

ENEL GENERACIÓN CHILE
ANNOUNCES CONSOLIDATED RESULTS
FOR THE PERIOD ENDED JUNE 30, 2021
(Amounts expressed in millions of Chilean Pesos)

EXECUTIVE SUMMARY

- Net income of Enel Generación Chile S.A. reached a Ch\$ 68,422 million profit as of June 2021 compared to a Ch\$ 395,837 million loss for the same period of 2020. This improvement is mainly explained by the greater impairment losses amounting to Ch\$ 693,060 million related to the disconnection of Bocamina II coal-fired power plant. Likewise, net income for the Q2 2021 reached Ch\$ 44,083 million, which represents a Ch\$ 502,341 million increase when compared to Q2 2020.
- When excluding the extraordinary effects related to Bocamina II and the expenses recorded in 2021 related to the Group's digitalization strategy for the 2021-2024 period for Ch\$ 6,001 million, net income of the Company declined 30.8% to Ch\$ 83,947 million as of June 2021, compared to Ch\$ 121,241 million adjusted net income as of June 2020. When applying the same adjustments to quarterly figures, net income for Q2 2021 declined 12.2% to Ch\$ 51,655 million from Ch\$ 58,820 million in Q2 2020. This reduction was mainly due to higher operating costs booked in 2021.
- Net electricity generation reached 7,599 GWh as of June 2021, up 2.2% (+166 GWh) from the same period of last year, while during Q2 2021 net electricity generation amounted to 3,940 GWh, which is 11.7% (+414 GWh) higher than the figure for the Q2 2020. This was significantly due to higher hydroelectric generation during this last quarter.
- Physical energy sales amounted to 12,809 GWh as of June 2021, a 19.9% higher (+2,124 GWh) than the same period of last year mainly explained by higher physical sales related to new unregulated customer contracts, including those customers transferred from Enel Distribución Chile due to the enactment of legislation requiring distribution companies to have a single business. During Q2 2021, physical electricity sales increased 28.3% to 6,615 GWh (+1,459 GWh) due to higher physical sales to unregulated customers.
- Similarly, operating revenues reached Ch\$ 834,730 million as of June 2021, an 11.2% increase when compared to June 2020. During Q2 2021, operating revenues increased 18.7% to Ch\$ 448,426 million. These variations were mainly due to higher physical energy sales and also higher gas sales during the last quarter.

- Procurement and services costs increased 24.9% to Ch\$ 590,662 million as of June 2021, mainly explained by the higher energy purchases and transportation costs partially offset by lower fuel consumption costs. Similarly, in Q2 2021, procurement and services costs increased 29.8% to Ch\$ 310,748 million mostly due to higher electricity purchases.
- Personnel expenses increased by 35.7% to Ch\$ 28,550 million as a result of higher expenses recorded in 2021 related to the Group's digitalization strategy. The same trend was recorded during 2Q 2021, where personnel expenses grew by 68.3% compared to 2Q 2020, totaling Ch\$ 17,000 million.
- As a result of the factors previously mentioned, the Company's EBITDA as of June 31, 2021, decreased 19.0% to Ch\$ 175,425 million when compared to June 2020. When excluding the extraordinary effects previously mentioned, the Company's EBITDA decreased 14.1% to Ch\$ 196,692 million as of June 30, 2021. During Q2 2021, EBITDA reached Ch\$ 99,291 million, 9.9% lower than the same quarter of 2020. When excluding the extraordinary effects, EBITDA decreased 10.6% to Ch\$ 109,663 million.
- Financial result went from a Ch\$ 19,304 million net expense as of June 2020 to a Ch\$ 54,741 million net expense as of June 2021, mainly explained by higher financial expenses and the loss related to exchange rate differences. During Q2 2021, financial result amounted to a Ch\$ 23,422 million net expense representing a 16.5 % increase due to higher financial expenses.

