455	Gas	1,511	1,696	(20%)	(11%)
174	488	Diesel	32	33	(64%)	(3%)
13,270	14,335	Coal	2,588	2,988	(7%)	(13%)
11,073	9,914	Wind	2,588	2,697	12%	(4%)
18,866	16,700	Solar	5,476	4,715	13%	16%
2,872	2,812	Others	592	712	2%	(17%)



2.2. Physical sales and generation balance in Peru

Table 3 shows a comparison between physical energy and capacity sales and generation in 4Q23 and 4Q24, and cumulative as of Dec-23 and Dec-24.

Table 3: Physical sales and generation in Peru

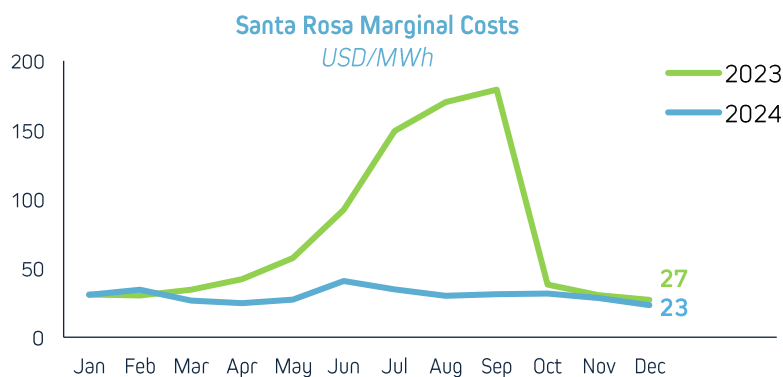
Accumulated Figures		Sales	Quarterly Figures		Var % Ac/Ac	Var % Q/Q
Dec-24	Dec-23		4Q24	4Q23		
3.786	3.994	Total Physical Sales (GWh)	964	987	(5%)	(2%)
1.133	1.971	Regulated Clients	284	497	(43%)	(43%)
1.371	1.399	Unregulated Clients	366	341	(2%)	7%
1.283	624	Sales to the Spot Market	314	148	-	-
569	570	Capacity Sales (MW)	567	570	(0%)	(1%)
Accumulated Figures		Generation	Quarterly Figures		Var % Ac/Ac	Var % Q/Q
Dec-24	Dec-23		4Q24	4Q23		
3.805	3.404	Total Generation (GWh)	988	900	12%	10%
3.805	3.404	Gas	988	900	12%	10%
73	676	Spot Market Purchases (GWh)	0	109	(89%)	-
1.210	(52)	Sales - Purchases to the Spot Market (GWh)	314	39	-	-

● **Physical sales** during 4Q24 reached **964 GWh**, decreasing 2% compared to 4Q23, primarily due to lower sales to regulated clients as a result of the execution of options extending the existing contracts duration in exchange for lower annual contracted capacity. This effect was partially offset by (1) higher sales to the spot market, due to the lower energy and capacity allocated to the regulated segment, and (2) higher sales to unregulated clients, mainly due to new contracts that came into force with this segment during 2024. **In cumulative terms**, physical sales as of Dec-24 reached **3,786 GWh**, decreasing 5% compared to Dec-23, due to lower sales to regulated clients, partially offset by higher sales to the spot market, explained by the same reasons as the quarterly variations.

● On the other hand, Fenix's **generation** reached **988 GWh**, increasing 10% compared to 4Q23, primarily due to higher plant availability and higher electricity demand compared to the previous year. **Cumulative generation** as of Dec-24 reached **3,805 GWh**, increasing 12% compared to Dec-23, mainly due to the higher number of hours the plant was unavailable in 2023 due to major maintenance.

● **The spot market balance** in 4Q24 recorded net sales of **314 GWh**, compared to net sales of 39 GWh in 4Q23, primarily due to lower sales under contract and higher generation, as mentioned above. **In cumulative terms**, as of Dec-24, net sales totaled **1,210 GWh**, compared to net purchases of 52 GWh recorded as of Dec-23. The variations are mainly explained by (1) lower sales under contract and (2) the higher availability of the Fenix plant during 2024.

● **Generation mix in Peru:** The Mantaro River basin, which supplies Peru's main hydroelectric complex, CH Mantaro and CH Restitución (900 MW), presented a hydrological condition with a 17.5% exceedance probability in December 2024, compared to 77.1% in December 2023. **In cumulative terms**, hydroelectric generation in the National Interconnected Electric System (SEIN) increased by 11.5% compared to Dec-23, primarily due to higher hydrology. On the other hand, thermal generation decreased by 11.9% as of Dec-24 compared to Dec-23, mainly due to higher hydro, wind, and solar production. The electricity demand growth rate in at the close in 4Q24 was 3.3% compared to 4Q23, due to increased regulated and mining sector demand.



3. INCOME STATEMENT ANALYSIS

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

Table 4: Income Statement (US\$ million)

Accumulated Figures			Quarterly Figures		Var %	Var %
Dec-24	Dec-23		4Q24	4Q23	Ac/Ac	Q/Q
1,576.0	2,003.6	OPERATING INCOME	384.5	409.2	(21%)	(6%)
220.3	529.4	Regulated Customers Sales	60.6	142.6	(58%)	(58%)
1,033.3	1,108.1	Unregulated Customers Sales	282.3	244.0	(7%)	16%
264.4	295.0	Energy and Capacity Sales	27.9	9.2	(10%)	-
57.9	71.1	Other Operating Income	13.6	13.4	(19%)	2%
(772.2)	(1,130.1)	RAW MATERIALS AND CONSUMABLES USED	(169.7)	(208.0)	(32%)	(18%)
(159.0)	(140.5)	Transmission Tolls	(40.4)	(29.6)	13%	36%
(97.7)	(223.1)	Energy and Capacity Purchases	(44.8)	(51.0)	(56%)	(12%)
(327.3)	(499.0)	Gas Consumption	(48.8)	(79.2)	(34%)	(38%)
(6.1)	(21.5)	Diesel Consumption	(1.2)	(1.2)	(72%)	1%
(83.8)	(143.3)	Coal Consumption	(4.1)	(19.7)	(42%)	(79%)
(98.5)	(102.7)	Other Operating Expenses	(30.5)	(27.3)	(4%)	12%
803.7	873.5	GROSS PROFIT	214.8	201.2	(8%)	7%
(92.1)	(91.8)	Personnel Expenses	(24.2)	(22.4)	0%	8%
(69.3)	(67.7)	Other Expenses, by Nature	(17.8)	(18.0)	2%	(1%)
(215.2)	(205.9)	Depreciation and Amortization Expenses	(58.6)	(55.1)	5%	6%
427.1	508.1	OPERATING INCOME (LOSS) (*)	114.2	105.8	(16%)	8%
642.4	713.9	EBITDA	172.8	160.8	(10%)	7%
51.0	67.9	Financial Income	9.1	18.5	(25%)	(51%)
(70.3)	(85.4)	Financial Expenses	(17.1)	(19.2)	(18%)	(11%)
(1.4)	(6.7)	Exchange rate Differences	(4.9)	(0.5)	(78%)	-
12.3	13.1	Profit (Loss) of Companies Accounted for Using the Equity Method	2.8	2.9	(6%)	(4%)
(74.0)	51.5	Other Profit (Loss)	(35.5)	(30.1)	-	18%
(82.4)	40.5	NON-OPERATING INCOME	(45.6)	(28.4)	-	60%
344.7	548.6	PRE-TAX PROFIT (LOSS)	68.6	77.3	(37%)	(11%)
(87.6)	(144.7)	Income Tax Expense	(14.5)	(21.0)	(39%)	(31%)
257.2	403.8	AFTER TAX PROFIT (LOSS)	54.1	56.2	(36%)	(4%)
252.5	393.5	PROFIT (LOSS) OF CONTROLLER	53.0	53.9	(36%)	(2%)
4.7	10.3	PROFIT (LOSS) ATTRIBUTABLE TO MINORITY INTEREST	1.1	2.3	(55%)	(52%)

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

Table 5: Closing Exchange Rates

Exchange Rates	Dec-24	Dec-23
Chile (CLP / US\$)	996.46	877.12
Chile UF (CLP/UF)	38,416.69	36,789.36
Peru (PEN / US\$)	3.77	3.71

3.1. Chile's Operating Income Analysis

Table 6 presents a summary of Operating Income and EBITDA in 4Q23 and 4Q24, and cumulative as of Dec-23 and Dec-24. Subsequently, the major accounts and/or variations will be analyzed.

