

ENEL GENERACIÓN CHILE
ANNOUNCES CONSOLIDATED RESULTS
FOR THE PERIOD ENDED DECEMBER 31, 2021
(Amounts expressed in millions of Chilean Pesos)

EXECUTIVE SUMMARY

- Net income of Enel Generación Chile S.A. amounted to a Ch\$ 115,941 million profit as of December 2021 compared to a Ch\$ 155,087 million loss for the previous year. This improvement is mainly explained by the higher impairment losses booked in 2020 amounting to Ch\$ 642,682 million related to the disconnection of Bocamina II coal power generation unit. Net income for Q4 2021 reached a Ch\$ 51,453 million profit, Ch\$ 92,881 million less than Q4 2020 due to a significant increase in operating costs.
- When excluding the extraordinary effects related to Bocamina II and the extraordinary expenses booked in 2021 related to the Group's 2021-2024 digitalization strategy for Ch\$ 6,001 million, net income of Enel Generación Chile S.A. declined 52.7% to Ch\$ 176,348 million as of December 31, 2021, compared to Ch\$ 372,779 million adjusted net income as of December 2020. Making the same adjustments to quarterly results, net income for Q4 2021 declined 40.8% to Ch\$ 90,217 million, mainly due to greater operating costs.
- Net electricity generation reached 15,583 GWh in 2021, 2.1% less (-330 GWh) than year 2020, while net electricity generation during Q4 2021 amounted to 4,225 GWh, which is 2.5% less (-109 GWh) than the figure for the Q4 2020. This was largely due to lower hydroelectric generation in the last quarter as a result of the drought that has affected the country.
- Physical energy sales amounted to 27,477 GWh as of December 2021, 26.0% more (+5,667 GWh) than the previous year, mainly explained by higher sales to unregulated customers primarily related to new contracts, including those transferred from Enel Distribución Chile related to the enactment of legislation allowing distribution companies to only distribute electricity to customers subject to regulated electricity prices ("Ley de Giro Exclusivo"). Similarly, in Q4 2021, physical electricity sales increased 27.3% to 7,259 GWh (+1,558 GWh) due to higher sales to unregulated customers.
- As a consequence of the aforementioned, operating revenues reached Ch\$ 1,899,774 million, 27.5% more than the figure for 2020. Equivalently, during Q4 2021, operating revenues increased 41.5% to Ch\$ 521,782 million. These variations were mainly due to higher physical electricity sales in 2021 and also higher gas sales particularly in Q2 2021 and Q3 2021.

- Procurement and services costs increased 85.5% to Ch\$ 1,505,111 million in 2021 when compared to 2020. Performance in Q4 was similar and increased 151.2% to Ch\$ 398,675 million. The increase in costs was mainly explained by higher electricity purchase costs due to both the higher average price of energy purchases and a greater quantity of purchases, and higher fuel consumption costs related to a less efficient generation mix as a consequence of the poor hydrology and higher commodity prices, in addition to the higher cost of gas sales.
- Personnel expenses increased 11.3% to Ch\$ 49,162 million due to higher expenses primarily during Q2 2021 related to the Group's digitalization strategy. During Q4 2021, personnel expenses declined 13.4% to Ch\$ 9,919 million when compared to the figure for Q4 2020.
- As a result of the factors previously mentioned, the Company's EBITDA as of December 31, 2021, amounted to Ch\$ 260,005 million, which represents a 52.5% reduction when compared to December 31, 2020. When excluding the extraordinary effects mentioned before, the Company's EBITDA decreased 45.2% to Ch\$ 313,982 million as of December 31, 2021. During Q4 2021, EBITDA decreased 50.3% reaching Ch\$ 86,587 million. When excluding the extraordinary effects, EBITDA decreased 39.5% to Ch\$ 110,916 million.
- Financial results amounted to a Ch\$ 42,445 million net expense as of December 2021, equivalent to a Ch\$ 4,037 million lower expense when compared to December 2020, mainly explained by a profit from exchange rate differences. During Q4 2021, however, financial results amounted to a Ch\$ 3,199 million income equivalent to a Ch\$ 19,645 million improvement when compared to the same quarter of 2020 mainly due to a profit resulting from exchange rate differences and a greater financial income.

FINANCIAL SUMMARY

- > Gross financial debt of the Company as of December 2021 reached US\$ 1,066 million, US\$ 46 million less than December 2020.
- > The average cost of debt increased to 6.8% as of December 2021 compared to 6.6% as of December 2020.
- > The Company's available cash and cash equivalents amounted to US\$ 4 million as of December 2021.

ENEL GENERACIÓN CHILE

FINANCIAL STATEMENTS ANALYSIS

AS OF DECEMBER 31, 2021



The Enel Generación Chile Group owns and operates 109 electricity generation units with 6,000 MW total combined gross installed capacity as of December 31, 2021. Of this total, 38 generation units are hydroelectric with a total 3,469 MW installed capacity, 20 are thermal generation units that operate using gas, coal, and fuel oil with 2,454 MW installed capacity and 51 are wind generation units with 78 MW installed capacity. Consequently, 59% of our installed capacity is renewable energy and 41% is thermal.

Markets in which participates	Energy Sales (GWh)						Market share (%)	
	Cumulative			Quarterly			Dec-21	Dec-20
	Dec-21	Dec-20	% Change	Q4 2021	Q4 2020	% Change		
Sistema Eléctrico Nacional (SEN)	27,477	21,810	26.0%	7,259	5,700	27.3%	36.7%	30.4%

INFORMATION RELEVANT TO THE ANALYSIS OF THESE FINANCIAL STATEMENTS

Regulatory Changes:

As part of the Social Agenda announced by the government, the Ministry of Energy published Law 21,185 (hereafter the “Tariff Stabilization Law”) in the Official Gazette on November 2, 2019. This Law creates a Temporary Regulated Customer Tariff Stabilization Mechanism that states that the price to charge regulated customers for electricity from July 1, 2019, through December 31, 2020, is to be equal to the prices in force during the first semester of 2019 (Decree 20T/2018). This stabilized price was named the “Stabilized Regulated Customer Price” PEC (in its Spanish acronym). From January 1, 2021, until the stabilization mechanism is suspended, the prices will be those defined in the tariff setting processes carried out every six months as established in Article 158 of the Electricity Law, but not to exceed the PEC adjusted by inflation according to the Consumer Price Index as of January 1, 2021, using the same date as base (adjusted PEC). The billing differences until 2023 are to be recorded as an account receivable in favor of generation companies, limited to a maximum US\$ 1,350 million. The balance of these account receivables must be recovered by December 31, 2027.

On September 14, 2020, the National Energy Commission published Exempt Resolution 340 that modified the technical provisions regarding the implementation of the Tariff Stabilization Law. This Resolution clarified that the payment to each supplier “must be booked against the Balance in a chronological manner, beginning with the most dated to the most recent pending Balances”, and not weighted based on the total Balance pending payment as it had been interpreted by the industry up to such date.

Additionally, this Resolution established that the payment of Balances is to be performed using the Observed Exchange Rate on the sixth working day following the day the Balance Payment Chart is published by the Coordinator, which replaces the average value of the dollar during the billing month that had been in force up to then.