FINANCIAL SUMMARY

- > Gross financial debt of the Company as of June 2021 reached US\$ 1,090 million, US\$ 41 million less than June 2020.
- > The average cost of debt increased to 6.8% as of June 2021 compared to 6.6% as of June 2020.
- > The Company's available cash and cash equivalents amounted to US\$ 5 million as of June 2021.

ENEL GENERACIÓN CHILE

FINANCIAL STATEMENTS ANALYSIS

AS OF JUNE 30, 2021



The Enel Generación Chile Group owns and operates 109 electricity generation units with 6,000 MW total combined gross installed capacity as of June 30, 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 2,453 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			Jun-21	Jun-20
	Jun-21	Jun-20	% Change	Q2 2021	Q2 2020	% Change		
Sistema Eléctrico Nacional (SEN)	12,809	10,685	19.9%	6,615	5,156	28.3%	34.5%	29.7%

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.

I.- CONSOLIDATED FINANCIAL STATEMENT ANALYSIS

1. STATEMENT OF COMPREHENSIVE INCOME ANALYSIS

Net income of Enel Generación Chile as of June 30, 2021, amounted to a Ch\$ 68,422 million profit, compared to a Ch\$ 395,837 million loss booked for the same period of 2020. During the Q2 2021, net income of Enel Generación Chile amounted to a Ch\$ 44,083 million, which represents a Ch\$ 502,341 million increase when compared to Q2 2020.

The following table shows comparative figures for each item of the income statement for continuing operations as of June 30, 2021 and 2020:

CONSOLIDATED INCOME STATEMENT (Million Ch\$)	Cumulative Figures				Quarterly Figures			
	Jun-21	Jun-20	Change	% Change	Q2 2021	Q2 2020	Change	% Change
REVENUES	834,730	750,962	83,768	11.2%	448,426	377,663	70,763	18.7%
Sales	825,928	733,615	92,313	12.6%	443,316	361,911	81,405	22.5%
Other operating revenues	8,802	17,347	(8,545)	(49.3%)	5,110	15,752	(10,642)	(67.6%)
PROCUREMENT AND SERVICES	(590,662)	(473,088)	(117,574)	24.9%	(310,748)	(239,391)	(71,357)	29.8%
Energy purchases	(331,108)	(211,358)	(119,750)	56.7%	(168,279)	(99,303)	(68,976)	69.5%
Fuel consumption	(124,233)	(137,385)	13,152	(9.6%)	(62,032)	(90,488)	28,456	(31.5%)
Transportation expenses	(70,565)	(60,879)	(9,686)	15.9%	(35,186)	(24,366)	(10,820)	44.4%
Other variable procurement and service cost	(64,756)	(63,466)	(1,290)	2.0%	(45,251)	(25,234)	(20,017)	79.3%
CONTRIBUTION MARGIN	244,068	277,874	(33,806)	(12.2%)	137,678	138,272	(594)	(0.4%)
Other work performed by entity and capitalized	1,382	2,098	(716)	(34.1%)	370	1,484	(1,114)	(75.1%)
Employee benefits expense	(29,932)	(23,139)	(6,793)	29.4%	(17,370)	(11,587)	(5,783)	49.9%
Other fixed operating expenses	(40,093)	(40,239)	146	(0.4%)	(21,387)	(18,023)	(3,364)	18.7%
GROSS OPERATING INCOME (EBITDA)	175,425	216,594	(41,169)	(19.0%)	99,291	110,146	(10,855)	(9.9%)
Depreciation and amortization	(35,716)	(50,354)	14,638	(29.1%)	(17,664)	(25,257)	7,593	(30.1%)
Impairment loss (Reversal) for applying IFRS 9	71	(128)	199	(155.5%)	35	(25)	60	n/a
OPERATING INCOME (EBIT)	139,780	(529,714)	669,494	(126.4%)	81,662	(610,962)	692,624	(113.4%)
NET FINANCIAL EXPENSE	(54,741)	(19,304)	(35,437)	183.6%	(23,422)	(20,111)	(3,311)	16.5%
Financial income	2,165	3,402	(1,237)	(36.4%)	1,615	1,607	8	0.5%
Financial costs	(53,813)	(27,268)	(26,545)	97.4%	(23,008)	(12,062)	(10,946)	90.8%
Gain (Loss) for indexed assets and liabilities	160	(1,811)	1,971	(108.8%)	1,121	(1,311)	2,432	(185.5%)
Foreign currency exchange differences, net	(3,253)	6,373	(9,626)	(151.0%)	(3,150)	(8,345)	5,195	(62.3%)
OTHER NON-OPERATING RESULTS	343	(1,054)	1,397	(132.5%)	(82)	(312)	230	(73.7%)
Share of profit (loss) of associates accounted for using the equity method	343	(1,148)	1,491	(129.9%)	(82)	(406)	324	(79.8%)
Other investments	-	94	(94)	(100.0%)	-	94	(94)	(100.0%)
NET INCOME BEFORE TAXES	85,382	(550,072)	635,454	(115.5%)	58,158	(631,385)	689,543	(109.2%)
Income Tax	(13,444)	156,769	(170,213)	(108.6%)	(12,215)	174,507	(186,722)	(107.0%)
NET INCOME	71,938	(393,303)	465,241	(118.3%)	45,943	(456,878)	502,821	(110.1%)
Shareholders of the parent company	68,422	(395,837)	464,259	(117.3%)	44,083	(458,258)	502,341	(109.6%)
Non-controlling interest	3,516	2,534	982	38.8%	1,860	1,380	480	34.8%
Earning per share (Ch\$/share) (*)	8.34	(48.26)	56.60	(117.3%)	5.37	(55.87)	61.25	(109.6%)