Table 6: EBITDA Chile (US\$ million)

Accumulated Figures			Quarterly Figures		Var %	Var %
Dec-24	Dec-23		4Q24	4Q23	Ac/Ac	Q/Q
1,355.0	1,691.4	OPERATING INCOME	327.2	346.8	(20%)	(6%)
130.3	370.0	Regulated Customers Sales	38.0	102.0	(65%)	(63%)
957.7	1,021.7	Unregulated Customers Sales	260.8	229.2	(6%)	14%
221.4	237.2	Energy and Capacity Sales	18.8	3.3	(7%)	-
45.6	62.5	Other Operating Income	9.5	12.3	(27%)	(23%)
(654.5)	(934.8)	RAW MATERIALS AND CONSUMABLES USED	(140.8)	(174.6)	(30%)	(19%)
(153.4)	(135.9)	Transmission Tolls	(39.1)	(28.3)	13%	38%
(95.7)	(145.7)	Energy and Capacity Purchases	(44.8)	(46.0)	(34%)	(3%)
(226.8)	(407.7)	Gas Consumption	(23.4)	(55.2)	(44%)	(58%)
(6.1)	(18.2)	Diesel Consumption	(1.2)	(1.2)	(67%)	0%
(83.8)	(143.3)	Coal Consumption	(4.1)	(19.7)	(42%)	(79%)
(88.8)	(84.1)	Other Operating Expenses	(28.3)	(24.2)	6%	17%
700.4	756.6	GROSS PROFIT	186.4	172.2	(7%)	8%
(82.3)	(81.9)	Personnel Expenses	(21.6)	(20.0)	0%	8%
(60.5)	(59.3)	Other Expenses, by Nature	(15.4)	(15.5)	2%	(1%)
(179.5)	(170.2)	Depreciation and Amortization Expenses	(49.6)	(45.2)	5%	10%
378.2	445.1	OPERATING INCOME (LOSS) (*)	99.8	91.5	(15%)	9%
557.6	615.4	EBITDA	149.4	136.6	(9%)	9%

(*): 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 4Q24 amounted to **US\$327.2 million**, decreasing 6% compared to the US\$346.8 million recorded in 4Q23, mainly due to lower sales to regulated clients, mostly associated with the expiration of contracts in this segment in Dec-23. This effect was partially offset by (1) higher sales to unregulated clients, mainly explained by a higher average sale price during this quarter as a result of these contract's indexation and (2) higher sales to the spot market, primarily explained by the lower energy destined to regulated clients previously mentioned. **In cumulative terms**, operating income as of Dec-24 amounted to **US\$1,355.0 million**, decreasing 20% compared to Dec-23, primarily due to (1) the lower sales to regulated clients previously explained, (2) lower sales to unregulated clients primarily explained by a lower average sale price and the lower consumption recorded by the mining industry clients during the year, and (3) lower sales in the spot market due to lower average sale price compared to the previous year, despite the increase in sales destined to this market.

● **Raw materials and consumables used costs** in 4Q24 totaled **US\$140.8 million**, decreasing 19% compared to 4Q23, primarily due to (1) lower gas consumption given the lower average purchase price despite of the higher generation with this fuel compared to 4Q23 and (2) lower coal consumption as a result of the lower generation, despite of the higher average purchase price. These effects were partially offset by higher transmission toll costs due to indexations carried out during the period. **In cumulative terms**, raw materials and consumables used costs as of Dec-24 reached **US\$654.5 million**, decreasing 30% compared to Dec-23, mainly due to (1) the lower gas and coal consumption, resulting from the lower generation from these fuels due to an increased hydropower generation added to a lower average purchase price, and (2) lower capacity purchases cost in the spot market compared to last year.

● **EBITDA** for 4Q24 reached **US\$149.4 million**, increasing 9% compared to the EBITDA of US\$136.6 million in 4Q23, mainly due to the lower raw materials and consumables used previously mentioned, despite of the lower operating income. **In cumulative terms**, EBITDA as of Dec-24 totaled **US\$557.6 million**, decreasing 9% compared to Dec-23, mainly due to the lower operating income, partially offset by lower raw material and consumable used costs previously mentioned.

3.2. Peru's Operating Income Analysis

Table 7 shows a summary of Operating Income and EBITDA in Peru for the quarters 4Q23 and 4Q24, and cumulative as of Dec-23 and Dec-24. Subsequently, the main accounts and/or variations will be analyzed.

Table 7: EBITDA Peru (US\$ million)

Accumulated Figures			Quarterly Figures		Var %	
Dec-24	Dec-23		4Q24	4Q23	Ac/Ac	Q/Q
221.0	312.2	OPERATING INCOME	57.4	62.5	(29%)	(8%)
90.1	159.4	Regulated Customers Sales	22.6	40.6	(44%)	(44%)
75.6	86.4	Unregulated Customers Sales	21.5	14.8	(13%)	45%
43.1	57.8	Energy and Capacity Sales	9.1	5.9	(26%)	54%
12.3	8.6	Other Operating Income	4.2	1.1	43%	-
(117.7)	(195.3)	RAW MATERIALS AND CONSUMABLES USED	(28.9)	(33.4)	(40%)	(13%)
(5.6)	(4.7)	Transmission Tolls	(1.3)	(1.3)	20%	1%
(1.9)	(77.4)	Energy and Capacity Purchases	(0.0)	(5.0)	(97%)	(99%)
(100.5)	(91.3)	Gas Consumption	(25.4)	(24.0)	10%	6%
(0.0)	(3.4)	Diesel Consumption	0.0	0.0	0%	0%
(9.6)	(18.6)	Other Operating Expenses	(2.2)	(3.2)	(48%)	(29%)
103.3	116.9	GROSS PROFIT	28.4	29.1	(12%)	(2%)
(9.8)	(9.9)	Personnel Expenses	(2.6)	(2.4)	(0%)	8%
(9.4)	(8.9)	Other Expenses, by Nature	(2.5)	(2.6)	5%	(3%)
(35.8)	(35.7)	Depreciation and Amortization Expenses	(9.0)	(9.9)	0%	(9%)
48.4	62.5	OPERATING INCOME (LOSS) (*)	14.3	14.2	(23%)	1%
84.2	98.1	EBITDA	23.3	24.1	(14%)	(3%)

(*): 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 4Q24 amounted to **US\$57.4 million**, decreasing 8% compared to the income recorded in 4Q23, mainly explained by the lower sales to regulated clients resulting from the execution of options that extend the existing contracts life in exchange of a lower annual contracted capacity. This effect was partially offset by (1) higher sales to unregulated clients, mainly driven by a higher average sale price compared to 4Q23 and (2) higher energy and capacity sales to the spot market as a result of the higher physical sales destined to this market driven by the lower sales destined to under contract clients. **In cumulative terms**, operating income as of Dec-24 amounted to **US\$221.0 million**, decreasing 29% compared to Dec-23, mainly due to (1) lower sales to regulated customers, primarily due to the reduced contracted annual capacity, (2) lower sales to the spot market, resulting from the lower average sale price, despite of the higher sales destined to this market previously mentioned and (3) lower sales to unregulated clients, due to a lower average sale price driven by certain indexation clauses associated with marginal costs, which led to a price increase during 2023, which came to an end by Dec-23.

