



July 27, 2022

ENGIE ENERGÍA CHILE REPORTED EBITDA OF US\$69 MILLION AND NET INCOME OF US\$4 MILLION IN THE FIRST QUARTER OF 2022.

EBITDA WAS AN US\$8 MILLION LOSS IN THE SECOND QUARTER OF 2022. THIS QUARTER WAS IMPACTED BY THE INCREASE IN GENERATION COSTS AND SPOT ELECTRICITY PRICES DUE TO THE DROUGHT AND EXTREMELY HIGH FUEL PRICES WORLDWIDE.

- **Operating revenues** amounted to US\$899.2 million in the first half of 2022, a 25% increase compared to the first half of 2021, mainly due to an increase in physical sales to unregulated clients, the rise in average realized energy prices explained by inflation and fuel-price indices, and revenue resulting from an agreement signed in early February with the company's main LNG supplier.
- **EBITDA** amounted to US\$60.5 million in the first half of the year, a 68% decrease compared to the first half of 2021. Despite increased revenues, the electricity sales margin dropped due to the increase in generation costs and higher spot prices.
- **Net results** were a US\$40.4 million loss, which negatively compares to the US\$30 million net profit reported in the first half of 2021, mainly due to the weaker operating performance explained by record high fuel prices and the resulting high spot prices in the electricity market.

Financial Highlights (in US\$ millions)

	2Q21	2Q22	Var %	1S21	1S22	Var%
Total operating revenues	388.5	481.4	24%	720.8	899.2	25%
Operating income	77.3	(53.0)	-169%	98.1	(29.9)	-130%
EBITDA	121.7	(8.0)	-107%	187.7	60.5	-68%
EBITDA margin	31.3%	-1.7%	(14,8pp)	26.0%	6.7%	(12,4pp)
Total non-operating results	(15.1)	(8.3)	n.a	(61.4)	(28.0)	-54%
Net income after tax	47.6	(44.2)	7%	30.0	(40.4)	-235%
Net income attributed to controlling shareholders	47.6	(44.2)	7%	30.0	(40.4)	-235%
Earnings per share (US\$/share)	0.045	(0.042)		0.028	(0.038)	
Total energy sales (GWh)	2,956	3,043	3%	5,806	6,007	3%
Total net generation (GWh)	2,174	1,615	-26%	4,004	3,008	-25%
Energy purchases on the spot market (GWh)	717	1,114	55%	1,649	2,113	28%
Energy purchases - back up (GWh)	124	430	247%	246	990	303%

ENGIE ENERGÍA CHILE S.A. ("ECL") is engaged in the generation, transmission and supply of electricity and the transportation of natural gas in Chile. ECL is the fourth largest electricity generation company in Chile and one of the largest electricity generation companies in the northern segment of the SEN national grid (formerly known as SING). As of June 30, 2022, ECL accounted for 8% of the SEN's installed capacity. ECL primarily supplies electricity to large mining and industrial customers, and it also supplies electricity to distribution companies throughout Chile. ECL is currently 59.99% indirectly owned by the French company, ENGIE S.A. The remaining 40.01% of ECL's shares are publicly traded on the Santiago stock exchange. For more information, please refer to www.engie-energia.cl.

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HIGHLIGHTS:

- **COVID-19:** The Corona virus, or COVID-19, was first detected in Chile on March 3, 2020, and as of July 26, 2022, 4,195,780 cases have been confirmed and 59,393 deaths have been reported. The COVID-19 pandemic is deemed to be the worst sanitary and economic crisis in recent times and has forced us to adapt and respond to the challenges posed by the pandemic, giving priority to safety and wellbeing of our teams; operational continuity, essential for the country's continued electricity supply, and permanent, collaborative dialogue with our stakeholders including customers, suppliers, shareholders, and communities. We have a crisis committee and have adopted sanitary measures in our sites as necessary to comply with the authority's instructions. Similarly, we have monitored the situation and actions taken by our suppliers and contractors, asking them to comply with safety standards with their own staff. Since January 2022, we have adopted a hybrid work modality. Chile has implemented a widely recognized vaccination process, reporting over 18 million people vaccinated.

SUBSEQUENT EVENTS:

- **Public auction for the supply of regulated customers:** The National Energy Commission (CNE), published the results of the bidding process related to the 2022/01 public auction for the supply of energy to distribution companies. This auction was intended to allocate 15-year PPAs for up to 5.25 TWh per year of demand beginning January 1, 2027. On this occasion, only ~1.2 TWh was preliminarily allocated. The average price of this 1.2 TWh reached ~USD 34/MWh, above last year's nominal USD 24/MWh. The average reserve price was USD 42/MWh and most of the offers (8.9 TWh) were above that price. The average price offered was ~USD 50/MWh and a large proportion of the offers were in the range of USD 45-50/MWh
- **Management change:** On July 18, by means of a material fact notice, the company's Board of Directors communicated the resignation of Mr. Axel Levêque as chief executive officer of the company, to become effective on September 30, 2022. The Board expressed its appreciation for the work performed by Mr. Levêque as CEO of ENGIE Energía Chile from 2014 to date. As of October 1, Rosaline Corinthien, current CEO of ENGIE France Renewables, will take over as the new CEO. For the past three years, Rosaline Corinthien has led the development, construction, operation and maintenance of ENGIE's renewable assets in France. These activities are carried out by 2,500 employees and consider an installed capacity of 3.9 GW of hydroelectricity, 2.7 GW of wind energy and 1.4 of solar Energy.
- **True sale of accounts receivable:** On July 14 and 18, respectively, ENGIE Energía Chile S.A. and its subsidiary Eólica Monte Redondo SpA sold to Chile Electricity PEC SpA the fifth group of accounts receivable from distribution companies originated by the implementation of the price stabilization law. The sale, made under the terms and conditions of the agreements signed with Goldman Sachs, IDB Invest and Allianz, included accounts receivable for a nominal amount of US\$41.3 million. The difference between the nominal amount of accounts sold and the cash price received (US\$29.7 million) will be recorded as financial expenses in the third quarter of 2022 (US\$11.6 million). Upon the completion of this sale, the total amount of the five groups of accounts receivable sold reached US\$222.1 million, leaving a remaining US\$42.9 million to be sold under this program. The total financial cost recognized on the sale of the five groups of receivables sold in 2021 and 2022 amounts to US\$64.1 million.
- **New price stabilization mechanism:** On July 13, after ratifying the changes made by the Senate, the Chamber of Deputies dispatched to law the "Customer Protection Mechanism" or "MPC" project. This Law seeks to stabilize energy prices for customers of public distribution service concessionaires regulated by the General Law on Electric Services, who are subject to price regulation. The purpose of the MPC will be to pay the differences originated between (a) the billing of the distribution companies to their final customers for the energy and capacity component and (b) the amount that distribution companies are supposed to pay for the electricity supply to generation companies, in accordance with their respective contractual conditions. The total resources accounted for in the operation of the MPC may not exceed US\$1,800 million and their validity will be extended until the balances originated by application of this law are extinguished. Beginning 2023, the National Energy Commission must project semi-annually the total

payment of the Remaining Final Balance for a date that may not be later than December 31, 2032. To that end, it will determine the charges that allow the collection of the amounts required for the total restitution of the resources necessary for the correct operation of the MPC.

RECENT EVENTS

2Q22

- **Explosion at Freeport LNG terminal:** In June 2022, a 3.44 TBtu LNG cargo to be delivered to ENGIE Energía Chile was cancelled by Total Energies Gas & Power Limited (“TOTAL”) claiming an assumed force majeure event caused by the prolonged operational outage of the Freeport LNG terminal due to the June 8 explosion at the LNG tank.
- **Annual Ordinary Shareholders’ Meeting:** On April 26, 2022, the Company’s shareholders agreed the following:
 - **Dividend Policy:** No final dividends will be paid on account of 2021’s net income,
 - **Auditors:** To appoint EY Servicios Profesionales de Auditoría y Asesorías SpA as the Company’s external auditors.
 - **Board Members:** To appoint the following persons as principal and alternate members of the board of directors:

Principal director

Frank Demaille
Hendrik De Buyserie
Pascal Renaud
Mireille Van Staeyen
Cristián Eyzaguirre Johnston
Mauro Valdés Raczynski
Claudio Igleis Guillard

Alternate director

Aníbal Prieto Larraín
André Cangucu
Guilherme Ferrari
Bernard Esselinckx
Ricardo Fischer Abeliuk
Enrique Allard Serrano
Victoria Vásquez García

1Q22

- **Tamaya solar PV plant:** This 114MWac plant located in the Antofagasta region achieved its commercial operation date on January 14, 2022, as confirmed by the national grid coordinator (“CEN”). This new asset forms part of our ambitious transformation plan, which considers the addition of 2GW of renewable generation and is in line with our zero carbon goals. The Tamaya plant has been injecting power to the system since November 2021.
- **Price stabilization fund:** On March 4, 2022, ENGIE Energía Chile and Eólica Monte Redondo sold to Chile Electricity PEC SpA the fourth group of accounts receivable from distribution companies born from the application of the electricity price stabilization mechanism enacted in November 2019. Chile Electricity PEC raised the financing to buy receivables from four groups of generation companies through a delayed draw private placement with the participation of Allianz, IDB Invest and Goldman Sachs. In the first quarter of 2022, ENGIE and EMR sold accounts receivable with face value of US\$13.5 million. They received US\$9.6 million in cash proceeds and reported US\$3.9 million in financial expenses. The total amount of accounts receivable sold under this program, following the sale of the fourth group, is US\$180.8 million, representing approximately 68% of the total amount of accounts receivable to be accrued during the life of the PEC mechanism.

INDUSTRY OVERVIEW

The SING and SIC power grids operated independently until November 24, 2017, when the interconnection of both grids was perfected through EECL's 50%-owned TEN project, giving birth to the SEN ("Sistema Eléctrico Nacional"). Currently, the company's generation assets are predominantly located in the northern segment of the SEN, in the area that used to be covered by the so-called SING Grid ("Sistema Interconectado del Norte Grande"), which serves a major portion of the country's mining industry. Given local conditions, the northern segment of the SEN is predominantly a thermoelectric system, with generation based on coal and LNG, with growing penetration of renewable sources, including wind, solar, and geothermal. Energy flows through the interconnection are variable, and until the full commissioning of the Interchile project, used to be predominantly in the south-north direction comprising inflows of renewable power generated in the area known as Norte Chico into the SING grid.