ENEL GENERACIÓN CHILE

FINANCIAL STATEMENTS ANALYSIS

AS OF DECEMBER 31, 2021



I.- CONSOLIDATED FINANCIAL STATEMENT ANALYSIS

1. STATEMENT OF COMPREHENSIVE INCOME ANALYSIS

Net income of Enel Generación Chile as of December 31, 2021, amounted to a Ch\$ 115,941 million profit compared to a Ch\$ 155,087 million loss booked for year 2020. During Q4 2021, net income of Enel Generación Chile amounted to Ch\$ 51,453 million, which is Ch\$ 92,881 million less than the figure for Q4 2020.

The following table shows comparative figures for each item of the income statement for continuing operations as of December 31, 2021, and 2020:

CONSOLIDATED INCOME STATEMENT (Million Ch\$)	Cumulative Figures				Quarterly Figures			
	Dec-21	Dec-20	Change	% Change	Q4 2021	Q4 2020	Change	% Change
REVENUES	1,899,774	1,490,102	409,672	27.5%	521,782	368,693	153,089	41.5%
Sales	1,882,345	1,457,276	425,069	29.2%	523,486	357,266	166,220	46.5%
Other operating revenues	17,429	32,826	(15,397)	(46.9%)	(1,704)	11,427	(13,131)	(114.9%)
PROCUREMENT AND SERVICES	(1,505,111)	(811,504)	(693,607)	85.5%	(398,675)	(158,685)	(239,990)	151.2%
Energy purchases	(824,941)	(378,199)	(446,742)	118.1%	(218,377)	(83,214)	(135,163)	162.4%
Fuel consumption	(374,748)	(231,176)	(143,572)	62.1%	(124,116)	(37,485)	(86,631)	n/a
Transportation expenses	(153,426)	(107,534)	(45,892)	42.7%	(34,826)	(19,906)	(14,920)	75.0%
Other variable procurement and service cost	(151,996)	(94,595)	(57,401)	60.7%	(21,356)	(18,080)	(3,276)	18.1%
CONTRIBUTION MARGIN	394,663	678,598	(283,935)	(41.8%)	123,107	210,008	(86,901)	(41.4%)
Other work performed by entity and capitalized	3,183	4,659	(1,476)	(31.7%)	1,012	1,372	(360)	(26.2%)
Employee benefits expense	(52,345)	(48,830)	(3,515)	7.2%	(10,931)	(12,820)	1,889	(14.7%)
Other fixed operating expenses	(85,496)	(86,985)	1,489	(1.7%)	(26,601)	(24,328)	(2,273)	9.3%
GROSS OPERATING INCOME (EBITDA)	260,005	547,442	(287,437)	(52.5%)	86,587	174,232	(87,645)	(50.3%)
Depreciation and amortization	(72,007)	(85,968)	13,961	(16.2%)	(18,275)	(18,112)	(163)	0.9%
Impairment loss (Reversal)	(28,773)	(697,856)	669,083	(95.9%)	(28,773)	(2,030)	(26,743)	n/a
Impairment loss (Reversal) for applying IFRS 9	(697)	(226)	(471)	n/a	(773)	(58)	(715)	n/a
OPERATING INCOME (EBIT)	158,528	(236,608)	395,136	(167.0%)	38,766	154,032	(115,266)	(74.8%)
NET FINANCIAL EXPENSE	(42,445)	(46,482)	4,037	(8.7%)	3,199	(16,446)	19,645	(119.5%)
Financial income	7,632	12,075	(4,443)	(36.8%)	4,662	(1,200)	5,862	(488.5%)
Financial costs	(68,653)	(28,329)	(40,324)	142.3%	(9,240)	9,530	(18,770)	(197.0%)
Gain (Loss) for indexed assets and liabilities	3,386	(703)	4,089	n/a	2,212	1,056	1,156	109.5%
Foreign currency exchange differences, net	15,190	(29,525)	44,715	(151.5%)	5,565	(25,832)	31,397	(121.5%)
OTHER NON-OPERATING RESULTS	13,387	11,973	1,414	11.8%	12,767	10,545	2,222	21.1%
Share of profit (loss) of associates accounted for using the equity method	3,220	2,495	725	29.1%	2,735	1,161	1,574	135.6%
Net Income from other investments	10,137	94	10,043	n/a	10,032	-	10,032	100.0%
Net Income from sale of assets	30	9,384	(9,354)	(99.7%)	-	9,384	(9,384)	(100.0%)
NET INCOME BEFORE TAXES	129,470	(271,117)	400,587	(147.8%)	54,732	148,131	(93,399)	(63.1%)
Income Tax	(5,812)	122,434	(128,246)	(104.8%)	(726)	(1,595)	869	(54.5%)
NET INCOME	123,658	(148,683)	272,341	(183.2%)	54,006	146,536	(92,530)	(63.1%)
Shareholders of the parent company	115,941	(155,087)	271,028	(174.8%)	51,453	144,334	(92,881)	(64.4%)
Non-controlling interest	7,717	6,404	1,313	20.5%	2,553	2,202	351	15.9%
Earning per share (Ch\$/share) (*)	14.14	(18.91)	33.05	(174.8%)	6.27	17.60	(11.32)	(64.4%)

(*) As of December 31, 2021 and December 31, 2020 the average number of paid and subscribed shares was 8,201,754,580.

Operating Income

The Company's EBITDA decreased Ch\$ 287,437 million to a Ch\$ 260,005 million profit and operating income increased Ch\$ 395,136 million to a Ch\$ 158,528 million profit as of December 31, 2021, when compared to 2020.

Operating revenues totaled Ch\$ 1,899,774 million, representing a Ch\$ 409,672 million or 27.5% increase when compared to the previous year, mainly due to the following:

- A Ch\$ 336,210 million increase in **energy sales** mainly explained by: (i) 5,667 GWh greater physical sales worth Ch\$ 308,688 million, due to higher sales to unregulated customers (+6,524 GWh) primarily related to new customer contracts, including Enel Distribución Chile's unregulated customer contract portfolio in compliance with the industry's distribution segment sole business regulation ("Ley de Giro Exclusivo"), offset by lower physical sales to regulated customers (-785 GWh) and lower physical spot market sales (-72 GWh); (ii) a Ch\$ 14,865 million positive impact on the sales price when expressed in Chilean pesos due to exchange rate hedges that offset the negative price effect due to the appreciation of the local currency / US dollar exchange rate; and (iii) a Ch\$ 18,980 million increase in ancillary services revenue related to safety and service quality. These effects were partially offset by (iv) lower revenue from commodity hedges for Ch\$ 6,323 million.
- A Ch\$ 90,802 million increase in revenue from **other sales** mainly due to a Ch\$ 90,634 million increase in gas sales.

The above was partially offset by:

- A Ch\$ 15,397 million reduction in **other operating revenues** due to lower insurance related revenue for Ch\$ 8,855 million, lower temporary facility leasing revenue for Ch\$ 9,977 million, offset by greater revenue related to commodity derivatives for Ch\$ 2,341 million and other services for Ch\$ 1,094 million.