● **Raw materials and consumables used costs** in 4Q24 amounted to **US\$28.9 million**, decreasing 13% compared to 4Q23, mainly explained by lower energy and capacity purchases from the spot market recorded during this quarter. **In cumulative terms**, raw materials and consumables used costs as of Dec-24 amounted to **US\$117.7 million**, decreasing 40% compared to Dec-23, mainly due to the same reasons that explain the variations in quarterly terms.

● **EBITDA** amounted to **US\$23.3 million** in 4Q24, decreasing 3% compared to the EBITDA of US\$24.1 million recorded in 4Q23, mainly due to the lower operating income, partially offset by the lower costs previously mentioned. **In cumulative terms**, EBITDA as of Dec-24 totaled **US\$84.2 million**, decreasing 14% compared to Dec-23, mainly due to the same reasons that explain the variations 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 4Q23 and 4Q24, and cumulative as of Dec-23 and Dec-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 %
Dec-24	Dec-23		4Q24	4Q23	Ac/Ac	Q/Q
51.0	67.9	Financial Income	9.1	18.5	(25%)	(51%)
(70.3)	(85.4)	Financial Expenses	(17.1)	(19.2)	(18%)	(11%)
(1.4)	(6.7)	Exchange rate Differences	(4.9)	(0.5)	(78%)	-
12.3	13.1	Profit (Loss) of Companies Accounted for Using the Equity Method	2.8	2.9	(6%)	(4%)
(74.0)	51.5	Other Profit (Loss)	(35.5)	(30.1)	-	18%
(82.4)	40.5	NON-OPERATING INCOME	(45.6)	(28.4)	-	60%
344.7	548.6	PRE-TAX PROFIT (LOSS)	68.6	77.3	(37%)	(11%)
(87.6)	(144.7)	Income Tax Expense	(14.5)	(21.0)	(39%)	(31%)
257.2	403.8	AFTER TAX PROFIT (LOSS)	54.1	56.2	(36%)	(4%)
252.5	393.5	PROFIT (LOSS) OF CONTROLLER	53.0	53.9	(36%)	(2%)
4.7	10.3	PROFIT (LOSS) ATTRIBUTABLE TO MINORITY INTEREST	1.1	2.3	(55%)	(52%)

● **Non-operating income** for 4Q24 amounted a loss of **US\$45.6 million**, compared to a loss of US\$28.4 million recorded in 4Q23, primarily due to (1) the lower financial income due to the lower interest rate recorded during the quarter and the lower average balance of financial investments, and (2) a negative effect from the variation in the CLP/US\$ exchange rate on temporary balance sheet items in local currency during the quarter. **In cumulative terms**, the non-operating income as of Dec-24 reached a loss of **US\$82.4 million**, compared to a profit of US\$40.5 million as of Dec-23. The lower profit is primarily explained by the income of US\$116.4 million recorded under "Other Profits (Loss)" in 2023, corresponding to the final price adjustment associated with the sale of shares in Colbún Transmisión S.A. to Alfa Desarrollo SpA. This effect was partially offset by lower financial expenses resulting from higher financial expenses activations associated with the Horizonte wind farm project.

● In 4Q24, a **tax expense** of **US\$14.5 million** was recorded for 4Q24, compared to a tax expense of US\$21.0 million in 4Q23. This decrease is mainly explained by (1) a lower pre-tax profit recorded during the period, and (2) San Juan and Totoral wind farms acquisition and their impact on deferred taxes. **In cumulative terms**, as of Dec-24, a tax expense of **US\$87.6 million** was recorded, which is compared to US\$144.7 million as of Dec-23, primarily due to the lower pre-tax profit recorded during the year.

● The Company reported a **profit** of **US\$54.1 million** for 4Q24, compared to a profit of US\$56.2 million in 4Q23, primarily due to the lower non-operating result, as explained before. This effect was partially offset by the higher EBITDA and lower tax expenses. **In cumulative terms**, Colbun reported a profit of **US\$257.2 million** as of Dec-24, compared to a profit of US\$403.8 million as of Dec-23, primarily due to US\$116.4 million income recorded in 2023 before taxes, corresponding to the final price adjustment associated with the sale of Colbún Transmisión S.A. previously mentioned.

4. CONSOLIDATED BALANCE SHEET ANALYSIS

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

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

	Dec-24	Dec-23	Var	Var %
Current assets	1,200.1	1,426.2	(226.2)	(16%)
Non-current assets	5,708.1	5,234.5	473.7	9%
TOTAL ASSETS	6,908.2	6,660.7	247.5	4%
Current liabilities	370.2	470.8	(100.7)	(21%)
Non-current liabilities	3,307.7	3,092.6	215.0	7%
Total net equity	3,230.4	3,097.3	133.1	4%
TOTAL LIABILITIES AND NET EQUITY	6,908.2	6,660.7	247.5	4%

● **Current Assets:** Reached **US\$1,200.1 million** as of Dec-24, decreasing 16% 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) San Juan S.A and Norvid S.A societies acquisition and (2) Horizonte wind farm project disbursements. These effects were partially offset by (1) lower dividends paid compared to last year and (2) higher receivables accounts associated to San Juan S.A and Norvid S.A societies' contracts.

● **Non-current Assets:** Recorded **US\$5,708.1 million** as of Dec-24, increasing 9% compared to the non-current assets registered as of Dec-23 mainly due to (1) San Juan S.A and Norvid S.A wind farms acquisition and (2) higher work in progress and materials associated with Horizonte wind farm project under construction. These effects were partially offset by lower receivables accounts related to PEC balances pending to be sold compared to last year.

● **Current Liabilities:** Totaled **US\$370.2 million** as of Dec-24, decreasing 21% compared to the current liabilities recorded as of Dec-23, mainly due to the lower current tax liabilities recorded as of Dec-24, given the provisional monthly payments made during the year.

● **Non-current Liabilities:** Reached **US\$3,307.7 million** as of Dec-24, increasing 7% compared to the non-current liabilities recorded as of Dec-23 mainly due to the US\$200 million green loan disbursement during 4Q24.

● **Total Net Equity:** The Company reached a Net Equity of **US\$3,230.4 million**, increasing by 4% compared to the Net Equity recorded as of Dec-23, primarily due to the profits recorded during the quarter, partially offset by the dividends distributed charged to 2024 profit.