Following the commissioning of the last tranche of Interchile's Cardones-Polpaico transmission project on May 30, 2019, marginal costs in the different nodes of the SEN have reported greater stability and lower average levels due to the coupling of transmission bars at different substations and the injection into the grid of renewable power generation, which was previously being lost due to insufficient transmission capacity.

Marginal costs

2021 Month	Real					2022 Month	Real				
	Crucero 220	Polpaico 220	Charrúa 220	Pto. Montt 220	Temuco 220		Crucero 220	Polpaico 220	Charrúa 220	Pto. Montt 220	Temuco 220
Jan	51	59	57	87	87	58 Jan	69	69	75	213	77
Feb	76	84	83	151	151	85 Feb	68	68	69	290	72
Mar	76	84	87	166	166	90 Mar	95	102	114	210	117
Apr	71	78	83	130	130	85 Apr	108	118	126	230	127
May	77	82	82	109	109	84 May	96	102	100	187	101
Jun	67	68	66	63	63	66 Jun	190	200	196	224	192
Jul	105	122	129	126	126	129 Jul	-	-	-	-	-
Aug	99	114	128	130	128	128 Aug	-	-	-	-	-
Sep	47	56	57	68	68	58 Sep	-	-	-	-	-
Oct	49	50	49	145	145	50 Oct	-	-	-	-	-
Nov	68	70	70	207	207	72 Nov	-	-	-	-	-
Dec	85	89	87	212	212	89 Dec	-	-	-	-	-
YTD	73	80	81	133	83	83 YTD	104	110	113	226	114

In the first quarter of 2022, marginal costs increased compared to previous quarters due to several factors: (i) lower reservoir levels which caused a reduction in hydraulic generation; (ii) the increase in international coal and gas prices to unprecedented levels due to the Russia-Ukraine war; (iii) higher transportation costs; and (iv) unavailability of cost-efficient coal plants due to both trips and maintenance outages. This was in part mitigated by the availability of Argentine gas and increased generation from renewables. Therefore, marginal costs at the Crucero node averaged US\$72/MWh in the first quarter vs. US\$67/MWh in the first quarter of 2021, which was already considered a high average.

In the second quarter of 2022, marginal costs increased compared to previous quarters, not only due to the dry hydrology, which led the authority to order water rationing to build up reservoir levels, but also due to steeper increases in international fuel and transportation prices due to the Russia-Ukraine conflict. In addition, several cost-efficient coal-fired plants in the system reported prolonged planned or forced outages, aggravated by the force-majeure event, which caused an increase in diesel generation in light of the reduction in LNG supply. Marginal costs at the Crucero node averaged US\$132/MWh in the second quarter up from US\$72/MWh in the second quarter of 2021.

Fuel prices

International Fuel Prices Index

	WTI (US\$/Barrel)			Brent (US\$/Barrel)			Henry Hub (US\$/MMBtu)			European coal (API 2) (US\$/Ton)		
	<u>2021</u>	<u>2022</u>	<u>% Variation</u> <u>YoY</u>	<u>2021</u>	<u>2022</u>	<u>% Variation</u> <u>YoY</u>	<u>2021</u>	<u>2022</u>	<u>% Variation</u> <u>YoY</u>	<u>2021</u>	<u>2022</u>	<u>% Variation</u> <u>YoY</u>
Jan	52.0	84.3	62%	54.8	86.2	57%	2.71	4.32	59%	67.8	167.2	147%
Feb	59.0	95.8	62%	62.3	96.6	55%	5.35	4.75	-11%	65.9	194.5	195%
March	62.3	107.9	73%	65.3	116.2	78%	2.61	4.99	91%	68.4	325.3	375%
April	61.7	101.9	65%	64.9	104.5	61%	2.67	6.50	143%	71.8	319.3	345%
May	65.9	111.5	69%	68.9	114.3	66%	2.93	8.24	181%	86.1	328.1	281%
June	72.3	114.3	58%	74.1	122.4	65%	3.35	7.46	123%	108.4	352.9	226%
July	72.2			75.0			3.85			132.8		
August	67.9			71.0			4.05			148.8		
September	72.2			75.0			5.27			173.0		
October	81.8			83.7			5.51			206.3		
November	77.5			79.8			4.77			159.4		
December	71.4			74.8			3.71			121.1		

Source: Bloomberg, IEA

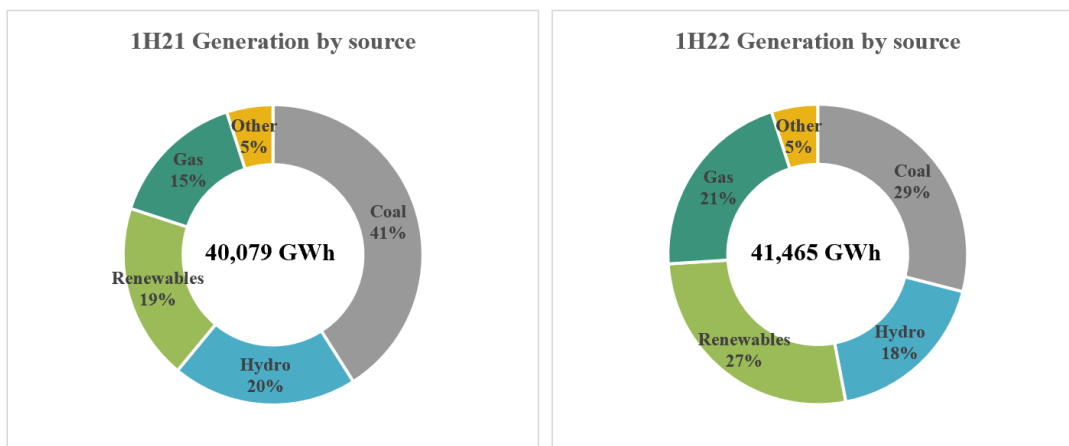
In the first quarter of 2022, fuel prices increased, with average year-on-year rises of over 50%, primarily due to sustained demand from China and certain supply issues attributed to weather phenomena in Australia and the U.S.

When comparing the year 2022 with 2021, we can observe higher international fuel prices, with variations of more than 120% on average. Prices began to increase in 2021 due to an important "post-pandemic" reactivation, especially in China. In the last quarter of 2021, the Chinese government took steps to unblock coal supply and stabilize prices, which began to be reflected in a recovery in domestic production and a decline in international prices. However, on January 1, 2022, the Indonesian government banned coal exports, due to problems in domestic supply. This situation continued until January 20, 2022, when the authorities lifted the ban on 139 companies that had met their local supply quotas and were allowed to export immediately. Such a ban led to a significant increase in the main Australian coal price indicator (FOB Newcastle), which reached levels above 200 USD/ton.

Following the export ban in Indonesia (the world's largest exporter), which affected January prices, Russia's invasion of Ukraine, that began on February 24, aggravated the situation. Russia is the world's third largest coal exporter and the European Union's top supplier. The war caused an increase in the prices of coal, gas, and oil. Russia ceased to be a reliable supplier and countries that commonly used Russian coal began to look for coal in other markets including Indonesia and Australia. Moreover, in early April, the EU agreed to completely ban the import of Russian coal, a move that will take effect in mid-August. A few days later, Japan also banned imports of Russian coal.

Generation

The following chart provides a breakdown of generation in the SEN by fuel type:



Source: Coordinador Eléctrico Nacional

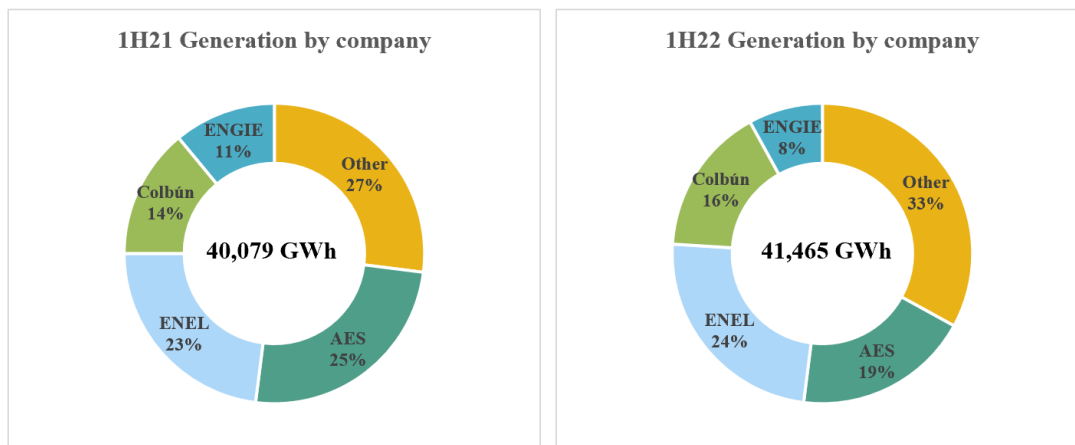
In the first half of 2022, demand reached a maximum of 11,905.5 MWh/h in February, a 5.3% increase compared to peak demand reported in the first half of 2021. Sales reached 38,049 GWh in the first half, with a 2.3% increase in free customer sales and a 4.6% increase in the regulated client segment.

Regarding renewable energy, solar generation increased by 49.8%, while wind generation rose by 47.5% as compared to the first half of 2021. During the first quarter of 2022 new renewable projects with gross capacity of 578.1 MW began operations in the system, while in the second quarter an additional 251.9 MW became operational.

During the first quarter of 2022, hydroelectric generation dropped by 8%, compared to the same period of 2021 and by 16% when compared to 2020. The levels at the Laja and Maule reservoirs are in values slightly below those of 2021, not so the case of Chapo, Rapel and Ralco, as the rationing decree has allowed for an increase in their levels compared to last year. The flows from the thaw decreased very early in this first quarter, leading to a decrease in hydroelectric generation. The hydrologic year, spanning from April 2021 through March 2022 has been extremely dry with 96.8% exceedance probability, up from 91.7% reported the previous year.

In the second quarter, hydroelectric generation dropped by 3.8% compared to the same quarter of 2021. As of the end of June, most reservoirs reported higher levels than those of the previous two years due to the hydraulic reserve built up thanks to the rationing decree (375 GWh) and the rainfall reported during the start of the rainy season.

Electricity production in the SEN grid, broken down by company, was as follows:



Source: Coordinador Eléctrico Nacional

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS

The following discussion is based on our unaudited consolidated financial statements for the 6-month periods ended June 30, 2022, and June 30, 2021. These financial statements have been prepared in U.S. dollars in accordance with IFRS and should be read in conjunction with the financial statements and the notes thereto published by the Comisión para el Mercado Financiero (www.cmfchile.cl).