During Q4 2021, operating revenues amounted to Ch\$ 521,782 million, which represents a Ch\$ 153,089 million increase (or 41.5%), when compared to the Ch\$ 368,693 million booked for the same quarter of 2020. This variation is mainly explained by:

- A Ch\$ 166,712 million increase in **energy sales** due to an increase in physical sales (+1,558 GWh, mostly to unregulated customers) worth Ch\$ 84,353 million, and a positive sales price effect when expressed in Chilean pesos for Ch\$ 79,480 million, an increase in ancillary services revenue for Ch\$ 4,418 million, offset by lower revenue from commodity hedges for Ch\$ 1,539 million.
- A Ch\$ 13,131 million decrease in **other operating revenues** mainly due to lower commodity derivative revenue for Ch\$ 5,808 million, lower temporary

facility leasing revenue for Ch\$ 6,838 million, and lower insurance related revenue for Ch\$ 1,057 million.

Procurement and services costs increased Ch\$ 693,607 million, or 85.5%, explained by the following:

- A Ch\$ 446,742 million increase in **energy purchases**, mainly greater physical energy purchases from other generation companies (+4,325 GWh) and on the spot market (+1,673 GWh) mainly related to satisfy unregulated customers' greater electricity demand, coupled with a higher spot price due to electricity market conditions.
- A Ch\$ 143,572 million increase in **fuel consumption costs** mainly due to (i) higher gas consumption costs for Ch\$ 146,826 million; (ii) higher fuel oil consumption costs amounting to Ch\$ 21,017 million; (iii) a Ch\$ 24,659 million impairment loss on coal inventories and Ch\$ 339 million on diesel oil inventories both related to the disconnection of Central Bocamina II coal unit impaired during the first half of 2020; (iv) higher coal consumption amounting to Ch\$ 12,432 million. The above was offset by (iv) lower commodity hedging costs for Ch\$ 61,701 million.
- A Ch\$ 45,892 million increase in **transportation costs** mainly due to higher tolls amounting to Ch\$ 46,377 million primarily related to (i) the higher cost resulting from the resettlement of the contract with Transquillota for Ch\$ 2,593 million; (ii) higher costs related to the tariff adjustment (*Ajuste de Armonización Tarifaria*, "AAT" in its Spanish acronym) of the zonal transmission system for Ch\$ 7,445 million; and (iii) higher costs related to Tariff Revenue ("IT" in its Spanish acronym) mainly related to higher marginal costs amounting to Ch\$ 36,339 million.
- A Ch\$ 57,401 million increase in **other procurement and services costs** mainly due to higher gas commercialization costs for Ch\$ 76,498 million, higher thermal emissions tax for Ch\$ 5,578 million, offset by lower commodity hedging costs amounting to Ch\$ 15,868 million, lower temporary facility leasing for Ch\$ 7,927 million and lower various generation input costs (water, chemicals, etc.) for Ch\$ 880 million.

During Q4 2021, procurement and services costs reached Ch\$ 398,675 million, which represents a 151.2% increase, or Ch\$ 239,990 million, when compared to the Ch\$ 158,685 million booked the same quarter of 2020. This increase is mainly due to:

- A Ch\$ 135,163 million increase in **energy purchases**, mainly greater physical energy purchases from other generation companies (+1,555 GWh) and on the spot market (+113 GWh) primarily to satisfy unregulated customers' greater electricity demand, coupled with a higher spot price due to electricity market conditions.

- A Ch\$ 86,631 million increase in **fuel consumption costs**, mainly (i) higher gas consumption for Ch\$ 70,161 million; (ii) higher fuel oil consumption for Ch\$ 5,839 million; (iii) higher coal consumption for Ch\$ 13,090 million; and (iv) impairment losses on coal inventories for Ch\$ 18,125 million, partly offset by (v) lower commodity hedging costs for Ch\$ 20,672 million.
- A Ch\$ 14,920 million increase in **transportation costs**, mainly due to higher tolls for Ch\$ 8,902 million, higher regasification costs for Ch\$ 3,461 million and a Ch\$ 2,557 million increase in gas transportation costs.
- A Ch\$ 3,276 million increase in **other procurement and services costs**, mainly due to: (i) higher thermal emissions taxes for Ch\$ 9,673 million, offset by (ii) lower temporary facility leasing for Ch\$ 4,598 million, and (iii) lower gas commercialization costs for Ch\$ 2,063 million.

Personnel expenses (net of personnel expense capitalization) reached Ch\$ 49,162 million as of December 31, 2021, which represents a Ch\$ 4,991 million increase when compared to 2020. This higher cost is mainly due to restructuring expenses related to Group's 2021-2024 digitalization strategy for Ch\$ 6,001 million, lower capitalization of personnel expenses of the Los Cóndores project amounting to Ch\$ 1,476 million, and higher personnel bonuses for Ch\$ 2,816 million, offset by lower decarbonization fund expenses for Ch\$ 3,673 million and lower other recurring costs for Ch\$ 1,629 million, related to vacation leave, health and quality of life, among others.

Personnel expenses (net of personnel expense capitalization) for Q4 2021, decreased Ch\$ 1,529 million, mainly related to lower decarbonization fund expenses for Ch\$ 3,673 million, offset by lower capitalization of personnel expenses of the Los Cóndores project amounting to Ch\$ 360 million, and higher salaries and other recurring costs for Ch\$ 1,784 million.

Other operating expenses declined Ch\$ 1,489 million when compared to 2020 mainly due to lower technical and administrative services for Ch\$ 4,597 million, lower insurance policy costs for Ch\$ 345 million, lower outsourced services costs for Ch\$ 194 million, partially offset by higher maintenance and repair service expenses for Ch\$ 3,766 million.

Other operating expenses during Q4 2021 amounted to Ch\$ 26,601 million, representing a Ch\$ 2,273 million increase, or 9.3%, when compared to the Ch\$ 24,328 million for same quarter of previous year. This variation was mainly due to higher outsourced services costs for Ch\$ 643 million, higher maintenance and repair service expenses for Ch\$ 914 million, and other various services costs for Ch\$ 716 million.

Depreciation and amortization decreased Ch\$ 13,961 million, mainly related to the lower depreciation of coal fired power plant Bocamina II impaired in June 2020 for Ch\$ 15,365 million due to the Group's decarbonization process, partially offset by higher amortization of software for Ch\$ 660 million.

Depreciation and amortization in Q4 2021 amounted to Ch\$ 18,275 million, which represents a 0.9%, or Ch\$ 163 million increase when compared to the Ch\$ 18,112 million for Q4 2020.

Impairment losses decreased Ch\$ 669,083 million due to the impairment loss of Central Bocamina II booked in June 2020 due to the Company's decarbonization process.

For 4Q 2021, **impairment losses** increased Ch\$ 26,743 million compared to the same quarter of the previous year, resulting from the decarbonization process carried out by the Company.