(*) As of June 30, 2021 and June 30, 2020 the average number of paid and subscribed shares was 8,201,754,580.

Operating Income

The Company's EBITDA decreased Ch\$ 41,169 million to Ch\$ 175,425 million and operating income increased Ch\$ 669,494 million to a Ch\$ 139,780 million profit as of June 30, 2021, when compared to the same period of 2020.

Operating revenues totaled Ch\$ 834,730 million, representing a Ch\$ 83,768 million or 11.2% increase when compared to the previous year, mainly due to the following:

- Higher **energy sales** amounting to Ch\$ 56,806 million, mainly explained by: (i) greater physical sales amounting to Ch\$ 113,553 million (+2,124 GWh) owing to higher sales to unregulated customers (+2,507 GWh) primarily related to the purchase of Enel Distribución Chile's unregulated customer contract portfolio in compliance with distribution segment industry regulation, partly offset by lower sales to regulated customers (-381 GWh) and to the spot market (-2 GWh); (ii) a Ch\$ 14,183 million increase in ancillary services revenue related to safety and service quality. These effects were partially offset by (iii) a lower average sales price when expressed in Chilean pesos due to the appreciation of the local currency / US dollar exchange rate for Ch\$ 68,591 million; and (iv) lower revenues from commodity hedges for Ch\$ 2,339 million.
- Greater **other sales** for Ch\$ 36,483 million mainly due to an increase in gas sales revenue.

The above was partially offset by:

- Lower **other operating revenues** for Ch\$ 8,545 million mainly due to lower insurance related revenue for Ch\$ 4,466 million, lower temporary facility leasing revenue for Ch\$ 7,021 million, partly offset by greater revenue related to commodities for Ch\$ 1,972 million and other services for Ch\$ 970 million.