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

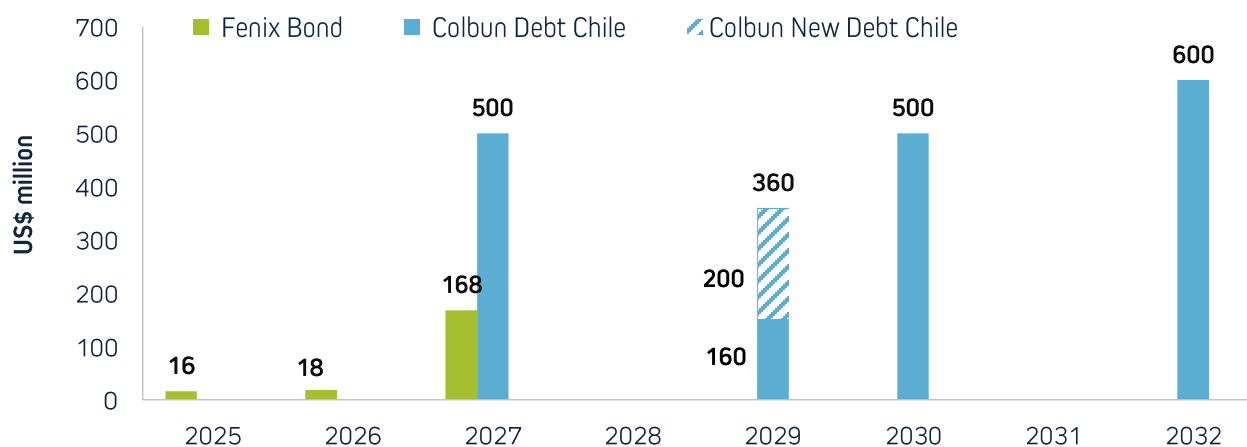
	Dec-24	Dec-23	Var	Var %
Gross Financial Debt*	2,298.1	2,123.3	174.8	8%
Financial Investments**	775.1	1,031.1	(256.0)	(25%)
Net Debt	1,523.0	1,092.2	430.8	39%
EBITDA LTM	642.4	713.9	(71.5)	(10%)
Net Debt/EBITDA LTM	2.4	1.5	0.8	55%

(*) The amount includes debt associated to Fenix without recourse to Colbun: (1) an international bond with an outstanding capital of US\$202.0 million, (2) a financial leasing for US\$10.7 million associated with a transmission contract with Consorcio Transmataro, (3) a US\$87.0 million financial leasing associated with a gas distribution contract with Calidda, and (4) credit lines for US\$20.0 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	4.8 years
Average Rate	4.0%
Currency	100% USD



5. CONSOLIDATED FINANCIAL RATIOS

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

Table 12: Financial Ratios

Ratio	Dec-24	Dec-23	Var %
Current Liquidity: Current Assets in operation / Current Liabilities in operation	3.24	3.03	7%
Acid Test: (Current Assets - Inventory - Advanced Payments) / Current Liabilities in operation	2.98	2.81	6%
Debt Ratio: (Current Liabilities in Operation + Non-current Liabilities) / Total Net Equity	1.14	1.15	-1%
Short-term Debt (%): Current Liabilities in operation / (Current Liabilities in operation + Non-current Liabilities)	10.06%	13.21%	-24%
Long-term Debt (%): Non-current Liabilities in operation / (Current Liabilities in Operation + Non-current Liabilities)	89.94%	86.79%	4%
Financial Expenses Coverage: (Profit (Loss) Before Taxes + Financial Expenses) / Financial Expenses	5.90	7.42	-20%
Equity Profitability (%): Profit (Loss) After Taxes, Continuing Activities / Average Net Equity	7.96%	13.04%	-39%
Profitability of Assets (%): Profit (Loss) Controller / Total Average Assets	3.65%	5.91%	-38%
Performance of Operating Assets (%) Operating Income / Property, Plant and Equipment, Net (Average)	8.03%	10.41%	-23%

Income Statement ratios correspond to last 12 months values.

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

- **Current Liquidity** and **Acid Test Ratio** reached **3.24x** and **2.98x** as of Dec-24, increasing 7% and 6% respectively compared to the values as of Dec-23, mainly due to a decrease in current liabilities, largely explained by lower current tax liabilities recorded as of Dec-24, partially offset by a decrease in current assets, primarily driven by a lower level of 'Cash and cash equivalents,' mainly associated with (1) the acquisition of the San Juan and Totoral wind farms and (2) disbursements for the Horizonte wind farm project during 2024.
- **The Indebtedness Ratio** reached **1.14x** as of Dec-24, decreasing 1% compared to the value of 1.15x as of Dec-23, primarily due to (1) higher net equity, driven by the profit recorded in the period and (2) lower current liabilities, given the same reasons mentioned above. These effects were partially offset by higher non-current liabilities, mainly due to the US\$200 million green loan disbursement during 4Q24.
- The percentage of **Short-Term Debt** as of Dec-24 was **10.06%**, decreasing 24% compared to the value of 13.21% as of Dec-23, mainly due to the lower non-current liabilities and a decrease of the current liabilities previously mentioned.
- The percentage of **Long-Term Debt** as of Dec-24 was **89.94%**, increasing 4% compared to the value of 86.79% as of Dec-23, mainly due to the increase in non-current liabilities and the decrease in current liabilities mentioned above.
- The **Financial Expenses Coverage** as of Dec-24 reached **5.90x**, decreasing 20% compared to the value of 7.42x as of Dec-23. The variation is mainly explained by the lower profits recorded in the period mainly explained by the US\$116.4 million income recorded during 2023 corresponding to the final price adjustment associated with the Colbún Transmisión S.A sale.
- The **Equity Profitability** as of Dec-24 was **7.96%**, decreasing 39% compared to the value of 13.04% recorded as of Dec-23. The variation is mainly explained by (1) the lower profits recorded in the period compared to the ones recorded as of Dec-23, driven by the reasons previously mentioned and (2) the higher net equity compared to last year.
- **Profitability of Assets** as of Dec-24 was **3.65%**, recording a 38% decrease compared to the value of 5.91% as of Dec-23, essentially due to (1) an increase in total assets as of Dec-24, primarily explained by the acquisition of the San Juan and Totoral wind farms and disbursements of Horizonte wind project during 2024, and (2) lower profits recorded during the period due to the reasons mentioned above.
- The **Performance of Operating Assets** as of Dec-24 was **8.03%**, decreasing 23% compared to the value of 10.41% as of Dec-23, primarily due to (1) the increase in property, plant, and equipment, associated with the acquisition of the San Juan and Totoral wind farms and the progress of the Horizonte wind farm project, and (2) the lower earnings recorded during the period due to the reasons previously mentioned.

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 %
Dec-24	Dec-23		4Q24	4Q23	Ac/Ac	Q/Q
1,031.1	1,154.5	Cash Equivalents, Beg. of Period*	947.1	1,170.7	(11%)	(19%)
465.3	718.3	Net cash flows provided by (used in) operating activities	235.1	180.2	(35%)	30%
(67.0)	(431.5)	Net cash flows provided by (used in) financing activities	72.4	(181.9)	(84%)	-
(638.3)	(409.3)	Net cash flows provided by (used in) investing activities**	(467.3)	(145.9)	56%	-
(240.0)	(122.4)	Net Cash Flows for the Period	(159.8)	(147.5)	-	8%
(1.0)	(1.0)	Effects of exchange rate changes on cash and cash equivalents	(12.2)	7.9	0%	-
775.1	1,031.1	Cash Equivalents, End of Period	775.1	1,031.1	(25%)	(25%)

(*) The account "Cash and Cash Equivalents" presented includes: (1) the amount associated to time deposits that, for having an investment term of more than 90 days, are recorded as "Other Current Financial Assets" in the Financial Statements.; and (2) an investment in a fixed-income portfolio, which, for having an investment term of more 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 4Q24, the Company reported a **negative net cash flow of US\$159.8 million**, which is compared to the negative net cash flow of US\$147.5 million in 4Q23.