2Q 2022 compared to 2Q 2021 and 1Q 2022

Operating Revenues

Quarterly Information (In US\$ millions)

	2Q 2021		1Q 2022		2Q 2022		% Variation	
	Amount	% of total	Amount	% of total	Amount	% of total	QoQ	YoY
Operating Revenues								
Unregulated customers sales.....	156.7	46%	177.8	56%	230.7	52%	30%	47%
Regulated customers sales.....	177.0	52%	169.7	39%	178.5	40%	5%	1%
Spot market sales.....	6.9	2%	18.3	5%	32.0	7%	75%	366%
Total revenues from energy and capacity sales	340.5	88%	365.8	88%	441.3	92%	21%	30%
Gas sales.....	8.7	2%	20.1	5%	9.5	2%	-53%	9%
Other operating revenue.....	39.3	10%	32.0	8%	30.7	6%	-4%	-22%
Total operating revenues.....	388.5	100%	417.9	100%	481.4	100%	15%	24%
Physical Data (in GWh)								
Sales of energy to unregulated customers (1).....	1,671	57%	1,689	57%	1,816.1	60%	8%	9%
Sales of energy regulated customers.....	1,262	43%	1,126	38%	1,204.5	40%	7%	-5%
Sales of energy to the spot market.....	24	1%	149	5%	22.7	1%	n.a	-
Total energy sales.....	2,956	100%	2,964	100%	3,043	100%	3%	3%
Average monomic price unregulated customers (U.S./MWh)(2)	92.4		121.4		127.0		5%	37%
Average monomic price regulated customers (U.S./MWh)(3)	140.3		126.5		148.2		17%	6%

(1) Includes 100% of CTH sales.

(2) Calculated as the quotient between unregulated and spot revenues from energy and capacity sales and unregulated and spot physical energy sales.

(3) Calculated as the quotient between regulated revenues from energy and capacity sales and regulated physical energy sales.

Energy and capacity sales reached US\$441.3 million in the second quarter of 2022, representing a US\$100.8 million, or 21%, increase compared to the second quarter of 2021. This was explained by an increase in volume sales to both regulated and unregulated clients as well as an increase in tariffs due to increases in inflation rates and fuel prices used in contract indexation formulas. The 33% increase in sales to unregulated clients was due to price increases and demand recovery from our main mining customers such as Codelco, Centinela and El Abra. The 13% increase in revenues from sales to regulated customers was due to higher prices, which offset the drop in volume. The latter was explained by the company's lower proportion in the pool of regulated contracts due to the entry of new contracts from other generation companies, and the expiration of one of Eólica Monte Redondo's PPA with CGE (175 GWh) at the end of 2021. Compared to the immediately previous quarter, there is an increase in sales volume, both to free customers and regulated customers.

In the second quarter of 2022, physical sales to the spot market were 23 GWh, a decrease with respect to the first quarter of 2022 and the second quarter of the previous year, due to the fact that beginning January 1, 2022, EECL assumed the supply contract with Minera Centinela and all the power generation of the subsidiary CTH was sold to the spot market during the months of January and February. As of March 1, a contract between CTH and EECL by which all the energy produced by CTH is sold to EECL, began to govern. A similar contract was signed between EECL and Solar Los Loros.

In the second quarter gas sales decreased, as compared to the same quarter of last year. The decrease was steeper when compared to the first quarter of 2022 due to an agreement signed in early February with the company's main liquefied natural gas supplier, which allowed the company to optimize annual gas purchase volumes, as well as to resolve a commercial dispute over an LNG cargo that could not be dispatched in the first half of 2021. As a result of this agreement, the company recorded a one-time US\$17 million income on its operating results in the first quarter of 2022.

The most relevant items in the 'Other operating revenue' account are sub-transmission tolls and regulatory transmission revenues, which starting 2018 include a single charge called "carga único", as well as port and maintenance services. Beginning in the second quarter of 2020 and during 2021, this item included income recognition corresponding to ENGIE's acquisition of a 40% interest in Inversiones Hornitos SpA through monthly installments according to the terms of the power supply agreement renegotiated with AMSA, which considers a tariff discount.

Operating Costs

	Quarterly Information (In US\$ millions)							
	2021		1Q22		2Q22		% Variation	
	Amount	% of total	Amount	% of total	Amount	% of total	QoQ	YoY
Operating Costs								
Fuel and lubricants.....	(107.6)	35%	(128.4)	33%	(203.2)	38%	58%	89%
Energy and capacity purchases on the spot market.....	(90.0)	29%	(163.0)	41%	(212.0)	40%	30%	136%
Depreciation and amortization attributable to cost of goods sold.....	(43.4)	14%	(44.4)	11%	(44.0)	8%	-1%	2%
Other costs of goods sold.....	(61.2)	20%	(50.5)	13%	(65.9)	12%	30%	8%
Total cost of goods sold.....	(302.1)	97%	(386.4)	98%	(525.2)	98%	36%	74%
Selling, general and administrative expenses...	(9.6)	3%	(8.7)	2%	(9.6)	2%	10%	0%
Depreciation and amortization in selling, general and administrative expenses.....	(1.0)	0%	(0.9)	0%	(0.9)	0%	0%	-8%
Other operating revenue/costs.....	1.6	-1%	1.3	0%	1.3	0%		
Total operating costs.....	(311.2)	100%	(394.7)	100%	(534.4)	100%	35%	72%
Physical Data (in GWh)								
Gross electricity generation								
Coal.....	1,633	69%	955	63%	1,085	62%	14%	-34%
Gas.....	639	27%	345	23%	423	24%	22%	-34%
Diesel Oil and Fuel Oil.....	8	0%	1	0%	17	1%	2985%	104%
Hydro/Solar/Wind.....	74	3%	220	14%	226	13%	3%	207%
Total gross generation.....	2,353	100%	1,520	100%	1,751	100%	15%	-26%
Minus Own consumption.....	(179)	-8%	(128)	-8%	(136)	-8%	7%	-24%
Total net generation.....	2,174	72%	1,393	47%	1,615	51%	16%	-26%
Energy purchases on the spot market.....	717	24%	999	34%	1,114	35%	12%	55%
Energy purchases- bridge.....	124	4%	561	19%	430	14%	n.a	n.a
Total energy available for sale before transmission losses.....	3,015	100%	2,952	100%	3,159	100%	7%	5%

Gross electricity generation decreased by 26%, compared to the same quarter of 2021, but it increased by 15% compared to the first quarter. The decrease in coal-based generation compared to the second quarter of 2021 was mainly due to the major overhaul of our IEM plant between May 24 and July 1st. In addition, there was less gas generation due to the maintenance of the CTM3 CCGT between March 1st and May 24. It should be noted that a gas shipment was cancelled by the supplier invoking a force majeure event at the Freeport Terminal on June 8, 2022. This led our CCGTs to occasionally generate with diesel oil, which explained the increase in diesel generation during the second quarter. Renewable generation increased significantly compared to the second quarter of last year as the Calama Wind Farm and the Tamaya photovoltaic park achieved commercial operation in October 2021 and January 2022, respectively, while the Capricornio PV project began its first power injections into the grid in April.

The year 2022 started with lower hydraulic reserves in the system. Lower generation, both hydraulic and thermal, was offset by higher generation of renewable assets. The presence of Argentine gas also helped stabilize marginal costs in the central zone in the first quarter; however, the marginal cost in the southern zone has remained high as a result of the operating restrictions at the Canutillar plant, transmission limitations, and the high cost of diesel necessary for the operation of the backup units. In the second quarter, marginal costs increased sharply in all segments of the system due to the steep increase in fuel costs explained by the geopolitical situation. In the last months, diesel generation in peak hours has increased due to the increase in demand, forced plant outages and lower availability of LNG supply because of the force majeure invoked by EECL's supplier. Hydraulic generation remained low through mid-May when rainfall began in the center-south region. On June 30, 2022, EECL's coal unit #14 in Tocopilla was disconnected from the grid.

The fuel cost item showed an increase compared to the first quarter of 2022 and the second quarter of 2021 due to the increases in fuel prices worldwide, mainly due to the Russia-Ukraine conflict.

The 'Cost of energy and capacity purchases' item increased by US\$122 million (136%) compared to the same quarter of 2021. This was mainly due to higher marginal costs or average spot prices, as well as to a 55% increase in the volumes of both energy purchases in the spot market and purchases of energy under backup contracts with other generators. The latter increased, reaching 430 GWh in the quarter. The higher volume of purchases is explained by the lower generation of our efficient units due to maintenance and limitations. With respect to the first quarter of 2022, the cost of purchasing energy and capacity rose by 30%, mainly due to the higher spot energy prices. While volume increases in both spot energy purchases and our own generation were observed, energy purchases under backup contracts decreased compared to the first quarter.

In the second quarter, depreciation costs in the costs-of-goods-sold item remained at similar levels as those reported in previous quarters.

Other direct operating costs included, among others, operating and maintenance costs, transmission tolls, insurance premiums and cost of fuels sold.

SG&A expenses remained at similar levels as those reported in the first quarter of 2022 and the second quarter of 2021.

The Other operating revenue/cost item includes water sales and miscellaneous income as well as recoveries and provisions. EECL's share in TEN's net income, which amounted to US\$0.8 million in the second quarter, is also included in this item.

Electricity Margin

	Quarterly Information (In US\$ millions)					2022	
	1Q21	2Q21	3Q21	4Q21	2021	1Q22	2Q22
Electricity Margin							
Total revenues from energy and capacity sales.....	286.8	340.5	325.2	356.0	1,308.5	365.8	441.3
Fuel and lubricants.....	(83.6)	(107.6)	(160.4)	(117.6)	(469.2)	(128.4)	(203.2)
Energy and capacity purchases on the spot market.....	(104.7)	(90.0)	(85.0)	(125.2)	(404.9)	(163.0)	(212.0)
Gross Electricity Profit	98.5	142.9	79.8	113.2	434.4	74.4	26.1
<i>Electricity Margin</i>	<i>34%</i>	<i>42%</i>	<i>25%</i>	<i>32%</i>	<i>33%</i>	<i>20%</i>	<i>6%</i>

In the second quarter, the electricity margin, or the gross profit from the electricity generation business, decreased by US\$116.8 million, when compared to the second quarter of 2021, and represented only 6% of energy and capacity revenues. On the one hand, we can observe an US\$100.8 million revenue increase, explained by higher average realized monomic prices due to the increase in the main tariff indexers (CPI, coal and gas prices). On the other hand, there was a US\$95.6 million increase in fuel costs due to the sharp increase in commodity prices worldwide, especially after the Russia-Ukraine conflict, and a US\$122 million increase in the cost of energy and capacity purchases on the spot market due to higher spot prices. In short, there was an increase in the average cost of energy supplied from US\$66/MWh in the second quarter of 2021 to US\$131/MWh in the second quarter of 2022, which exceeded the increase in revenues, generating a significant decrease in the electricity margin.