The accumulated revenues, costs and operating income for the periods ended December 31, 2021, and 2020, are shown below:

	Cumulative Figures (Figures in million Ch\$)					
	Dec-21			Dec-20		
	Operating Revenues	Operating Costs	Operating Income	Operating Revenues	Operating Costs	Operating Income
Enel Generación Chile S.A.	1,869,125	(1,852,974)	16,151	1,454,984	(1,810,257)	(355,273)
Empresa Eléctrica Pehuenche S.A.	208,153	(65,776)	142,377	162,555	(43,890)	118,665
Consolidation adjustments	(177,504)	177,504	-	(127,437)	127,437	-
Total Consolidated	1,899,774	(1,741,246)	158,528	1,490,102	(1,726,710)	(236,608)

	Quarterly Figures (Figures in million Ch\$)					
	Q4 2021			Q4 2020		
	Operating Revenues	Operating Costs	Operating Income	Operating Revenues	Operating Costs	Operating Income
Enel Generación Chile S.A.	511,558	(519,657)	(8,099)	351,744	(238,631)	113,113
Empresa Eléctrica Pehuenche S.A.	59,268	(12,403)	46,865	47,638	(6,719)	40,919
Consolidation adjustments	(49,044)	49,044	-	(30,689)	30,689	-
Total Consolidated	521,782	(483,016)	38,766	368,693	(214,661)	154,032

Energy sales of Enel Generación Chile and its subsidiary for the periods ended December 31, 2021, and 2020, are shown below:

(Figures in million Ch\$)	Cumulative Figures				Quarterly Figures			
	Dec-21	Dec-20	Change	% Change	Q4 2021	Q4 2020	Change	% Change
Sales to regulated customers	772,624	778,840	(6,216)	(0.8%)	207,440	175,479	31,961	18.2%
Sales to unregulated customers	923,199	586,591	336,609	57.4%	295,405	138,651	156,755	113.1%
Sales at spot market	52,852	47,035	5,817	12.4%	7,463	29,467	(22,003)	(74.7%)
Total energy sales	1,748,676	1,412,466	336,210	23.8%	510,309	343,596	166,712	48.5%

Non-Operating Income

Non-operating income as of December 31, 2021, and 2020 are summarized below:

NON OPERATING INCOME (Figures in million Ch\$)	Cumulative Figures				Quarterly Figures			
	Dec-21	Dec-20	Change	% Change	Q4 2021	Q4 2020	Change	% Change
Financial income	7,632	12,075	(4,443)	(36.8%)	4,662	(1,200)	5,862	(488.5%)
Financial costs	(68,653)	(28,329)	(40,324)	142.3%	(9,240)	9,530	(18,770)	(197.0%)
Gain (Loss) for indexed assets and liabilities	3,386	(703)	4,089	(581.7%)	2,212	1,056	1,156	109.5%
Foreign currency exchange differences, net	15,190	(29,525)	44,715	(151.5%)	5,565	(25,832)	31,397	(121.5%)
NET FINANCIAL EXPENSE	(42,445)	(46,482)	4,037	(8.7%)	3,199	(16,446)	19,645	(119.5%)
Share of profit (loss) of associates accounted for using the equity method	3,220	2,495	725	29.1%	2,735	1,161	1,574	135.6%
Net Income From Other Investments	10,137	94	10,043	N/A	10,032	-	10,032	100.0%
Net Income From Sale of Assets	30	9,384	(9,354)	(99.7%)	-	9,384	(9,384)	(100.0%)
OTHER NON-OPERATING RESULTS	13,387	11,973	1,414	11.8%	12,767	10,545	2,222	21.1%
NET INCOME BEFORE TAXES	129,470	(271,117)	400,587	(147.8%)	54,732	148,131	(93,399)	(63.1%)
Income Tax	(5,812)	122,434	(128,246)	(104.8%)	(726)	(1,595)	869	(54.5%)
NET INCOME OF THE PERIOD	123,658	(148,683)	272,341	(183.2%)	54,006	146,536	(92,530)	(63.1%)
<i>Attributable to Shareholders of the parent company</i>	<i>115,941</i>	<i>(155,087)</i>	<i>271,028</i>	<i>(174.8%)</i>	<i>51,453</i>	<i>144,334</i>	<i>(92,881)</i>	<i>(64.4%)</i>
<i>Attributable to Non-controlling interest</i>	<i>7,717</i>	<i>6,404</i>	<i>1,313</i>	<i>20.5%</i>	<i>2,553</i>	<i>2,202</i>	<i>351</i>	<i>15.9%</i>

Financial Result

The financial result as of December 31, 2021, amounted to a Ch\$ 42,445 million loss, which represents a Ch\$ 4,037 million positive variation when compared to 2020, which is mainly due to the following:

Lower financial income amounting to Ch\$ 4,443 million, mainly due to the lower interest income related to the Tariff Stabilization Law amounting to Ch\$ 8,045 million, lower returns on fixed income investments amounting to Ch\$ 551 million and a Ch\$ 573 million reduction in interest from funds invested through the Centralized Cash Management Service Contract with Enel Chile. These effects were compensated by a Ch\$ 4,721 million increase in income related to the financial restatement of the dismantling provisions of the impaired power plants related to the decarbonization process, as a result of the increase in interest rates by the end of 2021.

Financial income during **Q4 2021** increased Ch\$ 5,862 million when compared to the same quarter of 2020, mainly due to the increase in financial income related to the Tariff Stabilization Law amounting to Ch\$ 1,089 million, and a Ch\$ 4,721 million increase in income related to the financial restatement of the dismantling provisions of the impaired power plants related to the decarbonization process, as a result of the increase in interest rates by the end of 2021.

Higher financial expenses amounting to Ch\$ 40,324 million, mainly explained by (i) the higher financial expenses on electricity sales invoice factoring for Ch\$ 39,919 million related to the temporary tariff stabilization mechanism applicable to regulated customers ("Tariff Stabilization Law"), (ii) greater financial expenses related to customer account payment agreements for Ch\$ 13,314 million, (iii) higher interest

expenses related to the temporary tariff stabilization mechanism applicable to related companies for Ch\$ 2,442 million, (iv) higher interest on a structured loan and the Centralized Cash Management Service Contract with Enel Chile for Ch\$ 1,856 million, offset by (v) a Ch\$ 17,025 million increase in capitalized interest related to the Los Cóndores project, and (vi) lower bond interest for Ch\$ 135 million.

During the **Q4 2021**, financial expenses increased Ch\$ 18,770 million when compared to the same quarter of 2020 mainly due to (i) a Ch\$ 10,615 million reduction in capitalized interest related to the Los Cóndores project due to higher bond interest for Ch\$ 1,744 million, (ii) higher financial expenses due to invoice factoring for Ch\$ 2,972 million related to the temporary tariff stabilization mechanism applicable to regulated customers, (iii) higher interest expenses related to the temporary tariff stabilization mechanism applicable to related companies for Ch\$ 2,442 million, (iv) higher interest on a structured loan and the Centralized Cash Management Service Contract with Enel Chile for Ch\$ 1,766 million, (v) higher bank fees and expenses for Ch\$ 1,110 million, all offset by a Ch\$ 1,956 million decrease in financial expenses related to customer account payment agreements for Ch\$ 1,956 million.

Higher profit related to indexation amounting to Ch\$ 4,089 million primarily explained by greater profit related to indexation on recoverable taxes for Ch\$ 2,429 million, on other financial liabilities for Ch\$ 1,583 million, and due to a reduction in the negative effect caused by IAS 29 “Financial Reporting in Hyperinflationary Economies” on the Group’s branch in Argentina that amounted to a Ch\$ 77 million profit.