● **Operating Activities:** During 4Q24, a positive net cash flow of **US\$235.1 million** was generated, compared to the positive net cash flow of US\$180.2 million in 4Q23, primarily explained by the higher operational margin recorded during the quarter, due to the lower raw materials and consumable used costs mentioned above. **In cumulative terms**, a positive net cash flow of **US\$465.2 million** was recorded as of Dec-24, compared to the positive net cash flow of US\$718.3 million as of Dec-23, primarily due (1) a lower operational margin compared to last year and (2) higher V.A.T and income tax payments recorded during 2024.

● **Financing Activities:** Generated a positive net cash flow of **US\$72.4 million** during 4Q24, which compares to the negative net cash flow of US\$181.9 million in 4Q23, primarily explained by (1) the US\$200 million green loan disbursement during 4Q24 and (2) lower dividends paid compared to the same period of the previous year. **In cumulative terms**, a negative net cash flow of **US\$67.0 million** was recorded, compared to the negative net cash flow of US\$431.5 million as of Dec-23, primarily given the same reasons which explain quarterly variations.

● **Investment Activities:** Generated a negative net cash flow of **US\$467.3 million** during 4Q24, which is compared to a negative net cash flow of US\$145.9 million in 4Q23, primarily explained by the acquisition of the companies San Juan S.A. and Norvind S.A., partially offset by lower CAPEX disbursements associated with the Horizonte wind farm project, compared to the disbursements for this project during 4Q23. **In cumulative terms**, a negative net cash flow of **US\$638.3 million** was recorded, compared to the negative net cash flow of US\$409.3 million as of Dec-23, primarily explained by (1) the wind farms acquisition previously mentioned and (2) the US\$116.4 million income corresponding to the final price adjustment associated with the sale of shares in Colbún Transmisión S.A to Alfa Desarrollo SpA during 2Q23. These effects were partially offset by the lower CAPEX disbursements associated with the Horizonte wind farm project during 2024.

7. ENVIRONMENT AND RISK ANALYSIS

Colbun S.A. is a power generation company whose installed capacity reaches 4,207 MW composed by 2,134 MW of thermal units, 1,604 MW of hydraulic units, 230 MW of solar photovoltaic power plants and 239 MW of wind farms corresponding to the San Juan (193 MW) and Totoral (46 MW) wind farms, acquired in October 2024. Additionally, the Company has 8 MW in storage systems, corresponding to the Diego de Almagro batteries in northern Chile.

The Company operates in the National Electric System (SEN) in Chile, representing 14% of the market. It also operates in the National Interconnected Electric System (SEIN) in Peru, where it has approximately 6% 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), solar radiation and wind conditions. 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 Dec-24, the hydrological year (2024-2025) has shown deficits in rainfalls compared to an average year in the main basins of the SEN. The deficits are Aconcagua: -6%; Maule: -22%; Biobio: -5% and Canutillar: -17%. On the other hand, the only basin that presents surplus is Laja: +1%. Additionally, compared to the previous hydrological year, Maule, Laja, Biobio and Canutillar basins presented negative variations in rainfall levels of -46%, -26%, -23%, and -14% respectively, except for Aconcagua basin that presented a surplus of 13%. In terms of inflow energy, the hydrological year as of Dec-24 has a 76% probability of exceedance.

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, a period in which there is generally 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 1.2 MMm³/day for the period May 2024 - September 2024 and 1.3 MMm³/day for the period October 2024 - December 2024. For the year 2025, interruptible Argentinian natural gas supply contracts were signed, given their greater flexibility compared to firm gas contracts.

During 2024, power purchase agreements were signed in Chile with 41 clients for an annual total of 2,106 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, with renewable attributes as well.

The Company's results for the upcoming months will be determined mainly due to 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.

7.2 Medium-term outlook in Peru

As of the fourth quarter of 2024, the SEIN registered a hydrological condition with 24.5% probability of exceedance, compared to 48.1% recorded in 2023.

In 4Q24, electricity demand increased by 3.3% compared to the same period in 2023, due to a higher regulated client's demand. On the other hand, compared to 3Q24, during 4Q24 an increase in energy demand of 2.4% was recorded due to the same reasons that explain the variations in quarterly terms.

Santa Rosa's average marginal cost during 4Q24 reached US\$27.7/MWh. In contrast with 4Q23 (US\$31.8/MWh), this was due to better hydrological conditions.

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 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 various stages of development, including wind, solar, storage and transmission projects.

Generation projects under development – Chile

Project	Installed Capacity	Technology	Location	Status
Horizonte	816 MW	Wind	Antofagasta Region	Under Construction
BESS Celda Solar	912 MWh	Storage System	Arica y Parinacota Region	Under Construction
Celda Solar	422 MWh	Photovoltaic	Arica y Parinacota Region	Environmentally Approved
BESS Diego de Almagro	1,000 MWh	Storage System	Atacama Region	Environmentally Approved
Inti Pacha	925 MW + 2,000 MWh	Photovoltaic + Storage System	Antofagasta Region	Environmentally Approved
Jardin Solar	802 MW + 1,000 MWh	Photovoltaic + Storage System	Tarapacá Region	Environmentally Approved
Paposo Pumped Storage	800 MW	Storage	Antofagasta Region	Suspended
Cuatro Vientos	360 MW	Wind	Los Lagos Region	Under Environmental Studies
Encanto	250 MW + 1.040 MWh	Photovoltaic + Storage System	O'Higgins Region	Under Environmental Studies
Junquillos	473 MW	Wind	Biobío Region	Under Environmental Studies
Horizonte Modification	180 MW	Wind	Antofagasta Region	Under Environmental Impact Statement
New Selector S/S Lullaillaco	2x500kV	Transmission	Antofagasta Region	Under Environmental Impact Statement

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

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

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

The entry into operation of Transelec's Parinas substation took place in January 2024, with which, in accordance with plans, the testing and commissioning period of the first wind turbines will begin in May 2024.

As of the fourth quarter of 2024, 97% of progress on the project was achieved. The process of testing and commissioning process is ongoing, reaching the mechanical completion of 140 wind turbines during November 2024, of which 70 are energized and undergoing commissioning tests.

● **BESS Celda Solar Project (912 MWh):** The project considers the installation of a 228 MW battery block with a 4-hour capacity at the Celda Solar PV project facilities. 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, which is the same transmission system planned for the PV.

The Environmental Impact Study for a photovoltaic project and a BESS, was entered into processing in 3Q22 and approved on January 31, 2024.

During 4Q24, the final investment decision was obtained, with an approved amount of US\$260 million. Additionally, the battery supply contract was awarded to Tesla, and the construction of the Chaca Substation and the corresponding transmission line continued.

● **Celda Solar PV Project (422 MW):** The project would involve the installation of a solar energy generation plant with a maximum installed capacity of 422 MW. This solar park is located approximately 76 km south of Arica, in the commune of Camarones in the Arica and Parinacota Region, would use a total area of approximately 960 hectares.

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

This project originates from the awarding in 3Q19 of 3 CUOs (Onerous Use Concessions) tendered by the Ministry of National Assets and has authorization from the National Electrical Coordinator for the connection of the project to the Roncacho substation since 1Q23.

The Environmental Impact Study for the photovoltaic project and BESS was submitted for processing in 3Q22 and was approved on January 31, 2024.

As of 4Q24, the investment opportunity is in a business case evaluation.

● **Diego de Almagro - Battery Project (1,000 MWh):** The Project would consider 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 would 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.

In 4Q24, the process of tendering the main equipment is taking place, as well as a detailed analysis of the business case to validate investment opportunity.