During Q2 2021, operating revenues amounted to Ch\$ 448,426 million, which represents a Ch\$ 70,763 million increase (or 18.7%), when compared to the Ch\$ 377,663 million for the same quarter of 2020. This variation is mostly explained by:

- A Ch\$ 51,016 million increase in **energy sales** mainly due to a Ch\$ 79,444 million increase related to 1,459 GWh higher physical sales and a Ch\$ 7,660 million increase in ancillary services revenue, offset by a Ch\$ 34,099 million negative effect on the price expressed in pesos and Ch\$ 1,989 million lower revenues from commodity hedging.
- Higher **other sales** for Ch\$ 31,553 million mainly due to an increase in gas sales revenue.
- Lower **other operating revenues** for Ch\$ 10,642 million mainly due to lower insurance related revenue for Ch\$ 4,466 million and lower temporary facility leasing revenue for Ch\$ 7,021 million.

Procurement and services costs increased 24.9% to Ch\$ 117,574 million explained by the following:

- A Ch\$ 119,750 million increase in **energy purchases**, mainly higher physical energy purchases from other generation companies (+1,544 GWh) and on the spot market (+414 GWh) mainly due to the need to satisfy the unregulated customers' greater electricity demand, together with a higher spot price due to the conditions of the system.
- A Ch\$ 9,686 million increase in **transportation costs** mainly due to higher tolls amounting to Ch\$ 19,097 million primarily related to (i) the higher cost resulting from the resettlements of the contract with Transquillota for Ch\$ 2,593 million; (ii) higher costs related to Tariff Revenue ("IT" in its Spanish acronym) as a consequence of higher marginal costs and decoupling from the transmission system amounting to Ch\$ 16,343 million, offset by lower gas transportation costs for Ch\$ 3,037 million and a Ch\$ 6,373 million decrease in regasification costs.
- A Ch\$ 1,290 million increase in **other procurement and services costs** mainly due to higher gas commercialization costs for Ch\$ 29,803 million offset by lower thermal emissions tax for Ch\$ 5,933 million, lower commodity hedging transaction costs amounting to Ch\$ 16,778 million, lower temporary facility leasing for Ch\$ 3,607 million and lower various generation input costs (water, chemicals, etc.) for Ch\$ 2,195 million.

The above was partially offset by:

- Lower **fuel consumption** costs for Ch\$ 13,152 million mainly due to (i) lower commodity hedging costs for Ch\$ 12,223 million, (ii) lower coal consumption for Ch\$ 7,726 million resulting from the lower international market price of coal. The above was partially offset by (iii) the higher fuel oil consumption costs amounting to Ch\$ 3,260 million, and (iv) a Ch\$ 2,591 million impairment loss on coal inventories and Ch\$ 174 million on diesel oil inventories both related to the disconnection of Central Bocamina II coal unit impaired during the first semester of 2020.

During Q2 2021, procurement and services costs reached Ch\$ 310,748 million, increasing 29.8%, or Ch\$ 71,357 million, when compared to the Ch\$ 239,391 million for the same quarter of 2020. This increase is mainly due to:

- A Ch\$ 68,976 million increase in **energy purchases** primarily greater physical energy purchases from other generation companies (+919 GWh) and on the spot market (+126 GWh) mainly due to the need to satisfy the unregulated customers' greater electricity demand, together with a higher spot price due to the conditions of the system.
- A Ch\$ 10,820 million increase in **transportation costs**, mainly tolls for Ch\$ 14,747 million, partially offset by lower regasification and gas transportations costs for Ch\$ 3,927 million.

- Higher **other procurement costs** for Ch\$ 20,017 million, mainly gas commercialization costs for Ch\$ 26,195 million, greater commodity hedging derivative costs for Ch\$ 4,886 million, offset by lower gas emissions taxes for Ch\$ 6,712 million, a Ch\$ 3,132 million reduction in temporary facility leasing costs and lower various generation input costs (water, chemicals, etc.) for Ch\$ 1,220 million.
- Lower **fuel consumption** for Ch\$ 28,456 million, mainly coal and gas consumption costs for Ch\$ 17,158 million and Ch\$ 8,969 million respectively and lower diesel consumption for Ch\$ 2,329 million.