Operating Results

Quarterly Information (in US\$ millions)

EBITDA	2Q21		1Q22		2Q22		% Variation	
	Amount	% of total	Amount	% of total	Amount	% of total	QoQ	YoY
Total operating revenues.....	388.5	100%	417.9	100%	481.4	100%	15%	24%
Total cost of goods sold.....	(302.1)	-78%	(386.4)	-92%	(525.2)	-109%	36%	74%
Gross income.....	86.4	22%	31.5	8%	(43.8)	-9%	-239%	-151%
Total selling, general and administrative expenses and other operating income/(costs).	(9.1)	-2%	(8.4)	-2%	(9.2)	-2%	11%	2%
Operating income.....	77.3	20%	23.1	6%	(53.0)	-11%	-329%	-169%
Depreciation and amortization.....	44.4	11%	45.4	11%	45.0	9%	-1%	1%
EBITDA.....	121.7	31.3%	68.5	16.4%	(8.0)	-1.7%	-112%	-107%

EBITDA for the second quarter of 2022 reached an US\$8 million loss, a significant drop compared to previous quarters. This was due to the lower margin of the electricity business, in turn explained by the increase in average supply costs. The comparison with the immediately preceding quarter was also explained by the agreement with the LNG supplier and adjustments of provisions in the transmission activity, which positively impacted EBITDA in the first quarter.

Financial Results

Quarterly Information (In US\$ millions)

Non-operating results	2Q22		1Q22		2Q22		% Variation	
	Amount	% of total	Amount	% of total	Amount	% of total	QoQ	YoY
Financial income.....	0.3	0%	1.1	0%	0.7	0%	-40%	143%
Financial expense.....	(16.8)	-5%	(15.7)	-4%	(13.0)	-3%	-17%	-22%
Foreign exchange translation, net.....	1.9	1%	(5.6)	-1%	4.0	1%		117%
Other non-operating income/(expense) net...	(0.5)	0%	0.5	0%	0.1	0%		-111%
Total non-operating results.....	(15.1)	-5%	(19.7)	-5%	(8.3)	-2%		
Income before tax.....	62.2	19%	3.4	1%	(61.3)	-15%	-1904%	-199%
Income tax.....	(14.6)	-4%	0.4	0%	17.1	4%	4054%	-217%
Net income from continuing operations after taxes	47.6	14%	3.8	1%	(44.2)	-11%	-1261%	-193%
....								
Net income to EECL's shareholders	47.6	14%	3.8	1%	(44.2)	-11%	-1261%	-193%
Earnings per share.....	0.045		0.004		(0.042)			

The decrease in interest expense, as compared to the first quarter and the second quarter of 2021, is explained by the effects of the sale of long-term accounts receivable from distribution companies related to the tariff stabilization law. The difference between the face value of the accounts receivable sold and the cash amount received after applying the financial discount and transaction costs, is being reported as financial expenses. In the second quarter of 2021, the interest expense account included a US\$7.5 million expense from the sale of PEC receivables. In the first quarter of 2022, US\$3.9 million was recorded, while no such expenses were reported in the second quarter.

The exchange rate difference reached a US\$4 million profit in the second quarter as a result of greater exchange rate volatility with the Chilean peso tending to depreciate. Fluctuations in exchange rates affect the value of certain assets and liabilities denominated in currencies other than the US dollar, the company's functional currency. These include some accounts receivable and payable, advances to suppliers, value-added tax credit and, more importantly, liabilities for onerous concessions on land and other assets recorded on the balance sheet under the IFRS16 norm.

Net Earnings

In the second quarter of 2022, the company reported net losses of US\$44.2 million, a decline compared to previous quarters.

1H 2022 compared to 1H 2021

Operating Revenues

For the 6-month period ended June 30 (in US\$ millions)

	6M21		6M22		Variation	
	Amount	% of total	Amount	% of total	Amount	%
Operating Revenues						
Unregulated customers sales.....	315.1	50%	408.6	51%	93.5	30%
Regulated customers sales.....	300.1	48%	348.2	43%	48.1	16%
Spot market sales.....	12.1	2%	50.3	6%	38.2	315%
Total revenues from energy and capacity sales.....	627.3	87%	807.0	90%	179.7	29%
Gas sales.....	16.4	2%	29.6	3%	13.2	81%
Other operating revenue.....	77.1	11%	62.6	7%	-14.4	-19%
Total operating revenues.....	720.8	100%	899.2	100%	178.5	25%
Physical Data (in GWh)						
Sales of energy to unregulated customers (1).....	3,299	57%	3,505.4	58%	207	6%
Sales of energy regulated customers.....	2,459	42%	2,330.1	39%	-129	-5%
Sales of energy to the spot market.....	48	1%	171.8	3%	124	257%
Total energy sales.....	5,806	100%	6,007	100%	201	3%
Average monomic price unregulated customers (U.S.\$/MWh)(2)	97.8		124.8		27.0	28%
Average monomic price regulated customers (U.S.\$/MWh)(3)	122.1		149.4		27.4	22%

Energy and capacity sales reached US\$807 million in the first half of 2022, representing a US\$179.7 million, or 29%, increase compared to the first half of 2021, due to the recovery in the demand from unregulated clients and the higher electricity prices in both the regulated and free client segments. This was explained by increases in inflation rates and fuel prices used in contract indexation formulas (CPI and coal and gas prices).

In terms of physical sales, the unregulated segment showed a recovery in demand due to better indicators related to the evolution of the COVID 19 pandemic. Volume sales to regulated customers decreased slightly due to EECL's lower pro-rata in the pool of regulated contracts given the start of new contracts from other generation companies, and the expiration of one of Eólica Monte Redondo's PPA with CGE (175 GWh) at the end of 2021.

In the first half of 2022, physical sales to the spot market increased since, beginning January 1, 2022, EECL assumed the supply contract with Minera Centinela and all the power generation of the subsidiary CTH was sold to the spot market during the months of January and February. As of March 1, EECL signed contracts with CTH and Solar Los Loros under which EECL buys all the energy injected by CTH and Los Loros into the grid.

Eólica Monte Redondo reported an increase in sales to the spot market due to the expiration of one of its contracts with distribution companies.

The increase in gas sales in the first half of 2022, is explained by an agreement signed in early February with the company's main liquefied natural gas supplier, which allowed the company to optimize annual gas purchase volumes, as well as to resolve a commercial dispute over an LNG cargo that could not be dispatched in the first half of 2021. As a result of this agreement, the company recorded a one-time US\$17 million income on its operating results in the first quarter of 2022.

The most relevant items in the 'Other operating revenue' account are sub-transmission tolls and regulatory transmission revenues, which starting 2018 include a single charge called "carga único", as well as port and maintenance services. In 2021, this item included income recognition corresponding to ENGIE's acquisition of a 40% interest in Inversiones Hornitos SpA through monthly installments according to the terms of the power supply agreement renegotiated with AMSA, which considers a tariff discount. Also, in the first quarter of 2021, this item included a US\$5.3 million insurance compensation for past losses at our IEM plant.

Operating costs

For the 6-month period ended June 30 (in US\$ millions)

	6M21		6M22		Variation	
	Amount	% of total	Amount	% of total	Amount	%
Operating Costs						
Fuel and lubricants.....	(191.2)	31%	(331.6)	36%	140.4	73%
Energy and capacity purchases on the spot market...	(194.7)	31%	(375.0)	40%	180.3	93%
Depreciation and amortization attributable to cost of goods sold...	(87.8)	14%	(88.5)	10%	0.7	1%
Other costs of goods sold.....	(132.6)	21%	(116.4)	13%	-16.2	-12%
Total cost of goods sold.....	(606.3)	97%	(911.5)	98%	305.3	50%
Selling, general and administrative expenses...	(18.7)	3%	(18.3)	2%	-0.5	-2%
Depreciation and amortization in selling, general and administrative expenses...	(1.9)	0%	(1.9)	0%	0.0	1%
Other operating revenue/costs.....	4.1	-1%	2.6	0%	1.6	-38%
Total operating costs.....	(622.7)	100%	(929.1)	100%	306.4	49%
Physical Data (in GWh)						
Gross electricity generation						
Coal.....	2,913	67%	2,040	62%	-873	-30%
Gas.....	1,261	29%	768	23%	-492	-39%
Diesel Oil and Fuel Oil.....	21	0%	17	1%	-4	-18%
Hydro/Solar.....	135	3%	446	14%	310	229%
Total gross generation.....	4,330	100%	3,271	100%	-1,058	-24%
Minus Own consumption.....	(325)	-8%	(263)	-8%	62	-19%
Total net generation.....	4,004	68%	3,008	49%	-996	-25%
Energy purchases on the spot market.....	1,649	28%	2,113	35%	464	28%
Energy purchases- bridge.....	246	4%	990	16%	744	303%
Total energy available for sale before transmission losses.....	5,900	100%	6,111	100%	212	4%

Gross electricity generation decreased by 24%, compared to the first half of 2021, principally due to decreases in coal-based generation, mainly explained by the IEM overhaul, and in gas generation due to the maintenance of both CCGTs, U16 and CTM3. This was partially offset by the increase in renewable generation due to the commissioning of the Calama Wind Farm at the end of 2021, the Tamaya PV plant at the beginning of 2022, and the first injections of energy by the Capricornio PV plant in April.

Despite the decrease in the company's own generation in the first half of 2022, the fuel cost item rose by 93% or US\$140.4 million, due to the increase in fuel prices worldwide as a result of the Russia-Ukraine war.

The 'Cost of energy and capacity purchases' item increased by US\$180.3 million (93%) compared to the first half of 2021. This was mainly due to (i) higher marginal costs, or average spot prices, (ii) a 28% increase in the volumes of energy purchased in the spot market; and (iii) greater purchases of energy under backup contracts with other generators, which increased by four times, reaching 990 GWh in the first half of 2022. The higher volume of purchases is explained by the lower generation of our efficient units due to maintenance and limitations.

In the first half of 2022, depreciation costs in the costs-of-goods-sold item remained at similar levels as those reported in the first half of 2021.