● **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 would use a total area of 1,000 ha.

The project would consider the installation of a solar energy generation park in three phases, and a total annual generation of approximately 2,000 GWh considering the three phases, which would 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 tendered by the Ministry of National Assets.

The project obtained its Environmental Qualification Resolution (RCA as its Spanish acronym) in 4Q20 and includes the 3 CUOs.

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.

As of 4Q24, the investment opportunity is in a business case evaluation.

● **Photovoltaic Solar Project and BESS Jardín Solar (802 MW + 1,000 MWh):** The Project would consider 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 would use a total area of approximately 1,000 ha.

The energy generated would 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 northeast of the intersection of the highway to La Tirana with the Pan-American Highway.

The project obtained its RCA in 3Q21.

As of 4Q24, the investment opportunity is in a business case evaluation.

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

The Pumping Station would be composed of two reservoirs connected to each other by an adduction and impulsion pipe, where the water would be pumped from the lower reservoir located in the coastal area to the upper reservoir located in the coastal cliff. In this way, water would 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 power generated would 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 3Q24, the Environmental Evaluation Service (SEA) of Antofagasta decided to early conclude the environmental assessment of Paposo Pumped Storage project schedule. Subsequently, Colbun filed a request for reconsideration, arguing that the Environmental Impact Assessment (EIA) contained sufficient information to continue the evaluation process, while acknowledging potential improvements that could be made during the environmental review. After Antofagasta SEA rejected this request, the Company suspended the project's development.

● **Cuatro Vientos Wind Farm Project (360 MW):** It is located in Llanquihue, in the Los Lagos Region. It would 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 capacity factor of 25%.

The Project's transmission system would consider 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 4Q24, the preparation of Addendum 1 to the EIA is ongoing based on observations from the SEA and citizens.

The Indigenous Consultation process was initiated by the SEA on October 22, 2024, involving 11 human groups belonging to indigenous peoples (GHPPI). It is currently in the stage of introductory meetings and procedures for signing a memorandum of understanding.

● **El Encanto PV and BESS Project (250 MW + 1,040 MWh):** The project would involve the installation of a solar energy generation park with an installed capacity close to 250 MW and an average annual generation of approximately 553 GWh. This solar park is located in the municipality of Marchigüe, in the O'Higgins Region, and would span a total area of approximately 478 hectares, with the BESS would use around 10 hectares.

The energy generated would be injected into the Interconnected System through an electrical transmission line, which starts at the substation associated with the park and has an approximate extension of 16.4 km, connecting to the existing Portezuelo substation.

During 4Q24, the project was submitted for Environmental Impact Assessment, and admissibility was obtained in the same period.

● **Junquillos Wind Farm Project (473 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 would include the installation of a maximum of 63 wind turbines (up to 7.5 MW each), which would result in an installed capacity of up to 473 MW.

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

During 4Q22, the project's EIA was submitted to environmental processing and subsequently, during 4Q23, Addendum 1 was entered.

In 4Q24, Addendum 2 was submitted to the SEIA, and the first meetings with communities were held as part of the Indigenous Consultation process. The tendering process for wind turbines, engineering of the wind farm and transmission system works, and land negotiations for transmission line easements are still ongoing.

● **Horizonte Wind Farm Modification (180 MW):** The expansion would include the installation of up to 24 new wind turbines, with a maximum nominal capacity of 7.5 MW each, which would add up to an additional 180 MW to its generation capacity. This expansion would increase the installed capacity of the original park that is currently under construction by up to 20%, reaching 996 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 4Q24, the preparation of the second Addendum to the Environmental Impact Declaration (DIA) is ongoing to respond to the second Consolidated Report of Requests for Clarifications, Rectifications, and/or Extensions (ICSARA 2).

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

The project consists of the construction of a new sectioning substation, by sectioning the 2x500 kV Parinas – Cumbre line, with its respective line and yard sections at 500 kV. Additionally, the project considers the construction of links for the sectioning of the 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.

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 second quarter of 2025 and commissioning for the second quarter of 2027.

In 3Q24, the project's Environmental Impact Declaration (DIA) was submitted to Antofagasta's SEIA, and in 4Q24, progress was made in preparing responses to ICSARA No. 1, which will be submitted to SEIA on 15/02/2025.

As of 4Q24, progress continues with detailed engineering contracts and equipment supply.

For the possession of land designated for future substation, sectioning points, and access roads, easement requests were submitted to the Ministry of National Assets. In parallel, an Electric Concession Request was submitted to the SEC. These processes are advancing as expected.

● **Other renewable energy projects from variable sources:** At the end of 4Q24, 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.

Generation projects under development – Peru

Project	Installed Capacity	Technology	Location	Status
Algarrobal	400 MW	Photovoltaic	Moquegua Department	Under 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	540 MW	Wind	Ica Department	Environmental Studies Prior Permits

● **Algarrobal Photovoltaic Project (400 MW):** Algarrobal Project would consider a solar generation park that would have an installed capacity of approximately 400 MW and would be built in 2 phases. 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 power generated would be injected into the Interconnected System through a transmission line, which would begin at the substation associated with the project, and would have 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 (EIA) was submitted for processing in 3Q24.

By the end of December, observations to the EIA were received from the Ministry of Energy and Mines, and work is currently underway to address these observations.

● **Bayóvar Wind Project (660 MW):** Bayóvar Project would involve a wind generation farm with a capacity of approximately 660 MW to be built in 2 phases. 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 power generated would be injected into the Interconnected System through a transmission line which would start at the substation associated with the park and would have 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.

In 4Q24, the response to the observations from SENACE was submitted.

● **Tres Quebradas Wind Project (238 MW):** Tres Quebradas Project would involve a wind generation farm with a capacity of approximately 238 MW. This wind farm is located 23 km south of Acarí town, in Bella Unión district within Arequipa department, and would use approximately 3,600 hectares of property owned total area by the Peruvian State.

The energy generated would be injected into the Interconnected System through a transmission line, which would start 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 Environmental Impact Study for the project was submitted for processing in 1Q24 and is currently still under review.

● **Naylamp Wind Project (238 MW):** Naylamp Project would involve a wind generation park with an installed capacity of approximately 238 MW. This wind park is located 10 km southeast of Mórrope city, in San Pedro de Mórrope city in Lambayeque department, and would use a total area of approximately 3,950 hectares of private property.

The power generated would be injected into the Interconnected System through a transmission line, which would start at the substation associated with the park and would have 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.

In 4Q23, the Terms of Reference, the Citizen Participation Plan for the Environmental Impact Study (EIA) of the project were approved by the Ministry of Energy and Mines, and the project's Pre-Operability Study was approved by the Economic Operation Committee of the SEIN (COES).

Currently, the EIA file is being prepared for submission for processing.

● **Pampas Wind Project (540 MW):** Pampas Project would consider the installation of a wind farm with an installed capacity of approximately 540 MW. 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 would 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.

In 4Q24, Terms of Reference and the Citizen Participation Plan for the Environmental Impact Study were submitted for processing. They are currently under review by the Ministry of Energy and Mines.

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 undertakes 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 as 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 into 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, a 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 a 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 1.2 MMm³/day for the period May 2024 - September 2024 and for 1.3 MMm³/day for the period October 2024 - December 2024. For the year 2025, interruptible Argentinian natural gas supply contracts were signed, given their greater flexibility compared to firm gas contracts.

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 building confidence 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 to boost agents in the sector's confidence.

1. Chile

1.1 Enacted Laws

a. Law 21.721 - Energy Transition, in Transmission Matters: On December 27, 2024, the law was published in the Official Journal, modifying the General Electric Services Law concerning electrical transmission.