Personnel expenses (net of personnel expense capitalization) reached Ch\$ 28,550 million as of June 30, 2021, which represents a Ch\$ 7,509 million increase when compared to the same period of 2020. This is mainly due to higher expenses for Ch\$ 6,001 million related to the Group's digitalization strategy for the 2021-2024 period, lower capitalization of personnel expenses of the Los Cóndores project amounting to Ch\$ 716 million and a greater net expense of other benefits for Ch\$ 792 million.

During Q2 2021, personnel expenses (net of personnel expense capitalization) reached Ch\$ 17,000 million as of June 30, 2021, which represents a Ch\$ 6,897 million increase when compared to the same period of 2020. This is mainly due to higher expenses for Ch\$ 6,001 million related to the Group's digitalization strategy for the 2021-2024 period and a lower capitalization of personnel expenses of the Los Cóndores project amounting to Ch\$ 1,114 million.

Other operating expenses reached Ch\$ 40,093 million, which represents a Ch\$ 146 million decrease, equivalent to 0.4%, when compared to the Ch\$ 40,239 million booked for same semester of 2020.

Other operating expenses during Q2 2021 amounted to Ch\$ 21,387 million, a Ch\$ 3,364 million increase, or 18.7%, when compared to the Ch\$ 18,023 million for same quarter of last year. This variation is mainly due to higher maintenance and repair service expenses for Ch\$ 3,736 million, partly offset by a Ch\$ 332 million reduction in insurance policy costs.

Depreciation and amortization decreased Ch\$ 14,638 million, mainly related to the lower depreciation of coal fired power plant Bocamina II impaired in June 2020 for Ch\$ 15,355 million due to the Group's decarbonization process, partially offset by greater intangibles amortization for Ch\$ 937 million.

The Q2 2021 reduction in depreciation and amortization amounting to Ch\$ 7,593 million is due to the same effect mentioned above, the impairment loss of Bocamina II power plant for Ch\$ 6,197 million.

Impairment losses decreased Ch\$ 695,826 million due to the impairment loss related to Bocamina II booked in June 2020 due to the Company's decarbonization process.

ENEL GENERACIÓN CHILE

FINANCIAL STATEMENTS ANALYSIS

AS OF JUNE 30, 2021



The accumulated revenues, costs and operating margin for the periods ended June 30, 2021, and 2020, are shown below:

	Cumulative Figures (Figures in million Ch\$)					
	Jun-21			Jun-20		
	Operating Revenues	Operating Costs	Operating Income	Operating Revenues	Operating Costs	Operating Income
Enel Generación Chile S.A.	819,273	(744,552)	74,721	741,235	(1,317,969)	(576,734)
Empresa Eléctrica Pehuenche S.A.	93,036	(27,977)	65,059	78,022	(31,002)	47,020
Consolidation adjustments	(77,579)	77,579	-	(68,295)	68,295	-
Total Consolidated	834,730	(694,950)	139,780	750,962	(1,280,676)	(529,714)

	Quarterly Figures (Figures in million Ch\$)					
	Q2 2021			Q2 2020		
	Operating Revenues	Operating Costs	Operating Income	Operating Revenues	Operating Costs	Operating Income
Enel Generación Chile S.A.	440,404	(393,255)	47,149	370,746	(1,007,477)	(636,731)
Empresa Eléctrica Pehuenche S.A.	46,966	(12,453)	34,513	40,274	(14,505)	25,769
Consolidation adjustments	(38,944)	38,944	-	(33,357)	33,357	-
Total Consolidated	448,426	(366,764)	81,662	377,663	(988,625)	(610,962)

Energy sales of Enel Generación Chile and its subsidiary for the periods ended June 30, 2021, and 2020, are shown below:

(Figures in million Ch\$)	Cumulative Figures				Quarterly Figures			
	Jun-21	Jun-20	Change	% Change	Q2 2021	Q2 2020	Change	% Change
Sales to regulated customers	357,907	396,788	(38,881)	(9.8%)	189,109	195,881	(6,771)	(3.5%)
Sales to unregulated customers	393,782	305,727	88,055	28.8%	203,723	147,093	56,630	38.5%
Sales at spot market	16,674	9,041	7,633	84.4%	8,648	7,490	1,158	15.5%
Total energy sales	768,363	711,556	56,806	8.0%	401,480	350,463	51,016	14.6%

Non-Operating Income

Non-operating income as of June 30, 2021 and 2020 are summarized below:

NON OPERATING INCOME (Figures in million Ch\$)	Cumulative Figures				Quarterly Figures			
	Jun-21	Jun-20	Change	% Change	Q2 2021	Q2 2020	Change	% Change
Financial income	2,165	3,402	(1,237)	(36.4%)	1,615	1,607	8	0.5%
Financial costs	(53,813)	(27,268)	(26,545)	97.4%	(23,008)	(12,062)	(10,946)	90.8%
Gain (Loss) for indexed assets and liabilities	160	(1,811)	1,971	(108.8%)	1,121	(1,311)	2,432	(185.5%)
Foreign currency exchange differences, net	(3,253)	6,373	(9,626)	(151.0%)	(3,150)	(8,345)	5,195	(62.3%)
NET FINANCIAL EXPENSE	(54,741)	(19,304)	(35,437)	183.6%	(23,422)	(20,111)	(3,311)	16.5%
Share of profit (loss) of associates accounted for using the equity method	343	(1,148)	1,491	(129.9%)	(82)	(406)	324	(79.8%)
OTHER NON-OPERATING RESULTS	343	(1,054)	1,397	(132.5%)	(82)	(312)	230	(73.7%)
NET INCOME BEFORE TAXES	85,382	(550,072)	635,454	(115.5%)	58,158	(631,385)	689,543	(109.2%)
Income Tax	(13,444)	156,769	(170,213)	(108.6%)	(12,215)	174,507	(186,722)	(107.0%)
NET INCOME OF THE PERIOD	71,938	(393,303)	465,241	(118.3%)	45,943	(456,878)	502,821	(110.1%)
<i>Attributable to Shareholders of the parent company</i>	<i>68,422</i>	<i>(395,837)</i>	<i>464,259</i>	<i>(117.3%)</i>	<i>44,083</i>	<i>(458,258)</i>	<i>502,341</i>	<i>(109.6%)</i>
<i>Attributable to Non-controlling interest</i>	<i>3,516</i>	<i>2,534</i>	<i>982</i>	<i>38.8%</i>	<i>1,860</i>	<i>1,380</i>	<i>480</i>	<i>34.8%</i>

Financial Result

The financial result as of June 30, 2021, amounted to a Ch\$ 54,741 million loss, which represents a Ch\$ 35,437 million negative variation when compared to the same period of the previous year, which is mainly due to the following:

Lower financial income amounting to Ch\$ 1,237 million, mainly due to the interest related to the Tariff Stabilization Law amounting to Ch\$ 168 million, lower returns on fixed income investments amounting to Ch\$ 335 million and a Ch\$ 735 million reduction in interests from funds invested through the Centralized Cash Management Service Contract with Enel Chile S.A.

Financial income during **Q2 2021** was similar to the amount for the same quarter of 2020.

Higher financial expenses amounting to Ch\$ 26,545 million, mainly explained by higher financial expenses on energy sales account receivable factoring for Ch\$ 37,445 million related to the temporary tariff stabilization mechanism applicable to regulated customers ("Tariff Stabilization Law"), higher financial expenses for Ch\$ 11,610 million from commercial agreements with customers, offset by a Ch\$ 17,139 million increase in capitalized interest related to the Los Cóndores project, lower bond interest for Ch\$ 3,264 million and lower financial expenses related to trade account payables for Ch\$ 2,370 million.