During Q4 2021, income related to indexation amounted to a Ch\$ 1,156 million profit when compared to the same quarter of 2020, primarily explained by greater profit from indexation on recoverable taxes for Ch\$ 1,177 million, offset by a greater loss from indexation related to IAS 29 “Financial Reporting in Hyperinflationary Economies” for Ch\$ 135 million.

Greater profit from exchange rate differences amounting to Ch\$ 44,715 million, mainly due to: (i) a greater positive exchange rate difference effect on trade account receivables for Ch\$ 54,485 million, including the Ch\$ 50,193 million effect related to the implementation of the Tariff Stabilization Law that set the US dollar as the currency for the accounts receivables of pending billings to regulated customers, and a Ch\$ 3,847 million positive exchange rate difference effect of customer invoice factoring; offset by (ii) a greater negative exchange rate difference effect on trade accounts payable for Ch\$ 1,856 million, (iii) a lower positive exchange rate difference effect on derivative contracts for Ch\$ 5,482 million; (iv) a lower positive exchange rate difference effect on other financial assets for Ch\$ 4,799 million, and (v) a lower positive exchange rate difference effect on cash and cash equivalents for Ch\$ 1,345 million.

During Q4 2021, income from exchange rate differences increased Ch\$ 31,397 million when compared to the same quarter of 2020, primarily due to a greater positive exchange rate difference effect on trade account receivables for Ch\$ 37,887 million, including the Ch\$ 37,536 million effect related to the implementation of the Tariff Stabilization Law, compensated by (i) a lower positive exchange rate difference effect

on cash and cash equivalents for Ch\$ 821 million; (ii) a lower positive exchange rate difference effect on trade accounts receivables for Ch\$ 3,263 million; and (iii) a higher negative exchange rate difference effect on derivative contracts for Ch\$ 3,830 million.

Other Non-operating results

Companies accounted for using the equity method

Income from companies accounted for using the equity method increased Ch\$ 725 million mainly due to a Ch\$ 2,494 million increase in profit of our associate company GNL Chile S.A., partially offset by a Ch\$ 1,645 million loss from Transmisora Eléctrica de Quillota Ltda.

During Q4 2021, **Income from companies accounted for using the equity method** increased Ch\$ 1,574 million mainly due to a Ch\$ 3,019 million increase in profit of our associate company GNL Chile S.A., partially offset by a Ch\$ 1,381 million loss from Transmisora Eléctrica de Quillota Ltda.

Other investments

Income from **Other investments** increased Ch\$ 10,043 million mainly explained by the sale of our interest in the Joint Control Transmisora Eléctrica de Quillota Ltda for Ch\$ 9,969 million.

The variation for Q4 2021 is due to the same effect mentioned in the previous paragraph.

Sale of Assets

Income from the **Sale of assets** decreased Ch\$ 9,354 million mainly explained by the sale of our Quintero-San Luis transmission line for Ch\$ 9,384 million booked in December 2020.

The variation for Q4 2021 is due to the same effect mentioned in the previous paragraph.

Corporate Taxes

Corporate income tax as of December 31, 2021, amounted to a Ch\$ 5,812 million expense, which represents a Ch\$ 128,246 million income reduction when compared to the previous year. This variation is primarily explained by (i) a Ch\$ 180,104 million reduction in tax income due to the impairment of Bocamina II coal fired power plant in 2020 and 2021, (ii) a Ch\$ 33,700 million lower tax income due to goodwill booked in 2020 related to the fixed assets resulting from the merger of GasAtacama Chile into

Enel Generación Chile, (iii) a Ch\$ 4,075 million lower tax income from the previous year, offset by (iv) a lower income tax expense for Ch\$ 77,608 million due to lower operating income in 2021, and (v) a Ch\$ 19,582 million higher 2021 tax income due to the effect of price level restatement.

Corporate income tax for **Q4 2021** amounted to a Ch\$ 726 million expense, representing a Ch\$ 869 million expense reduction when compared to same quarter of 2020.

2. BALANCE SHEET ANALYSIS

ASSETS (Figures in million Ch\$)	Dec-21	Dec-20	Change	% Change
Current Assets	546,173	465,808	80,365	17.3%
Non Current Assets	2,755,711	2,625,153	130,558	5.0%
Total Assets	3,301,884	3,090,961	210,923	6.8%

Total Assets of the Company as of December 2021 increased **Ch\$ 210,923 million** when compared to December 2020, mainly due to:

Current Assets increased Ch\$ 80,365 million as of December 31, 2021. The variations of the main categories of current assets are the following:

- **A Ch\$ 36,474 million increase in other non financial current assets** mainly due to greater value added tax credits for Ch\$ 20,377 million and a Ch\$ 15,971 million increase in insurance assets.
- **A Ch\$ 27,677 million increase in current trade accounts receivables and other current accounts receivables** mainly due to an increase in customer trade accounts receivables for Ch\$ 47,797 million, partially offset by lower advance payments to suppliers for Ch\$ 14,612 million, and a reduction in receivables from insurance companies for Ch\$ 5,360 million.
- **A Ch\$ 6,430 million increase in Current related party accounts receivables** mainly due to greater accounts receivables for energy sales to Enel Distribución Chile S.A. for Ch\$ 9,005 million, greater accounts receivables for professional services to Enel Green Power Chile S.A. for Ch\$ 1,745 million, a Ch\$ 1,224 million increase in accounts receivables for professional services to Enel Global Thermal Generation S.R.L., partly offset by a lower balance of accounts receivables for advance payments and dividends from GNL Chile S.A. for Ch\$ 5,007 million.
- **A Ch\$ 9,380 million increase in Current tax assets** related to higher FY 2022 tax refunds for Ch\$ 27,350 million, offset by lower monthly employee pension payments for Ch\$ 17,989 million.

Non-Current Assets increased Ch\$ 130,558 million when compared to the balance as of December 31, 2020. The variations of the main categories of non-current assets are the following:

- **A Ch\$ 17,328 million increase in other non-current financial assets**, mainly hedging derivatives and other derivatives.

- **A Ch\$ 6,558 million increase in non-current related party accounts receivables** explained by greater accounts receivables from Enel Distribución Chile as a consequence of the Tariff Stabilization Law for Ch\$ 48,569 million, offset by lower accounts receivable from GNL Chile S.A. related to advance payments for gas purchases amounting to Ch\$ 42,011 million.
- **A Ch\$ 117,726 million increase in Property, Plant and Equipment** mainly due to the Ch\$ 209,505 million increase in projects under construction partially compensated by the Ch\$ 66,926 million depreciation of the period and a Ch\$ 28,773 million impairment loss.
- **A Ch\$ 55,728 million increase in Deferred tax assets** mainly related to tax losses for Ch\$ 34,272 million and fixed assets for Ch\$ 22,049 million.
- **A Ch\$ 59,487 million decrease in Non-current trade accounts receivables and other non-current accounts receivables** primarily due to energy sales invoice factoring for Ch\$ 142,666 million related to the temporary electricity tariff stabilization mechanism for regulated customers ("Tariff Stabilization Law") offset by booking the period's pending billings for Ch\$ 83,179 million.
- **A Ch\$ 3,457 million decrease in Investments accounted for using the equity method**, primarily explained by Ch\$ 7,451 million less from Transmisora Eléctrica de Quillota Limitada due to less dividends and the sale of the company, partially offset by a Ch\$ 3,977 million increase in profit from GNL Chile S.A. and dividend payments.
- **A Ch\$ 4,230 million decrease in Non-goodwill intangible assets**, mainly the amortization of software programs for Ch\$ 4,160 million.