The main permanent measures of the law are as follows:

- New procedure for necessary and urgent works: carried out at the request of the CEN or the Ministry. The CNE will be responsible for drafting a preliminary proposal.
- Expansion works financing: allows generation companies to propose and finance expansion projects, assuming any associated risks.
- Transmission works for Small Distributed Means of Generations (SDMGs): establishes specific regulation for the expansion of zonal transmission based on impact, capacity, and location.
- Expansion works tendering: the responsibility for tendering and awarding shifts from the coordinator to the owner of the facility, owners of the expansion works will handle the tendering and awarding process.
- Investment Value (I.V.) reviews for expansion works: a mechanism is defined to review the I.V. in cases of contract early termination of the contract.

1.2 Key Developments in Bills in Progress

a. Bill to Create a Framework Law for Sectoral Authorizations (Permitting): This bill aims to simplify and reduce the processing time for sectoral permits.

Its main proposals are:

- A common regulatory framework establishment: for the processing and sectoral authorizations regulation.
- "System for Sectoral Regulation and Evaluation" creation: an entity that seeks to advance towards a more coherent, integrated, and modern authorization regime.

- “Office for Sectoral Regulation and Evaluation” creation: an institution that will ensure the progressive improvement of sectoral regulations and the proper functioning of the System.
- Minimum procedural standards establishment and a Unified Sectoral Permitting Information System.
- Amendment to 37 legal frameworks to enable sectoral agencies to apply the mechanisms and tools defined in the Framework Law for Sectoral Authorizations: with the aim of aligning legislation with its objectives. Additionally, specific modifications are included for regulated sectoral procedures, aimed at simplifying and standardizing them, such as in the cases of the Water Code, the Health Code, and the General Sanitary Services Law, among others.

The bill is currently in its second constitutional review with an urgency classified as high priority. On January 7, it was generally approved by the Senate Economy Commission and will now undergo detailed.

b. Bill of Electricity Subsidies and Improvement of the Superintendence of Electricity and Fuels (SEC): On August 26, 2024, the Minister of Energy presented a new bill that aims to triple the coverage of the electricity subsidy and to include other measures related to reducing electricity bills and improving SEC processes.

On January 13, 2025, the bill was voted in the chamber, and on January 14, 2025, it moved to its second review in the Senate, removing the funding pillar of the “Tariff Stabilization Fund charge” and the increase in SEC fines, which were not reinstated at this stage.

With that said, the main measures of the bill are:

- Increase the electricity subsidy coverage: With three financing mechanisms, (1) temporary surcharge on the CO₂ emissions tax, (2) greater collection from Net VAT, and (3) an additional tax contribution.
- Reduce electricity rates: Creation of a preferential energy price pool of 500 GWh for SMEs and Renewable Resource Systems and enabling consumer associations to initiate price review procedures for regulated contracts (Article 134 LGSE).
- Enhance SEC powers: Possibility for the audited parties to propose action plans and increase the amount of unauthorized automatic compensation.

c. Environmental Assessment 2.0: On January 10, 2024, the Executive submitted this project to the Senate, which aims to strengthen the environmental institutionality contained in Law 19.300, improve its efficiency by providing certainty and predictability, and amend related legal frameworks.

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 review with simple urgency and is under discussion regarding the proposed amendments in the Environment Commission of the Chamber of Deputies.

1.3 Other Relevant Regulatory Announcements

a. Accelerated Energy Transition Roadmap: In 2022, the Coordinator released to the energy industry and the general public a document titled “Roadmap for an Accelerated Energy Transition, Vision of the National Electric Coordinator,” presenting a proposal for a secure, efficient and consumer-focused energy transition.

The roadmap aims to prepare the national electricity system for a potential 100% renewable operation and the phasing out of coal-fired thermal plants by 2030. As part of this effort, the SEN reliability study was published for a coal-free operation by 2030.

On December 31, 2024, the CEN published an updated to the roadmap, highlighting the progress made to date in the various dimensions defined in the document, as well as the pending tasks to achieve this vision.

b 300 kW Threshold Liberalization: On December 9, 2024, the Commission issued a resolution lowering the power threshold for the regime change after the tribunal confirmed that the reduction would not affect competition. This is relevant for Colbun as it is a particular interest preventive regulation to accompany the progressive liberalization of the Chilean retail market, ensuring adequate competitive conditions among energy marketing agents.

c. Decarbonization plan: On November 8, 2024, the Ministry of Energy published the Decarbonization Plan draft. This plan aims to establish the conditions for an orderly and efficient retirement or conversion of coal-fired plants in Chile, recognizing the challenges and opportunities involved. The main objective is to achieve a decarbonized, resilient, and efficient electricity system, ensuring quality power supply, market efficiency, and reducing emissions.

The plan includes 45 specific measures to accelerate the energy transition, organized into four main pillars:

- Pillar 1: Urgent development of energy projects for decarbonization.
- Pillar 2: Electrical transmission as an enabler for carbon neutrality.
- Pillar 3: Safe and flexible short-term operation in a highly renewable electrical system.
- Pillar 4: Strengthening the long-term market and promoting clean electrification of demand.

The plan is currently in a public consultation process until January 15, 2025.

d. Small Distributed Means of Generation (SDMG) Technical Standard (connection and operation): On March 27, 2024, the CNE initiated the process to modify the standard. As part of the drafting process, ACERA and its members highlighted challenges in developing SDMG projects with storage systems. Consequently, on June 24, 2024, the SEC issued a directive establishing new guidelines for evaluating SDMG projects with storage systems adjusted by hourly blocks.

Currently, the process is awaiting public consultation and subsequent publication in the official newspaper.

e. Instruments Related to Climate Change: During 2024, several instruments associated with and/or derived from the Framework Law on Climate Change (Law No. 21.455) were submitted for public consultation. These instruments are essential for defining the general short- and long-term guidelines and specific measures that the country will follow to address the challenges posed by climate change.

One of the finalized projects is the Sectoral Plan for Adaptation and Mitigation to Climate Change in the Energy Sector. On December 9, 2024, the definitive version of the Plan was launched, which is based on four pillars to meet its 2030 commitments:

- Productive reconversion.
- Resilient and enabling infrastructure.
- Transition fuels.
- Financing for decarbonization.

The plan also includes a total of 13 measures, distributed as six for mitigation, four for adaptation, and three for integration/implementation mechanisms.

Peru

2.1 Enacted Laws

- a. **Tax Benefits Law (Law No. 32217):** On December 29, 2024, the law extending accelerated depreciation for income tax purposes until December 31, 2030 was published in the official journal "El Peruano". This benefit applies to fixed assets of non-conventional renewable energy and hydroelectric projects.
- b. **Bill Amending Law 28832:** Enacted on January 19, 2025, this amendment introduces the following key points:
 - Ancillary Services: Market agents now include ancillary service providers, who were previously not legally recognized. The operation and administration of this market will be regulated by the Ministry of Energy and Mines (MINEM), with its implementation set for January 1, 2026. The cost responsibility lies with those causing instability, and no agents are excluded from participating in this market.
 - Regulated Market Auctions: Energy or capacity and energy can now be procured in separate or combined blocks under conditions set by regulation. Previously, auctions were only for capacity without time blocks. Procurement deadlines are categorized into short, medium, and long terms, with a maximum contract term of 15 years. Additionally, bilateral contracts can be signed up to established participation limits.
 - Other Provisions: New regulations address bar tariff pricing, auctions for isolated systems, adjustments to current contracts, and updates to ensure compliance with the amended law.