Other direct operating costs include, among others, operating and maintenance costs, transmission tolls, insurance premiums and cost of fuels sold. The decrease in this item as compared to the first half of 2021 is explained by an US\$11.9 million premium for the cancellation of an LNG shipment paid in the first quarter of 2021.

SG&A expenses remained at similar levels as those reported in the first half of 2021.

The Other operating revenue/cost item includes water sales and miscellaneous income as well as recoveries and provisions. EECL's share in TEN's net income, which amounted to US\$3.4 million in the first half of the year, is also included in this item.

Resultado operacional

For the 6-month period ended June 30 (in US\$ millions)

EBITDA	6M21		6M22		Variation	
	Amount	% of total	Amount	% of total	Amount	%
Total operating revenues.....	720.8	100%	899.2	100%	178.5	25%
Total cost of goods sold.....	(606.3)	84%	(911.5)	101%	305.3	50%
Gross income.....	114.5	16%	(12.3)	-1%	-126.8	-111%
Total selling, general and administrative expenses and other operating income/(costs).	(16.5)	2%	(17.6)	2%	1.1	7%
Operating income.....	98.1	14%	(29.9)	-3%	-127.9	-130%
Depreciation and amortization.....	89.6	12%	90.4	10%	0.7	1%
EBITDA.....	187.7	26.0%	60.5	6.7%	-127.2	-68%

EBITDA for the first half of 2022 reached US\$60.5 million, a 68% decrease, or -US\$127.2 million, compared to the first half of 2021. This was due to the lower margin of the electricity business, in turn explained by the increase in average supply costs due to high fuel prices and the price of energy bought from the spot market.

Financial Results

For the 6-month period ended June 30 (in US\$ millions)

	6M21		6M22		Variation	
	Amount	% of total	Amount	% of total	Amount	%
Non-operating results						
Financial income.....	0.8	0%	1.8	0%	0.9	114%
Financial expense.....	(69.0)	-6%	(28.7)	-3%	40.2	-58%
Foreign exchange translation, net.....	3.6	0%	(1.6)	0%	-5.1	-145%
Other non-operating income/(expense) net...	3.2	0%	0.5	0%	-2.7	-84%
Total non-operating results.....	(61.4)	-5%	(28.0)	-3%		
Income before tax.....	36.7	3%	(57.9)	-6%	-94.6	-258%
Income tax.....	(6.7)	-1%	17.5	2%	24.1	
Net income from continuing operations after taxes	30.0	3%	(40.4)	-4%	-70.4	-235%
Net income to EECL's shareholders	30.0	3%	(40.4)	-4%	-70.4	-235%
Earnings per share.....	0.028		(0.038)	0%		

The decrease in interest expense, as compared to the first half of 2021, is explained by the effects of the sale of long-term accounts receivable from distribution companies related to the tariff stabilization law. The difference between the face value of the accounts receivable sold and the cash amount received after applying the financial discount and transaction costs, is being reported as financial expenses. In the first half of 2021, the interest expense account included a US\$48.4 million expense from the sale of PEC receivables, while in the first half of 2022, US\$3.9 million was recorded.

The exchange rate difference reached a loss of US\$1.6 million as a result of greater exchange rate volatility, with the Chilean peso tending to appreciate in the first quarter and to depreciate in the second quarter of 2022. Fluctuations in exchange rates affect the value of certain assets and liabilities denominated in currencies other than the US dollar, the company's functional currency. These include some accounts receivable and payable, advances to suppliers, value-added tax credit and, more importantly, liabilities for onerous concessions on land recorded on the balance sheet under the IFRS16 norm.

Net Earnings

In the first half of 2022, the company reported a net after-tax loss of US\$40.4 million, which negatively compares with a US\$30 million profit in the first half of 2021. As explained earlier, this decrease was primarily explained by a weaker operating result.

Liquidity and Capital Resources

As of June 30, 2022, EECL reported consolidated cash balances of US\$121.6 million, while its nominal financial debt¹ amounted to US\$1,255 million, including US\$280 million of short-term debt maturing in 2023, with no other scheduled debt principal payments until January 2025.

⁽¹⁾ Nominal amounts differ from the debt amounts recorded under the IFRS methodology in the Financial Statements, which considers deferred financial expenses and mark-to-market valuations on derivative transactions. The above amount excludes the financial leases related to the long-term tolling agreement with TEN and transactions qualified as financial leases under IFRS 16.

For the 6-month period ended June 30 (in US\$ millions)

Cash Flow	<u>2021</u>	<u>2022</u>
Net cash flows provided by operating activities...	107.7	(210.8)
Net cash flows used in investing activities.....	(79.0)	(110.2)
Net cash flows provided by financing activities..	<u>(54.4)</u>	<u>228.1</u>
Change in cash.....	<u>(25.7)</u>	<u>(93.0)</u>

Cash Flow from Operating Activities

In the first half of 2022, EECL reported net operating cash uses worth US\$210.8 million. Cash flows from regular operations represented a net cash outflow of US\$137.2 million, due to higher outflows from fuel and electricity purchases explained by extremely high fuel prices observed during the period. In addition, other cash outflows included (i) the reimbursement of a US\$30 million payment received by mistake on the last business day of 2021; (ii) interest payments for US\$22.5 million and (iii) income taxes for US\$34.5 million, US\$27.5 million of which corresponded to CO₂ taxes. These cash outflows were partially offset by US\$9.6 million in proceeds from the sale of accounts receivable from distribution companies related to the price stabilization law. In the first half of 2021, net cash flows from operations reached US\$107.7 million.

Cash Flow Used in Investing Activities

In the first half of 2022, cash flows related to investment activities resulted in a net cash outflow of US\$110.2 million, mainly due to capital expenditures. This figure is higher than the cash outflows for investment activities reported in 2021, which amounted to US\$79 million. Capital expenditures included our investment in the solar PV projects, Tamaya, Capricornio and Coya, and in transmission substations, as well as in plant maintenance.

Capital Expenditures

Our capital expenditures in the first half of 2021 and 2022 amounted to US\$87.2 million and US\$109.3 million, respectively, as shown in the following table. These amounts include VAT payments and capitalized interest. The latter amounted to US\$3.6 million in the first half of 2022, whereas capitalized interest in the first half of 2021 was US\$4.2 million.

For the 6-month period June 30 (in US\$ millions)

CAPEX	<u>2021</u>	<u>2022</u>
Substation.....	5.2	6.6
Overhaul power plants & equipment maintenance and refurbishing.....	6.9	2.7
Overhaul equipment & transmission lines	2.8	3.0
PV Power Plant.....	25.9	73.0
Wind farm.....	42.0	12.7
Others.....	<u>4.4</u>	<u>11.2</u>
Total capital expenditures.....	<u>87.2</u>	<u>109.3</u>

Cash Flow from Financing Activities

In the first half of 2022, the main flows related to financing activities were short-term loans taken with Banco de Crédito del Perú (US\$70 million), Banco Santander (US\$30 million), Scotiabank (US\$50 million plus the

renewal of a US\$50 million loan due in April), BCI (US\$50 million), and Itaú (US\$30 million). Other less relevant cash flows included the payment of installments under financial lease contracts for US\$0.6 million. Interest paid on 144-A bonds, the IDB financing and short-term loans were recorded in the Cash from operations section. Likewise, the funds received from the sale of accounts receivable from distributors, for a total of US\$9.6 million, were reflected in the Cash from operations section.

Contractual Obligations

The following table sets forth the maturity profile of our debt obligations as of June 30, 2022.

Contractual Obligations as of 06/30/22					
Payments Due by Period (in US\$ millions)					
	Total	< 1 year	1 - 3 years	3 - 5 years	More than 5 years
Bank debt.....	405.0	280.0	1.1	9.9	114.0
Bonds (144 A/Reg S Notes).....	850.0	-	350.0	-	500.0
Financial lease - Tolling Agreement TEN.....	54.2	1.6	3.7	4.5	44.4
Financial lease - IFRS 16.....	136.4	5.9	11.9	7.9	110.7
Deferred financing cost.....	(15.5)	-	(6.5)	(3.8)	(5.1)
Accrued interest.....	15.2	15.2	-	-	-
Mark-to-market swaps.....	5.0	5.0	-	-	-
Total	1,450.4	307.7	360.2	18.5	764.0

Notes:

- (1) The tolling contract signed with TEN for the use of dedicated transmission assets is considered a financial leasing operation and is accounted for under accounts payable to related companies.
- (2) According to the IFRS16 Leasing rules, leasing obligations for land and vehicle rentals were accounted for as financial debt.

As of June 30, 2022, the company's short-term debt amounted to US\$280 million, including a US\$50 million loan with Banco de Crédito del Perú, due February 2, 2023, two loans totaling US\$30 million with Banco Santander, due February 6, 2023, a US\$50 million loan with Scotiabank due April 31, 2023, a US\$20 million loan with Banco de Crédito del Perú due April 21, 2023, a US\$30 million loan with Itaú maturing on April 28, 2023, a US\$50 million loan with BCI due on May 21, 2023, and a US\$50 million loan with Scotiabank maturing on May 19, 2023. These loans are denominated in US dollars, they accrue a fixed interest rate and are documented by a simple promissory note reflecting the repayment obligation on the agreed date, with no other operating or financial covenants, and a prepayment option at no cost for the company.

EECL holds two bonds under the 144A/RegS format. The first one is a US\$350 million issue with a single principal payment in January 2025 and a 4.5% p.a. coupon rate. On January 28, 2020, the company closed a new 144A/RegS issue to fully refinance the US\$400 million notes originally due in January 2021. The new issue amounts to US\$500 million, has a 3.4% coupon rate and is due on January 28, 2030.

On December 23, 2020, the Company and IDB Invest signed a financing agreement under which IDB Invest committed to extend a US\$125 million loan to ENGIE Energía Chile within an initiative seeking to accelerate the decarbonization of the energy matrix in Chile. The financing includes a US\$74 million senior loan from IDB Invest, a US\$15 million mixed financing provided by the Clean Technology Fund (CTF), and a US\$36 million loan from the China Fund for Co-financing in Latin America and the Caribbean (China Fund). The transaction, with a tenor of up to 12 years, has the purpose of financing the construction, operation, and maintenance of the Calama wind farm. This innovative financing solution is designed to promote the acceleration of decarbonization activities by monetizing the actual displacement of CO2 emissions achieved through the anticipated decommissioning of coal-based plants whose generation will be replaced with the renewable power output of the Calama wind farm. In the absence of a carbon market, the financial structure provides for a minimum price for the avoided emissions to be paid through the reduction in the financial cost of the CTF loan. In case a carbon market is developed during the life of the loan, CTF and Engie will share any positive difference between the market price and the minimum price set at

the beginning of the financing. On August 27, 2021, the company drew the full amount available under these facilities.