During Q2 2021, financial expenses increased Ch\$ 10,946 million when compared to the same quarter of 2020 mainly due to greater financial expenses on factoring for Ch\$ 8,326 million related to the temporary tariff stabilization mechanism applicable to regulated customers, higher financial expenses for Ch\$ 11,610 million from commercial agreements with customers, offset by a Ch\$ 7,327 million increase in capitalized interest related to the Los Cóndores project, lower bank fees and expenses for Ch\$ 862 million and lower bond interest for Ch\$ 1,065 million.

Greater profit related to indexation amounting to Ch\$ 1,971 million primarily explained by greater profit related to indexation on recoverable taxes for Ch\$ 1,416 million, and on other financial liabilities for Ch\$ 1,512 million, offset by the greater negative effect related to IAS 29 “Financial Reporting in Hyperinflationary Economies” on the Group’s branch in Argentina that amounted to a Ch\$ 1,057 million loss.

During Q2 2021, income related to indexation amounted to a Ch\$ 2,432 million profit when compared to the same quarter of 2020, primarily explained by greater profit related to indexation on recoverable taxes for Ch\$ 1,997 million, and on other financial liabilities for Ch\$ 960 million, offset by a greater negative effect due to the IAS 29 “Financial Reporting in Hyperinflationary Economies” on the Group’s branch in Argentina that amounted to a Ch\$ 597 million loss.

Greater loss from exchange differences amounting to Ch\$ 9,626 million, mainly due to: (i) a lower positive exchange rate difference on trade account receivables for Ch\$ 6,670 million, including the Ch\$ 10,486 million negative 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, which was compensated by a higher positive exchange rate difference effect of customer invoice factoring for Ch\$ 3,847 million; and (ii) a greater negative exchange rate difference effect on cash and cash equivalents for Ch\$ 5,561 million. The aforementioned was offset by a lower negative exchange rate difference effect on trade accounts payable for Ch\$ 1,485 million and Ch\$ 1,673 million on derivative contracts.

During Q2 2021, income from exchange differences increased Ch\$ 5,195 million when compared to the same quarter of 2020, primarily due to a greater positive exchange rate difference on trade account receivables for Ch\$ 8,707 million, including the Ch\$ 7,500 million effect related to the implementation of the Tariff Stabilization Law. This was offset by a higher negative exchange rate difference on trade accounts payable for Ch\$ 1,749 million and a greater negative exchange rate difference effect on cash and cash equivalents for Ch\$ 1,761 million.

Other Non-operating results

Income from companies accounted for using the equity method increased Ch\$ 1,491 million mainly due to the greater profit of our associate company GNL Chile S.A. for Ch\$ 1,840 million, which was partially offset by a Ch\$ 315 million loss from Transmisora Eléctrica de Quillota Ltda.

Corporate Taxes

Corporate income tax amounted to Ch\$ 13,444 million, which represents a Ch\$ 170,213 million income reduction when compared to the previous year. This variation is primarily explained by a Ch\$ 187,873 million reduction in tax income due to the impairment of Bocamina II coal fired power plant in 2020, and Ch\$ 10,765 million less tax income on earnings due to the financial expenses of PEC accounts receivable factoring and a Ch\$ 5,943 million greater tax income on earnings related to the period's price-level restatement.

During Q2 2021, corporate income tax reached a Ch\$ 12,215 million expense, representing a Ch\$ 186,722 million lower income when compared to same quarter of 2020. This variation is primarily due to the Ch\$ 187,873 million reduction in tax income resulting from the impairment of Bocamina II coal fired power plant in 2020.