2.2 Key Developments in Bills in Progress

- a. **The Bill Establishing Conditions for Micro and Small Enterprises (MYPE) to Access the Free Electricity Market:** On May 23, 2024, the Energy and Mines Commission approved the report establishing gradual access to the free electricity market for Micro and Small Enterprises (MYPE), under the following maximum annual demand ranges for each supply point:
 - Greater than 150 kW and up to 2,500 kW: during the period from January 1, 2025, to December 31, 2026.
 - Greater than 100 kW and up to 2,500 kW: during the period from January 1, 2025, to December 31, 2028.
 - Greater than 50 kW and up to 2,500 kW: starting from January 1, 2029.

Subsequently, the report was included in the agenda on December 12, 2024. It is currently awaiting scheduling for debate in the Congressional Plenary.

2.3 Main Developments in Supreme Decrees in Process

- a. **Modification of the Distributed Generation Regulation (Ministerial Resolution No. 439-2024):** On November 25, 2024, the project "Supreme Decree that approves the Regulation of Distributed Generation connected to Utilization Systems of Electric Public Service Users" was published. The purpose of this regulation is to regulate the activity of distributed generation, as well as its incorporation (connection and installation), operation and commercialization.

Those who choose to commercialize their surplus energy may opt for the following alternatives:

- Sale of their surplus energy through a representative authorized to participate in the short-term market.
 - Sale of their surplus energy through power purchase agreements.
 - Regulation through injection compensation.
- b. **Modification of the Vertical Integration Regulation (Ministerial Resolution No. 040-2024):** On November 13, 2024, the modification project was published, establishing the requirements and the applicable procedure for the Ministry of Energy and Mines (MINEM) to evaluate cases of vertical integration that do not qualify as concentration, in the administrative procedures for requests for definitive concessions and authorizations.

- c. **Modification of the Regulation for the Modernization and Reorganization of the National Environmental Certification Service for Sustainable Investments and the creation of the Reorganization Commission (Ministerial Resolution No. 009-2024):** On November 1, 2024, the Ministry of the Environment announced the start of the modernization and reorganization process of SENACE, including the creation of a Reorganization Commission.

The main objectives of this initiative are:

- Modernize the environmental certification process.
- Promote technological innovation.
- Strengthen the institution.

2.4 Other Relevant Regulatory Announcements

- a. **Modification of the Technical Standard for the Coordination of Real-Time Operation of Interconnected Systems:** On November 25, 2024, Ministerial Resolution No. 444-2024-MINEM/DM was published in the official newspaper "El Peruano." This project proposes eliminating the exemption from providing the Primary Frequency Regulation (RPF) service to Renewable Energy Resource (RER) plants.

Additionally, the following complementary provisions are noteworthy in the modification project:

- The aforementioned obligation will not apply to RER plants with PPAs derived from an OSINERGMIN auction until their expiration.
- An adjustment period is established: (1) one year for RER plants in operation, starting from the approval of the technical procedures by COES, and (2) six months from the start of commercial operation for projects under construction with a definitive concession.

- b. **COES Technical Procedure No. 31 "Calculation of the Variable Costs of Generation Units":** On November 25, 2024, COES Technical Procedure No. 31 was published in the official newspaper "El Peruano," where the highlighted modifications of this procedure include:

- The value of the Variable Cost for electricity generation from RER plants is set to zero.
- Introduces the cost of fuel for an operational mode that simultaneously uses different fuels.
- Includes that the liquid fuel purchased comes from storage tank(s) of another Thermal Power Plant with Commercial Operation, also owned by the same Thermal Power Generator Participant.
- Formalizes the formula for calculating the Variable Fuel Cost for Thermal Plants.
- Introduces the fuel cost for thermal plants that produce their own fuel.
- Establishes more order in terms of the information and documentation submitted by Participants, as well as the deadlines for reviewing and updating reports, among other modifications.

- c. **COES Technical Procedure No. 22 "Reserve for Secondary Frequency Regulation":** On November 22, 2024, COES presented a proposed modification of Technical Procedure No. 22 to the agents. Among the main proposed modifications, it is highlighted that the allocation of payments for Secondary Frequency Regulation (RSF) should incorporate the criterion of "causality," meaning that the service should be paid by the party that generates its need, among other proposals.

As of now, the proposal is awaiting submission by COES to OSINERGMIN so that the corresponding evaluation process can begin.

- d. **COES Technical Procedure No. 21 "Spinning Reserve for Primary Frequency Regulation":** On November 19, 2024, COES presented a proposed modification of Technical Procedure No. 21 to the agents, providing a deadline for receiving

comments. The objective of this proposal is to implement improvements that facilitate and promote compliance with Primary Frequency Regulation (RPF) by the agents.

Currently, the proposal is awaiting submission by COES to OSINERGMIN so that the corresponding evaluation process can begin.

- e. **COES Technical Procedure No. 20 "Entry, Modification, and Withdrawal of Installations from the SEIN"**: On October 8, 2024, COES Technical Procedure No. 20 was published in the official newspaper "El Peruano," which includes new requirements for the entry of power plants into the SEIN (National Interconnected Electric System), such as the inclusion of Flexible AC Transmission Systems (FACTS) for line series compensation, transformer configuration, among others. Additionally, in the initial proposal, the requirement for synthetic inertia for RER plants was included; however, this request was dismissed by COES.

● 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

It 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 December 31, 2024, the Company's financial debt is denominated 82% at a fixed rate and 18% 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.

For the credit risk of customers, quarterly calculations of provisions for uncollectibility are made based on the risk analysis of each customer, considering the customer's credit rating, payment behavior, 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 December 31, 2024, cash surpluses investments are invested in interest-bearing checking accounts, mutual funds (of banking subsidiaries) and time deposits in local and international banks. The latter correspond to short-term mutual funds, with less than 90 days duration, known as the "money market".

Information on contractual maturities of the main financial liabilities is disclosed in note 11 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 December 31, 2024, Colbun has approximately US\$775 million cash surpluses, invested in interest-bearing checking accounts, time deposits and mutual funds with 46 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 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 this approval in February 2020), and two for a total amount of UF 7 million each with validity for ten and thirty years (since this approval in May 2024), and against which no placements have been made to date.
- A committed loan of US\$100 million was secured with BBVA and BOFA
- Uncommitted bank lines for approximately US\$150 million. Fenix has uncommitted totaling US\$108 million credit lines.

In the next 12 months, the Company must disburse approximately US\$101 million in interest and principal amortization. These obligations are expected to be funded with the Company's own cash flow generation.

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

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

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

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

B.2.5 Risk exposure measurement

The Company periodically analyzes and measures its exposure to the different risk variables, in accordance with the previous paragraphs. Risk management is performed by a Risk Committee with the 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 damage and loss of profit for the delay in the commissioning of a project. This risk is considered limited.

Regarding financial risks, for measuring exposure purposes, 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 flow (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 December 31, 2024, the Company's exposure to foreign exchange differences impact on structural items translates into approximately US\$6.4 million potential effect, on a quarterly basis, based on a sensitivity analysis at 95% confidence level.

The exposure associated with the variation in interest rates is measured as monthly interest sensitivity expense to 25 basis points change in the variable reference rate, which is the SOFR rate. Thus, an increase of 25 basis points in the SOFR rate would mean an increase in the monthly interest expense of US\$75 thousand per accrual, while a decrease in the reference rate would result in a reduction of US\$75 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 limit 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 20%. 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 62% in notional terms.

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

DISCLAIMER

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

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

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