Leasing obligations refer to a long-term tolling agreement signed with TEN for the use of dedicated transmission assets connecting EECL's plants in Mejillones with the national grid at the Los Changos substation. The tolling agreement is out to 20 years at which time EECL will take ownership of the asset. The agreement has a present value of US\$54.2 million and is payable in monthly instalments totaling approximately US\$7 million per year until 2037.

As of June 30, 2022, the company reported leasing obligations related to land use concessions, vehicles and other assets for a total amount of US\$136.4 million, which qualified as financial debt under the IFRS 16 accounting norm.

Finally, on the last business day of 2021, the company received a US\$30 million duplicated payment from a customer. The amount had to be accounted for as financial debt and funds were returned at the beginning of 2022.

Dividend Policy

Our dividend policy, last approved at the Annual Ordinary Shareholders' Meeting dated April 26, 2022, consists of paying the minimum legal required amounts (30% of net income), although higher amounts may be approved if the company's conditions so allow. Our dividend payment for each year is proposed by our Board of Directors based on the year's financial performance, our available cash balance and anticipated financing requirements for capital expenditures and investments. As possible and subject to Board approval, the company will pay provisional dividends based on the net results of the first three quarters plus the definitive dividend to be paid in May of each year.

The dividend policy proposed by our Board is subsequently approved at a Shareholders' Meeting as established by law.

On July 27, 2021, the company's Board approved the payment of a US\$41.5 million (US\$0.0393996153 per share) provisional dividend on account of 2021's net earnings. This dividend was paid on August 26, 2021. This dividend represented a distribution equivalent to 87.6% of the net income of the year 2021, so the board chose to propose to the Shareholders' Meeting that a definitive dividend not be distributed against the 2021 net profit in May 2022.

The record of dividends paid since 2010 is shown in the following table:

Cash Dividends paid by Engie Energía Chile S.A.

Payment Date	Dividend Type	Amount (in US\$ millions)	US\$ per share
May 4, 2010	Final (on account of 2009 net income)	77.7	0.07370
May 4, 2010	Additional (on account of 2009 net income)	1.9	0.00180
May 5, 2011	Final (on account of 2010 net income)	100.1	0.09505
Aug 25 2011	Provisional (on account of 2011 net income)	25.0	0.02373
May 16 2012	Final (on account of 2011 net income)	64.3	0.06104
May 16 2013	Final (on account of 2013 net income)	56.2	0.05333
May 23 2014	Final (on account of 2013 net income)	39.6	0.03758
Sept 30,2014	Provisional (on account of 2014 net income)	7.0	0.00665
May 27 ,2015	Final (on account of 2014 net income)	19.7	0.01869
Oct 23 ,2015	Provisional (on account of 2015 net income)	13.5	0.01280
Jan 22, 2016	Provisional (on account of 2015 net income)	8.0	0.00760
May 26, 2016	Final (on account of 2015 net income)	6.8	0.00641
May 26, 2016	Provisional (on account of 2016 net income)	63.6	0.06038
May 18, 2017	Final (on account of 2016 net income)	12.8	0.01220
May 22,2018	Final (on account of 2017 net income)	30.4	0.02888
Oct 25 ,2018	Provisional (on account of 2018 net income)	26.0	0.02468
May 24 ,2019	Final (on account of 2018 net income)	22.1	0.02102
June 21 ,2019	Provisional (on account of 2019 net income)	50.0	0.04747
Dec 13 ,2019	Provisional (on account of 2019 net income)	40.0	0.03798
Nov 30 ,2020	Provisional (on account of 2020 net income)	66.6	0.06323
May 20 ,2021	Final (on account of 2020 net income)	51.1	0.04847
Aug 26 ,2021	Provisional (on account of 2021 net income)	41.5	0.03940

Risk management policy

In the normal course of business, EECL is exposed to several risk factors that may impact its operating and financial performance.

The company's financial risk management strategy seeks to safeguard EECL's operating stability and sustainability in a context of risk and uncertainty.

EECL has established risk management procedures, which include a description of the risk assessment methodology and the construction of a risk matrix called Enterprise Risk Management, which is approved annually and is reviewed quarterly in each of the company's functional committees where risk mitigation action plans are defined and monitored. Management presents the company's risk management performance to the board on a quarterly basis.

Hedging Policy

Our hedging policy intends to protect the company against our exposure to certain risks, as follows:

Business Risk and Commodity Hedging

We are exposed to commodity price volatility since electricity generation activities require continued supply of fossil fuels, mainly coal, gas and diesel oil, with international prices that fluctuate according to market and political variables beyond the company's control. Coal purchases are mostly made through annual contracts, the prices of which are linked to traditional indices such as API 2, API 10 or Newcastle. Purchases of diesel oil and

certain purchases of liquefied natural gas are made at prices based on international oil values (WTI or Brent). The company has long-term liquefied natural gas purchase contracts with prices tied to Henry Hub.

Fuel prices are a key factor for the dispatch of thermoelectric generation plants, the company's average generation cost and the marginal costs of the electricity system in which it operates. Therefore, our business is subject to the risk of variations in the availability of fuels and their prices. In our country, the hydrological year has been extremely dry, with the consequent decrease in hydraulic generation. This has coincided with difficulties in the supply of coal and natural gas due to the rise in demand together with restrictions on the world production of these fuels, as well as difficulties in freight, which resulted in price increases to very high levels even before the start of the war between Russia and Ukraine that raised prices to levels never seen before. Consequently, the average costs of own generation and the marginal costs of the system have reached levels much higher than those of previous years, which have been reflected in the reduction of the operating margins of the electricity business. It is worth mentioning that marginal costs have also been affected by other factors such as decoupling, congestion in transmission systems, and unavailability of generation plants. The Company partially mitigates its exposure to the risk of fluctuations in fuel prices through (i) the signing of supply contracts with other generators in the system that have allowed it to reduce its energy purchases from the spot market (2.1 TWh contracted for 2022 versus 0.7 TWh in 2021) and, therefore, its exposure to marginal cost; (ii) its long-term LNG supply contracts; (iii) the entry into operations of new renewable energy generation projects that reduce dependence on fossil fuels and (iv) the transfer of higher costs to final tariffs.

Currency Hedging

Given that most of our revenues and costs are denominated in US dollars and that we seek to incur debt in US dollars, we face limited exposure to foreign exchange risk. In the specific case of regulated contracts, the price is calculated in US dollars and is then converted to Chilean pesos at the average monthly exchange rate observed in the invoiced month. In terms of the impact on the company's income statement, these contracts' exposure to foreign currency risk is limited as revenues are recognized at contract prices. However, delays in the publication of the Average Node Price decrees may impact the company's cash flow as monthly invoices are translated to Chilean pesos at exchange rates that remain fixed over the life of the tariff decree and differ from the monthly exchange rates considered in the contracts. Although these differences are adjusted after the Average Node Price decrees are published, the uncertainty as to the timing and amount of these adjustments does not allow for an effective hedge through derivative instruments. The delay in the collection of foreign-exchange adjustments has significantly increased after the approval of the Price Stabilization law in November 2019. Per this law and resolution #72, by which the National Energy Commission set the terms of implementation of the law, accounts receivable from distribution companies will increase at a rate that is highly sensitive, among other variables, to the CLP/USD exchange rate. To face this risk and mitigate its effect on the company's cash flow and liquidity, the company and its subsidiary, EMR, signed agreements with Goldman Sachs and IDB Invest to sell, without recourse, these accounts receivable from distribution companies to a special purpose company called Chile Electricity PEC SpA. On January 29, 2021, Chile Electricity PEC issued 144 A/Reg S bonds for US\$489 million to buy the first two groups of accounts receivable from the four main generation groups in Chile, including ENGIE. On June 30, 2021, Chile Electricity PEC purchased the third group of accounts receivable from generation companies with funds provided by US\$419 million 4a2 delayed draw notes with the participation of Allianz, IDB Invest and Goldman Sachs. Upon the publication of the respective node price decrees, similar transactions were perfected on March 4, 2022, for the fourth group of accounts receivable and July 14, 2022, after the cut-off date of this report, for the fifth group. Since the sale of receivables is made in US dollars, without recourse to the generation companies, EECL and EMR have been able to reduce the foreign-exchange and credit exposure associated to these long-term accounts receivable and have improved their liquidity in exchange for a discount, which has impacted the income statement in 2021 and the first half of 2022. In 2021, the related financial expense reached US\$49.6 million, while in the first half of 2022, it amounted to US\$3.9 million.

Our main cost in Chilean pesos is personnel and certain operating and administrative costs, which account for approximately 10% of our operating costs. Given that most of our revenues are either in US dollars or in Chilean pesos adjusted for the exchange rate, our costs in Chilean pesos represent our main exposure to foreign-currency risks. Therefore, we have hedged a portion of our recurrent costs in Chilean pesos through forward contracts and zero-cost collars. As of June 30, 2022, the Company reported forward FX contracts for a total nominal amount of US\$51 million, with US\$8.5 million maturing in each of the remaining months of 2022.

In the past we have signed foreign-currency derivative contracts to hedge the UF and EUR cash flows stemming from EPC contracts, to avoid cash flow or investment value variations resulting from foreign currency fluctuations that are beyond management's control. As of June 30, 2022, there were no outstanding derivative contracts associated with such EPC contract cash flows.

Our cash investment policy states that at least 80% of cash balances must be invested in US dollars unless a different percentage is required to maintain a natural currency hedge between assets and liabilities. This policy allows for the necessary flexibility to achieve a natural hedge for obligations in currencies other than the company's functional currency, the US dollar. As of June 30, 2022, 82.7% of our available cash and short-term investments were denominated in US dollars.