LIABILITIES AND EQUITY (Figures in million Ch\$)	Dec-21	Dec-20	Change	% Change
Current Liabilities	508,122	347,895	160,227	46.1%
Non Current Liabilities	1,283,154	1,003,735	279,419	27.8%
Total Equity	1,510,608	1,739,331	(228,723)	(13.2%)
<i>Attributable to the Shareholders of parent company</i>	1,499,913	1,729,218	(229,305)	(13.3%)
<i>Attributable to Non-controlling interest</i>	10,695	10,113	582	5.8%
Total Liabilities and Equity	3,301,884	3,090,961	210,923	6.8%

Total Liabilities, including Net Equity of the Company, increased **Ch\$ 210,923 million** as of December 31, 2021 when compared to December 2020, mainly explained by the following:

Current Liabilities increased **Ch\$ 160,227 million**. The explanation of the variations of the main categories of current liabilities are the following:

- **A Ch\$ 7,022 million increase in Other current financial liabilities**, mainly explained by a Ch\$ 3,077 million increase in hedging and other derivative liabilities, a Ch\$ 2,146 million increase due to the indexation of UF denominated bond debt, accruals of interest on bonds for Ch\$ 47,519 million, partially offset by bond interest payments amounting to Ch\$ 45,720 million.
- **A Ch\$ 116,516 million increase in Trade accounts payable and other accounts payable** primarily due to a Ch\$ 34,765 million increase in accounts payable to suppliers of goods, services and fixed assets, a Ch\$ 79,916 million increase in energy and fuel accounts payable, a Ch\$ 948 million increase in dividends payable to third parties, and a Ch\$ 1,835 million increase in other various accounts payable.
- **A Ch\$ 94,418 million increase in Accounts payable to related parties** primarily due to a Ch\$ 17,054 million higher balance of accounts payable to Enel Green Power Chile for energy purchases, a higher balance of dividends payable to Enel Chile for Ch\$ 32,538 million, a higher balance of accounts payable to Enel Global Trading S.p.A. for commodity derivatives and professional services amounting to Ch\$ 36,426 million, and a Ch\$ 5,978 million increase in accounts payable to Enel Global Thermal Generation S.R.L. for services rendered.
- **A Ch\$ 14,787 million increase in Other current provisions** mainly related to a Ch\$ 13,375 million increase in power plant dismantling provisions.
- **A Ch\$ 63,286 million reduction in Current tax liabilities** related to income tax.
- **A Ch\$ 9,903 million decrease in Other current non-financial liabilities**, mainly explained by a reduction in value added tax debits.

Non-Current Liabilities increased Ch\$ 279,419 million as of December 31, 2021 mainly due to the following:

- **A Ch\$ 149,064 million increase in Other non-current financial liabilities**, mainly explained by a Ch\$ 69,845 million increase in hedging and other derivative liabilities, and a Ch\$ 79,219 million increase in the balance of bond debt, of which Ch\$ 95,902 million is due to higher exchange rate differences, and Ch\$ 15,980 million is due to the indexation of UF denominated bond debt, and also the amortization of debt structuring expenses for Ch\$ 1,074 million, offset by bond payments amounting to Ch\$ 33,737 million.
- **A Ch\$ 152,044 million increase in Non-current accounts payable to related parties** as a consequence of the structured loan granted by Enel Chile S.A.

- **A Ch\$ 12,718 million decrease in Other non-current provisions**, primarily the Ch\$ 13,574 million reduction in dismantling provisions.
- **A Ch\$ 5,382 million reduction in Non-current employee benefit provisions** as a result of the payment of the Voluntary Retirement Program benefits.

Total Net Equity amounted to Ch\$ 1,510,608 million as of December 31, 2021.

Equity attributable to the owners of Enel Generación Chile amounted to Ch\$ 1,499,913 million, which represents a Ch\$ 229,305 million decrease, primarily explained by the Ch\$ 211,957 million dividend payment, and the Ch\$ 129,320 million comprehensive income statement loss, offset by the Ch\$ 115,941 million positive result for the period.

Equity of non-controlling shareholdings amounted to Ch\$ 10,695 million, which represents a Ch\$ 582 million improvement when compared to the balance as of December 31, 2020, primarily explained by the Ch\$ 7,717 million profit of the period, offset by the Ch\$ 7,135 million dividend payment.

The performance of the main financial ratios is the following:

RATIO		UNIT	Dec-21	Dec-20	Chg	Chg %
Liquidity	Liquidity (1)	Times	1.07	1.34	(0.27)	(20.2%)
	Acid-test (2)	Times	1.02	1.30	(0.28)	(21.5%)
	Working capital	Million Ch\$	38,051	117,913	(79,862)	(67.7%)
Leverage	Leverage (3)	Times	1.19	0.78	0.41	52.6%
	Short-term debt (4)	%	28.4%	25.7%	2.6%	10.2%
	Long-term debt (5)	%	71.6%	74.3%	(2.6%)	(3.5%)
	Financial expenses coverage (6)	Times	5.19	9.35	(4.16)	(44.5%)
Profitability	Op. income / Op. Revenues	%	8.3%	(15.9%)	24.2%	(152.5%)
	ROE (7)	%	7.2%	(8.4%)	15.6%	(185.5%)
	ROA (8)	%	3.9%	(4.5%)	8.4%	(186.0%)

(1) Current Assets / Current Liabilities

(2) Current Assets net of Inventories and prepayments

(3) Total Liabilities / Total Equity

(4) Current Liabilities / Total Liabilities

(5) Non Current Liabilities / Total Liabilities

(6) EBITDA/ Net Financial Costs

(7) Net income of the period attributable to the owners of the parent company for LTM / Average of equity attributable to the owners of the parent company at the beginning and at the end of the period

(8) Total Net Income of the period for LTM / Average of total assets at the beginning and at the end of the period

- > **The current ratio**, as of December 31, 2021, reached 1.07 times, which represents a 20.2% decrease when compared to December 2020. This variation is mainly due to the increase of current trade accounts payable and other current accounts payable.

- > **The acid test**, as of December 31, 2021, was 1.02 times, a 21.5% decrease when compared to December 31, 2020, mainly due to the increase of current trade accounts payable and other current accounts payable and also a greater inventory balance.
- > **Working capital**, as of December 31, 2021, amounted to Ch\$ 38,051 million, a Ch\$ 79,862 million reduction when compared to December 2020, mainly due to the increase of current trade accounts payable and other current accounts payable.
- > **The debt ratio** was 1.19 times, which means that the level of commitment of Enel Generación Chile equity was 1.19 times for the period ended December 31, 2021.
- > **The financial expenses coverage ratio** as of December 31, 2021, was 5.19 times, which represents the ability to cover all financial expenses with year 2021 EBITDA margin. This figure declined due to the lower EBITDA in 2021 when compared to 2020.
- > **The profitability index**, calculated by dividing operating income by operating revenues, was 8.3% as of December 31, 2021, which is higher than the figure for the same period of 2020 because of the higher EBIT this year. When excluding the extraordinary effects booked during the comparable periods, mainly related to the impairment of Bocamina II, the figure would have reached 12.7% (positive 32.6% as of December 31, 2020)
- > **Return on equity** of the owners of the controlling shareholder of the Company was a positive 7.2% for the period ended December 31, 2021, a significant improvement when compared to the negative 8.4% for the same period of 2020. When excluding the extraordinary events booked during the comparable periods primarily related to the impairment of Bocamina II, return on equity would have reached a positive 10.7% (positive 17.7% as of December 31, 2020).
- > **Return on assets** was a positive 3.9% for the period ended December 31, 2021. When excluding the extraordinary events booked during the comparable periods primarily related to the impairment of Bocamina II, return on assets would have reached a positive 5.7% (positive 10.4% as of December 31, 2020).