The Company presents an exposure to foreign exchange risk of a purely accounting nature related to contracts for onerous concessions or other types of contracts such as real estate or vehicle fleet leases that are considered as financial leases under the IFRS16 standard. These contracts comprise assets for rights of use that correspond to non-monetary assets, recorded at their initial cost, in dollars, the company's functional currency. Their counterparts correspond to monetary liabilities reflecting the present value of the installments to be paid under the financial contracts. Most of these liabilities are denominated in Chilean currency, adjusted for inflation (Unidades de Fomento (UF) or Unidades Tributarias (UTM)). As these are monetary liabilities, they are periodically readjusted and converted into dollars at the exchange rate observed at the end of each accounting period. In short, the liability denominated in CLP, UF or UTM is subject to periodic readjustments, being exposed to fluctuations in exchange rates, while the asset remains fixed in dollars. This mismatch may give rise to accounting profits or losses in our income statements. However, financially, the value of the asset for rights of use is closely related to the value of the liability since both should reflect the present value of the installments payable under the financial contracts. As of June 30, 2022, lease liabilities denominated in currencies other than the dollar amounted to \$136.4 million.

Interest Rate Hedging

The stability and predictability of our cash flows is also exposed to interest rate risk, principally with respect to the portion of our indebtedness that bears interest at floating rates. We seek to maintain a significant portion of our long-term debt at fixed rates to minimize interest-rate exposure. As of June 30, 2022, 91% of our financial debt was at fixed rates, while 9% (US\$ 110 million under the IDB Invest financing) was at floating rates. We have excluded the IFRS 16 financial leases from this calculation. These obligations are mortgage-style liabilities payable in fixed equal installments.

As of June 30, 2022							
Contractual maturity date (in US\$ millions)							
	<u>Average interest rate</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>Thereafter</u>	<u>Grand Total</u>
Variable Rate							
(US\$)	4.5101% p.a.	-	-	-	2.8	107.3	110.0
Fixed Rate							
(US\$)	2.5189% p.a.	-	280.0	-	-	-	280.0
(US\$)	1.0000% p.a.	-	-	-	-	15.0	15.0
(US\$)	3.4000% p.a.	-	-	-	-	500.0	500.0
(US\$)	4.5000% p.a.	-	-	-	350.0	-	350.0
Total Fixed Rate		-	280.0	-	350.0	515.0	1,145.0
TOTAL		-	280.0	-	352.8	622.3	1,255.0

Credit Risk

In the normal course of business, and when investing our cash, we are exposed to credit risk. In our regular electricity generation business, we deal mostly with financially strong mining companies, which report low levels of credit risk. These companies are exposed to variations in commodity prices, particularly copper. Although

our clients have demonstrated significant resilience to down-cycles, we closely monitor their exposure through our commercial counterparty risk policy.

We also sell electricity to regulated clients, which provide electricity supply to residential and commercial clients and report low levels of credit risk. Lower growth in energy demand from end consumers could adversely affect our financial condition, operating results and cash flows. While the Electricity Price Stabilization Law enacted in November 2019 is not expected to significantly affect our revenues as recognized in the income statement, it has been affecting our cash flow with higher working capital requirements and higher financial costs. To address this risk and mitigate the effects on its cash flow, in early 2021, the company signed agreements with Goldman Sachs and IDB Invest to sell, without recourse to the company, these receivables to a special purpose company called Chile Electricity PEC SpA. On February 8, March 31 and June 30, 2021, the Company sold the accounts receivable corresponding to the Average Note Price decrees of January 2020, July 2020, and January 2021, respectively, for a total nominal value of US\$167.3 million, receiving liquid resources of US\$118.6 million and reporting a financial cost of US\$49.6 million. On March 4, 2022, the Company sold the accounts receivable corresponding to the Average Node Price decree of July 2021 for a total nominal value of US\$13.5 million, receiving a US\$9.6 million cash payment and reporting a US\$3.9 million financial cost.

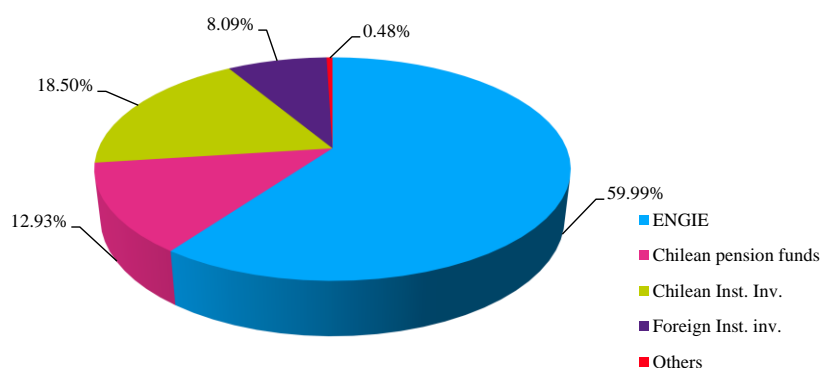
Over the last years, the electricity generation business and its customer base have evolved. Particularly, consumers with demand between 500 kW and 5 MW are allowed to contract their power supply directly with generation companies rather than through distribution companies. This disintermediation trend has led us to sign contracts with smaller commercial and industrial clients with potentially higher credit risk. To mitigate this risk, we have implemented a commercial counterparty risk policy, which among other considerations, requires the review of the credit risk of the client before entering into a power supply agreement. As of June 30, 2022, the contracts signed with smaller commercial and industrial clients represented a low percentage of our overall client portfolio, and the company has stopped marketing actively this segment.

The outbreak of the COVID-19 pandemic has led to economic downturns, economic stimulus packages and inflation, with the consequential uncertainty about the behavior of power demand and the financial capacity of consumers of essential services to afford the timely payment of their bills. Although the demand for electricity by regulated customers has recovered, the extension of the basic services law has resulted in a slower collection of certain smaller regulated customers, with the consequent increase in the company's working capital financing needs. To face this situation the company has instructed its commercial areas to maintain close, direct contact with our customers to monitor the situation and take timely measures as necessary to both support our customers and mitigate the impact on the company's performance.

Our cash management policy is to invest in investment-grade institutions only, and only within the short term. We also measure our counterparty risk when dealing with derivatives and guarantees, and we have individual counterparty limits to manage our exposure and ensure proper diversification of our credit risk.

OWNERSHIP STRUCTURE AS OF JUNE 30, 2022

Number of shareholders: 1,805



TOTAL NUMBER OF SHARES: 1,053,309,776

APPENDIX 1

PHYSICAL DATA AND SUMMARIZED QUARTERLY FINANCIAL STATEMENTS

Physical Sales

Physical Sales (in GWh)

	<u>2021</u>						<u>2022</u>		
	<u>1Q21</u>	<u>2Q21</u>	<u>1H21</u>	<u>3Q21</u>	<u>4M21</u>	<u>12M21</u>	<u>1Q22</u>	<u>2Q22</u>	<u>1H22</u>
Physical Sales									
Sales of energy to unregulated customers.	1,628	1,671	3,299	1,662	1,714	6,675	1,689	1,816	3,505
Sales of energy to regulated customers	1,197	1,262	2,459	1,303	1,184	4,946	1,126	1,204	2,330
Sales of energy to the spot market.....	24	24	48	21	25	94	149	23	172
Total energy sales.....	2,849	2,956	5,806	2,986	2,923	11,715	2,964	3,043	6,007
Gross electricity generation									
Coal.....	1,280	1,633	2,913	1,713	1,084	5,709	955	1,085	2,040
Gas.....	622	639	1,261	678	335	2,274	345	423	768
Diesel Oil and Fuel Oil.....	13	8	21	2	0	23	1	17	17
Renewable.....	62	74	135	52	201	389	220	226	446
Total gross generation.....	1,977	2,353	4,330	2,444.3	1,621	8,394	1,520	1,751	3,271
<i>Minus Own consumption.....</i>	(146)	(179)	(325)	(195)	(128)	(648)	(128)	(136)	(263)
Total net generation.....	1,831	2,174	4,004	2,249	1,493	7,746	1,393	1,615	3,008
Energy purchases on the spot market.....	932	717	1,649	434	1,228	3,311	999	1,114	2,113
Energy purchases- bridge	122	124	246	127	265	639	561	430	990
Total energy available for sale before transmission losses.....	2,885	3,015	5,900	2,810	2,986	11,696	2,952	3,159	6,111

Quarterly Income Statement

Quarterly Income Statement (in US\$ millions)

IFRS

Operating Revenues

	<u>1Q21</u>	<u>2Q21</u>	<u>1H21</u>	<u>1Q22</u>	<u>2Q22</u>	<u>1H22</u>
Regulated customers sales.....	123.1	177.0	300.1	169.7	178.5	348.2
Unregulated customers sales.....	158.4	156.7	315.1	177.8	230.7	408.6
Spot market sales.....	5.3	6.9	12.1	18.3	32.0	50.3
Total revenues from energy and capacity sales.....	286.8	340.5	627.3	365.8	441.3	807.0
Gas sales.....	7.7	8.7	16.4	20.1	9.5	29.6
Other operating revenue.....	37.8	39.3	77.1	32.0	30.7	62.6
Total operating revenues.....	332.3	388.5	720.8	417.9	481.4	899.2

Operating Costs

Fuel and lubricants.....	(83.6)	(107.6)	(191.2)	(128.4)	(203.2)	(331.6)
Energy and capacity purchases on the spot	(104.7)	(90.0)	(194.7)	(163.0)	(212.0)	(375.0)
Depreciation and amortization attributable to cost of goods sold..	(44.4)	(43.4)	(87.8)	(44.4)	(44.0)	(88.5)
Other costs of goods sold.....	(71.4)	(61.2)	(132.6)	(50.5)	(65.9)	(116.4)
Total cost of goods sold.....	(304.1)	(302.1)	(606.3)	(386.4)	(525.2)	(911.5)
Selling, general and administrative expenses...	(9.1)	(9.6)	(18.7)	(8.7)	(9.6)	(18.3)
Depreciation and amortization in selling, general and administrative expenses...	(0.8)	(1.0)	(1.9)	(0.9)	(0.9)	(1.9)
Other revenues.....	2.6	1.6	4.1	1.3	1.3	2.6
Total operating costs.....	(311.5)	(311.2)	(622.7)	(394.7)	(534.4)	(929.1)

Operating income.....

EBITDA.....

Operating income.....	20.7	77.3	98.1	23.1	(53.0)	(29.9)
EBITDA.....	65.9	121.7	187.7	68.5	(8.0)	60.5
Financial income.....	0.6	0.3	0.8	1.1	0.7	1.8
Financial expense.....	(52.2)	(16.8)	(69.0)	(15.7)	(13.0)	(28.7)
Foreign exchange translation, net.....	1.7	1.9	3.6	(5.6)	4.0	(1.6)
method	-	-	-	-	-	-
Other non-operating income/(expense) net.....	3.6	(0.5)	3.2	0.5	0.1	0.5
Total non-operating results.....	(46.3)	(15.1)	(61.4)	(19.7)	(8.3)	(28.0)
Income before tax.....	(25.5)	62.2	36.7	3.4	(61.3)	(57.9)
Income tax.....	8.0	(14.6)	(6.7)	0.4	17.1	17.5

Net income from continuing operations after taxes

Net income attributed to controlling shareholders.....