3.- CASH FLOW ANALYSIS

The Enel Generación Chile Group generated a Ch\$ 3,295 million negative net cash flow during the period ended as of December 31, 2021, a Ch\$ 5,311 million positive variation compared to the previous year. The main variables per cash flow category, that is, operating, investment and financing activities, which explain this cash flow increase are described below:

NET CASH FLOW (Figures in million Ch\$)	Dec-21	Dec-20	Change	% Change
From Operating Activities	242,935	361,758	(118,823)	(32.9%)
From Investing Activities	(122,462)	(33,358)	(89,104)	n/a
From Financing Activities	(123,768)	(337,006)	213,238	(63.3%)
Total Net Cash Flow	(3,295)	(8,606)	5,311	(61.7%)

Operating activities generated a Ch\$ 242,935 million positive cash flow, 32.9% less than 2020. This cash flow mainly comprises Ch\$ 2,410,392 million in payments received for sales of goods and services, partially offset by payments to suppliers of good and services for Ch\$ 1,947,916 million, employee-related payments amounting to Ch\$ 43,642 million, insurance premium payments for Ch\$ 19,323 million, tax payments for Ch\$ 92,262 million, and other operating activity payments for Ch\$ 70,655 million.

Investment activities generated a Ch\$ 122,462 million negative cash flow, mainly explained by the addition of property, plant, and equipment for Ch\$ 156,729 million, and the purchase of intangible assets for Ch\$ 5,007 million, partly compensated by the sale of the Quintero-San Luis transmission lines for Ch\$ 20,686 million, the sale of Transmisora Eléctrica de Quillota Limitada for Ch\$ 11,787 million and dividends received for Ch\$ 6,387 million.

Financing activities generated a Ch\$ 123,768 million negative cash flow. This cash flow is primarily explained by dividend payments for Ch\$ 184,059 million, interest payments for Ch\$ 56,618 million and bond payments for Ch\$ 33,737 million, offset by a structured loan with Enel Chile S.A. for Ch\$ 152,849 million.

The payments for additional Property, Plants and Equipment and depreciation for the period ended December 31, 2021, and 2020 are included below:

Capex and Depreciation

COMPANY	INFORMATION FOR ASSETS AND EQUIPMENTS (Figures in million Ch\$)			
	Payments for Additions of Fixed Assets		Depreciation	
	Dec-21	Dec-20	Dec-21	Dec-20
Enel Generación Chile	156,130	139,627	60,504	74,180
Pehuenche	599	335	7,343	7,323
Total Consolidated	156,729	139,962	67,847	81,503

II. MAIN RISKS ASSOCIATED TO THE ACTIVITIES OF ENEL GENERACION CHILE

The companies of the Enel Generación Chile Group follow the guidelines of the Risk Management Control System (SCGR) defined at the Holding level (Enel SpA), which establishes the guidelines for risk management through the respective standards, procedures, systems, etc., which are applied at the different levels of the Companies of Enel Generación Chile Group, in the processes of identification, analysis, evaluation, treatment and communication of risks that the business faces continuously. These are approved by the Board of Directors of Enel SpA, which houses a Controls and Risks Committee, which supports the evaluation and decisions of the Board of Directors of Enel Generación Chile with respect to internal controls and risk management system, as well as those related to the approval of the periodic financial statements.

To comply with this, there is a specific Risk Control and Management policy within each Company, which is reviewed and approved at the beginning of each year by the Board of Directors of Enel Generación Chile, observing and applying local requirements in terms of risk culture.

The company seeks protection for all risks that may affect the achievement of business objectives. In January 2020, a new risk taxonomy has been approved for the entire Enel Group, which considers 6 macro categories and 37 sub-categories.

The Enel Group's risk management system considers three lines of action (defense) to obtain effective and efficient management of risks and controls. Each of these three "lines" plays a distinct role within the broader governance structure of the organization (Business and Internal Controls areas, acting as the first line, Risk Control, acting as the second line and Internal Audit as the third line of defense). Each line of defense has the obligation to inform and keep Senior Management and Directors updated on risk management, with Senior Management being informed by the first and second line of defense and the Board of Directors in turn by the second and third line of defense.

Within each company of the Group, the risk management process is decentralized. Each manager responsible for the operational process in which the risk originates is also responsible for the treatment and adoption of risk control and mitigation measures.

Interest Rate Risk

Interest rate variations modify the fair value of those assets and liabilities that accrue a fixed interest rate, as well as the future cash flows of assets and liabilities pegged to a variable interest rate.

The purpose of interest-rate risk management is to reach a balanced debt structure in order to minimize the cost of debt while maintaining reduced income statement volatility.

Depending on the Group's forecasts and debt structure objectives, hedging transactions take place through purchasing derivatives that mitigate these risks.

The financial debt structure of the Enel Generación Chile Group, in terms of fixed rate and/or fixed protection rate on gross debt, using derivatives, is the following:

Gross position:

INTEREST RATE (%)	December 31, 2021	December 31, 2020
Fixed Interest Rate	100%	100%

Risk control through specific processes and indicators allows limiting possible adverse financial impacts and, at the same time, optimizes the debt structure with an adequate degree of flexibility. In this sense, the volatility that characterized the financial markets during the first phase of the pandemic, in many cases returned to pre-COVID-19 levels and was offset by effective risk mitigation actions through derivative financial instruments.

Exchange Rate Risk

Exchange rate risks are mainly related to the following transactions:

- > Group subsidiaries and affiliate companies debt commitments denominated in currencies different from their cash flow currency.
- > Payments in currencies that are different from that of the companies' cash flows indexation, for example, payments to suppliers related to projects and insurance policies payments, among others.
- > Revenues of Group companies that are directly linked to evolution of currencies different from their cash flow currency.

In order to mitigate exchange rate risk, the Group focuses on maintaining a balance between cash flows indexed to the U.S. dollar and the amount of asset and liability denominated in such currency. The objective is to minimize the exposure of cash flows to the risk related to exchange-rate fluctuations.

Currency swaps and exchange rate forwards are the instruments currently used in order to comply with this policy.

During the fourth quarter of 2021, exchange rate risk management continued in the context of complying with the aforementioned risk management policy, without difficulty in accessing the derivatives market. It should be noted that the volatility that characterized the financial markets during the first phase of the pandemic, in many cases returned to pre-COVID-19 levels and was offset by risk mitigation actions through derivative financial instruments.

Commodities Risk

Enel Generación Chile Group is exposed to risk related to price fluctuation of certain commodities, primarily due to:

- > Fuel purchases for electricity generation.
- > Energy trading transactions in local markets.

In order to reduce risks under extreme drought conditions, the Group has defined a trading policy that establishes sales commitment levels based on the firm energy capacity of its power plants during a year considered to be dry, and includes risk mitigation clauses in some contracts with unregulated customers, and in the case of regulated customers framed under long-term bidding processes, it determines indexing polynomials that reduce exposure to commodities.

Considering the operating conditions faced by the electricity generation market in Chile, drought and volatility of commodity prices in international markets, the Company is constantly evaluating the convenience of contracting hedges to mitigate the impact of price changes on profits.

As of December 31, 2021, the Company held swaps for 1.93 kBbl of Brent oil to be settled in 2022 and 9.1 TBtu of Henry Hub gas to be settled in 2022.

As of December 31, 2020, the Company held swaps for 1,782 kBbl of Brent oil to be settled in 2021, and 16.8 TBtu of Henry Hub to be settled in 2021.

According to the operating conditions that are constantly being updated, these hedging measures may be modified, or include other commodities.

The Group was able to minimize the effects of volatility in commodity prices on the results of the fourth quarter of 2021 due to the mitigation strategies implemented.

Liquidity Risk

The Group's liquidity policy consists of contracting committed long-term credit facilities and short-term financial investments, for the amounts required to support estimated future needs for a certain period based on the conditions and the expectations of debt and capital markets.

The aforementioned forecast includes net financial debt maturities, i.e. after financial derivatives. For further detail with regard to the characteristics and conditions of financial debt and financial derivatives, see Notes 18 and 21.2.

As of December 31, 2021, the Enel Generación Chile Group's liquidity was Ch\$ 3,798 million in cash and cash equivalents. As of December 31, 2020, the Enel Generación Chile Group's liquidity was Ch\$ 4,659 million in cash and cash equivalents.

Credit Risk

The Enel Generación Chile Group carries out a detailed follow-up of credit risk.

Trade account receivables

Concerning the credit risk associated with accounts receivables stemming from commercial activities, historically the risk has been limited due to short-term payment deadlines, preventing clients from accumulating significant individual amounts.

It is possible to discontinue the power supply in the event of non-payment, and almost all contracts state that payment default is a cause for contract termination. Therefore, credit risk is monitored constantly as well as the maximum amounts exposed to payment risk, which as stated previously, are limited. However, for customers who comply with Law No. 21,249 and Law No. 21,301 published on August 2020 and December 2020, respectively, with a new term until May 31, 2021, the supply cut-off measure is suspended.

With respect to the impact of COVID-19, the results of specific internal analyses did not reveal significant statistical correlations between the main economic indicators (GDP, unemployment rate, etc.) and solvency.

Financial assets:

Investments of cash surpluses are made with both national and foreign first-class financial entities with limits set for each entity.

Investment banks selection considers those with Investment Grade rating, considering the three major international rating agencies (Moody's, S&P and Fitch).

Investments may be guaranteed by treasury bonds of Chile and/or paper issued by first class banks, giving priority to those offering the best returns (always within the current investment policies).

It should be noted that the downward macroeconomic scenarios due to the COVID-19 effect did not have significant impacts on the credit quality of the counterparties.

Risk Measurement

The Enel Generación Chile Group performs a Value at Risk measurement of its debt and financial derivatives, in order to monitor the risk assumed by the Company, thereby limiting income statement volatility.

The portfolio included in the calculation of the Value at Risk consists of:

- > Financial debt.
- > Hedging derivatives for debt.

The Value at Risk calculated represents the potential change in value in the portfolio described above within a quarter period with 95% confidence. To this effect, a study is made of the volatility of the risk variables that affect the value of the portfolio, against the Chilean peso, including:

- > Libor interest rate of the U.S. dollar.
- > The exchange rate of the different currencies used in the calculation.

The Value at Risk is based on extrapolation of future scenarios (to one quarter of) of the market values of the risk variables according to scenarios based on actual observations for the same period (quarter of) for five years.

The Value at Risk to a quarter of with 95% confidence is calculated as the 5% percentile over the most adverse possible quarter ofly changes.

Given the aforementioned assumptions, the Value at Risk to a quarter of the positions discussed above corresponds to Ch\$ 123,771 million.

This value represents the potential increase in the debt and derivatives portfolio, therefore these Values at Risk are intrinsically linked, among other factors, to the value of the portfolio at the end of each quarter.

Other Risks

As is common practice in bank credit facilities and capital market operations, a portion of Enel Generación Chile's financial debt is subject to cross-default provisions. If certain non-payments are not corrected, a cross default could result and certain liabilities of Enel Generación Chile could eventually become enforceable.

Additionally, non-payment – after any applicable grace period – for any debt of Enel Generación Chile or its subsidiary, with a principal amount that exceeds US\$ 30 million, or its equivalent in other currencies, could lead to the acceleration payment of its Yankee Bonds. In the specific case of the Yankee bond issued in April 2014, maturing in 2024, the threshold is US\$ 50 million, or its equivalent in other currencies.

Lastly, in the case of Enel Generación Chile's local bonds and local credit line, acceleration is only triggered by the issuer's or debtor default, and not referring to its subsidiaries. In the case of local bonds, the cross-default may be triggered in cases where the amount in arrears exceeds US\$ 50 million in a single debt, or its equivalent in other currencies.

There are no credit-agreement clauses stating that changes in the corporate or debt rating of Enel Generación Chile, performed by credit-rating agencies, would result in the need to make prepayments of debt.

III. BOOK VALUE AND ECONOMIC VALUE OF ASSETS

With regard to most relevant assets, it is worth noting the following:

Property, plant, and equipment are valued at their acquisition cost, net of the corresponding accumulated depreciation, and impairment losses. The property, plant, and equipment, net of their residual value, depreciate by distributing the cost of their different components linearly over the years of the estimated useful life of the asset, which is the period in which the companies expect to use them. The estimated useful life of the asset is revised periodically.

The appreciation (goodwill) generated in the consolidation represents the premium paid in the cost of acquisition over the Group's participation in the fair value of assets and liabilities, including the identifiable contingent liabilities and non-controlling interest of a subsidiary on the date of acquisition. The appreciation is not amortized, but at the end of each accounting period, an estimation of any impairment that might reduce its recoverable value to an amount below the recorded net cost is calculated, in which case an adjustment is made for the impairment (see Note 3.b of the Financial Statements).

Throughout the year, and most importantly at its closing, an evaluation is carried out to determine whether any asset might have suffered an impairment loss. In the event that there is an indication of such loss, an estimate of the recoverable value of such asset is made to determine the amount of the impairment. In the case of identifiable assets that do not generate cash flows independently, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs, which is considered to be the smallest group of assets that generate cash inflows independently.

Assets denominated in a foreign currency are translated using the period's closing exchange rate.

Accounts and notes receivable from related companies are classified according to their maturity in short-term and long-term. Transactions are adjusted to conditions prevailing in the market.

In summary, asset values are determined according to the International Financial Reporting Standards whose criteria are presented in Notes 2 and 3 of the Financial Statements.