Net income attributed to minority shareholders.....

Net income to EECL's shareholders.....

Earnings per share..... (US\$/share)

Net income from continuing operations after taxes	(17.6)	47.6	30.0	3.8	(44.2)	(40.4)
Net income attributed to controlling shareholders.....	(17.6)	47.6	30.0	3.8	(44.2)	(40.4)
Net income attributed to minority shareholders.....	-	-	-	-	-	-
Net income to EECL's shareholders.....	(17.6)	47.6	30.0	3.8	(44.2)	(40.4)
Earnings per share..... (US\$/share)	(0.017)	0.045	0.028	0.004	(0.042)	(0.038)

Quarterly Balance Sheet

Quarterly Balance Sheet (in U.S.\$ millions)

	2021	2022
	<u>December</u>	<u>June</u>
Current Assets		
Cash and cash equivalents	215.7	121.6
Accounts receivable	171.4	328.3
Recoverable taxes	23.9	65.5
Current inventories	158.3	151.7
Other non financial assets	46.9	35.4
Total current assets	616.2	702.6
Non-Current Assets		
Property, plant and equipment, net	2,746.1	2,752.5
Other non-current assets	636.5	730.1
TOTAL ASSETS	3,998.9	4,185.2
Current Liabilities		
Financial debt	106.2	306.1
Other current liabilities	291.3	330.4
Total current liabilities	397.5	636.5
Long-Term Liabilities		
Financial debt	1,152.4	1,142.7
Other long-term liabilities	277.0	261.1
Total long-term liabilities	1,429.4	1,403.7
Shareholders' equity	2,172.0	2,145.0
Equity	2,172.0	2,182.5
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	3,998.9	4,185.2

Main Balance Sheet Variations

The main balance-sheet variations between December 31, 2020, and June 30, 2022, are the following:

Cash and cash equivalent: The company's cash balances decreased by US\$94 million to US\$121.6 million mainly because of (i) net operating cash outflows (US\$137.2 million), (ii) interest payments (US\$22.5 million), (iii) income tax payments (US\$34.5 million, including US\$27.5 million in CO₂ taxes), and (iv) capital expenditures (US\$105.7 million). In addition, the company reimbursed a US\$30 million duplicated payment received from a client on the last business day of 2021. These expenditures were partly offset by the proceeds of the sale of accounts receivable from distribution companies related to the price stabilization mechanism (US\$9.6 million) and proceeds of new short-term bank loans (US\$230 million).

Accounts receivable: The US\$156.9 million increase comprises changes in two different accounts: On the one hand, accounts receivable from third parties reported a US\$153.1 million increase mainly due to higher tariffs and because certain relevant invoices were collected ahead of their maturity in December 2021, while some relevant invoices due at end June were collected on July 1st, after the cut-off date of these financial statements. On the other hand, intercompany receivables increased by US\$3.8 million, mainly due to accounts receivable from Engie Gas.

Current inventories: The US\$6.6 million decrease in this item is explained by a US\$15.7 million decrease in coal inventory and a US\$6.4 million decrease in limestone inventory, which were partially offset by increases in LNG (+US\$8.8 million) and hydrated lime (+US\$6.9 million) inventory stocks.

Recoverable taxes: This item reported an US\$11.5 million increase due to a US\$29 million increase in recoverable taxes from previous periods, offset by lower monthly provisional tax payments (-US\$17.5 million). Both effects are explained by the drop in taxable income and the use of instant depreciation in recent projects.

Other non-financial assets – current: The US\$18.7 million increase in this item is explained by a US\$28 million increase in the VAT fiscal credit balance due to increased capital expenditures in new projects and a US\$1.8 million increase in advances to suppliers, partly offset by a US\$10.7 million decrease in advanced insurance payments.

Property, plant and equipment, net: The US\$6.4 million increase in PP&E is explained by capital expenditures related to investments in renewable energy (US\$70.1 million) and transmission (US\$20.6 million) projects, which were offset by depreciation of US\$80.4 million.

Other non-current assets: The net increase in this item resulted primarily from an US\$80.6 million increase in long-term accounts receivable associated to the enactment of the price stabilization law, an US\$8.6 million increase in capitalized development costs in projects with reasonable execution viability, and a US\$16.3 million increase in the equity value of TEN explained by the net profit of the period and the variation in the reserve of coverage derivatives. Conversely, the recognition of assets by right of use, mainly onerous concessions on land for renewable projects (IFRS16), exhibited a US\$3.3 million decrease.

Financial debt – current: This item reported a US\$200.5 million increase. Short-term bank debt increased by US\$230 million due to new loans from Banco de Crédito del Perú, Banco Santander, Scotiabank, Itaú and BCI. The debt increase was partially offset by the reimbursement of the duplicated payment of a US\$29.8 million invoice on the last business day of last year, which had to be reported as financial debt at year-end 2021.

Other current liabilities: The US\$39.1 million net increase in this item is explained by a US\$43.5 million increase in accounts payable to suppliers due to increases in fuel and energy purchase prices. This was partially offset by decreases in the following accounts: (i) provisions related to employee benefits following the payment of annual performance bonuses (-US\$3.6 million) and (ii) VAT fiscal debit (-US\$1.2 million).

Long-term financial debt: No changes were reported in long-term financial debt, which is still made up of two 144A/RegS bonds for a total nominal value of US\$850 million and the US\$125 million IDB financing. The US\$1.5 million increase in this account is mainly explained by the amortization of deferred financing costs. Conversely, financial lease liabilities, associated primarily with onerous concessions on land for the development of renewable energy generation projects, reported a US\$11.2 million decrease mainly due to foreign-exchange adjustments.

Other long-term liabilities: Other long-term liabilities, which amounted to US\$261.1 million, reported a US\$16 million decrease due to a US\$12.6 million decrease in deferred tax liabilities and a US\$3.3 million reduction in the plant dismantling provision attributed to the dismantling works carried out at the coal-based units 12 and 13 in Tocopilla, which were decommissioned in 2019.

Shareholders' equity: The US\$27.1 million decrease in shareholders' equity is mainly explained by the period's net loss (US\$40.4 million), which was partially offset by the net increase in the mark-to-market valuation of financial derivatives (US\$13.4 million net of taxes).

APPENDIX 2

Financial information

	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22
EBITDA*	99.1	103.0	135.8	117.5	65.9	121.7	55.6	71.3	68.5	-8.0
Net income attributed to the controller	25.6	40.6	57.0	40.3	-17.6	47.6	8.7	8.7	3.8	-44.2
Interest expense	28.5	10.6	10.5	9.9	52.2	16.8	8.9	10.9	15.7	13.0

* Operating income + Depreciation and Amortization for the period

	Dec/20	Dec/21	Jun/22
LTM EBITDA	455.3	314.5	187.3
LTM Net income attributed to the controller	163.5	47.4	(23.0)
LTM Interest expense	59.5	88.8	48.6

Financial debt	1,032.9	1,258.6	1,448.8
Current	68.6	106.2	306.1
Long-Term	964.3	1,152.4	1,142.7
Cash and cash equivalents	235.3	215.7	121.6
Net financial debt	797.6	1,042.9	1,327.1

Financial Ratios

		FINANCIAL RATIOS			
			Dec/21	Jun/22	Var.
LIQUIDITY	Current ratio (current assets / current liabilities)	(times)	1.55	1.10	-29%
	Quick ratio ((current assets - inventory) / current liabilities)	(times)	1.15	0.87	-25%
	Working capital (current assets – current liabilities)	MMUS\$	218.7	66.1	-70%
LEVERAGE	Leverage ((current liabilities + long-term liabilities) / networth)	(times)	0.84	0.93	11%
	Interest coverage * ((EBITDA / interest expense))	(times)	3.54	3.86	9%
	Financial debt –to- LTM EBITDA*	(times)	4.00	7.73	93%
	Net financial debt – to - LTM EBITDA*	(times)	3.32	7.08	113%
PROFITABILITY	Return on equity* (LTM net income attributed to the controller / net worth attributed to the controller)	%	2.2%	-1.1%	-149%
	Return on assets* (LTM net income attributed to the controller / total assets)	%	1.2%	-0.6%	-146%

*LTM = Last twelve months

As of June 30, 2022, the current ratio and the quick ratio were 1.10x and 0.87x, respectively, reflecting the decrease in current assets and the increase in current liabilities; specifically, the decrease in cash balances and the increase in financial debt as well as in trade payables. As a result, working capital, as measured by total current assets minus total current liabilities, decreased.

The leverage ratio, as measured by total liabilities-to-equity, reached 0.93 times, slightly above the level reported at year-end 2021.

The interest coverage ratio for the 12 months ended on June 30, 2022, was 3.86x, which represents an improvement compared to 3.54x reported at year-end 2021, mainly due to the reduction in interest expense related to the discount applied to the sale of long-term accounts receivable from regulated customers related to the price stabilization law, which had its heaviest impact in the first quarter of last year.

The leverage ratio, as measured by Gross financial debt-to-EBITDA, increased to 7.73 times due to the increase in debt combined with the drop in EBITDA explained earlier in this report. Net financial debt-to-EBITDA increased to 7.08x as a result of the decrease in cash balances.

Return on equity and return on assets reached -1.1% and -0.6%, respectively, a deterioration compared to the ratios reported at year-end 2021 due to the period's net loss.

CONFERENCE CALL 6M22

ENGIE Energía Chile is pleased to inform you that it will conduct a conference call to review its results for the quarter ended June 30, 2022, on Thursday August 4, 2022 at 12:00 p.m. (EST) – 12:00 p.m. (Chile)

hosted by:
Eduardo Milligan, CFO ENGIE Energía Chile S.A.

To participate, please dial:
+1(412) 317-6378, international or
+56 44 208 1274 Chile or
+1(844) 686-3841 (toll free US)
<https://hd.choruscall.com/?calltype=2&info=company&r=true>

To join the conference, please state the name of the conference (**ENGIE ENERGIA**; no other Conference ID will be requested.

Please connect approximately 10 minutes prior to the scheduled starting time.

To access the phone replay, which will be available until August 11, 2022, please dial
+1 (877) 344-7529 / +1 (412) 317-0088
Passcode I.D.: 9510783