2. BALANCE SHEET ANALYSIS

ASSETS (Figures in million Ch\$)	Jun-21	Dec-20	Change	% Change
Current Assets	426,890	465,808	(38,918)	(8.4%)
Non Current Assets	2,544,698	2,625,153	(80,455)	(3.1%)
Total Assets	2,971,588	3,090,961	(119,373)	(3.9%)

Total Assets of the Company as of June 2021 decreased Ch\$ 119,373 million when compared to December 2020, mainly due to:

Current Assets decreased Ch\$ 38,918 million as of June 30, 2021. The variations of the main categories of current assets are the following:

- **A Ch\$ 66,637 million reduction in Current related party accounts receivables** mainly due to the lower balance of funds invested through the Centralized Cash Management Service Contract with Enel Chile S.A. for Ch\$ 67,410 million, and a Ch\$ 8,873 million decrease in accounts receivables from GNL Chile S.A. related to advance payments, partly offset by greater accounts receivables for energy sales to Enel Distribución Chile S.A. for Ch\$ 9,828 million.
- **A Ch\$ 18,889 million decrease in Current tax assets** related to GAT Chile fiscal year 2020 tax refunds for Ch\$ 23,085 million, offset by monthly employee pension payments for Ch\$ 4,454 million.
- **A Ch\$ 1,642 million decrease in other current financial assets** due to hedging and non-hedging derivatives.
- **A Ch\$ 6,425 million increase in other non financial current assets** mainly due to greater advance payments for Ch\$ 5,823 million.
- **A Ch\$ 39,068 million increase in current trade accounts and other current accounts receivables** mainly due to an increase in customer trade accounts receivables for Ch\$ 52,265 million, partly offset by lower advance payments to suppliers for Ch\$ 7,019 million, and a reduction in receivables from insurance companies for Ch\$ 5,360 million.
- **A Ch\$ 3,700 million increase in Inventories**, mainly higher stock of gas and fuel oil for Ch\$ 897 million and higher spare parts and other materials for Ch\$ 2,803 million.

Non-Current Assets declined Ch\$ 80,455 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\$ 136,743 million decrease in non-current trade accounts receivables and other non-current accounts receivables** primarily due to energy sales accounts receivable factoring for Ch\$ 142,665 million related to the temporary electricity tariff stabilization mechanism for regulated customers (“Tariff Stabilization Law”).
- **A Ch\$ 3,493 million decrease in non-goodwill intangible assets**, mainly the amortization of software programs for Ch\$ 3,429 million.
- **A Ch\$ 2,683 million increase in other non-current financial assets**, mainly hedging derivatives and other derivatives.
- **A Ch\$ 5,838 million increase in non-current related party accounts receivables** explained by greater accounts receivable from GNL Chile S.A. related to advance payments amounting to Ch\$ 719 million and greater accounts receivables from Enel Distribución Chile as a consequence of the Tariff Stabilization Law for Ch\$ 5,119 million.
- **A Ch\$ 37,598 million increase in Property, Plant and Equipment** mainly due to the Ch\$ 87,933 million increase in projects under construction partially offset by the Ch\$ 33,252 million depreciation of the period and a Ch\$ 14,957 million reduction in dismantling provisions.
- **A Ch\$ 13,440 million increase in Deferred tax assets** mainly related to tax losses for Ch\$ 17,204 million offset by lower deferred tax for dismantling provisions amounting to Ch\$ 3,984 million.

LIABILITIES AND EQUITY (Figures in million Ch\$)	Jun-21	Dec-20	Change	% Change
Current Liabilities	362,355	347,895	14,460	4.2%
Non Current Liabilities	999,855	1,003,735	(3,880)	(0.4%)
Total Equity	1,609,378	1,739,331	(129,953)	(7.5%)
<i>Attributable to the Shareholders of parent company</i>	1,598,115	1,729,218	(131,103)	(7.6%)
<i>Attributable to Non-controlling interest</i>	11,263	10,113	1,150	11.4%
Total Liabilities and Equity	2,971,588	3,090,961	(119,373)	(3.9%)

Total Liabilities including Net Equity of the Company decreased **Ch\$ 119,373 million** as of June 30, 2021 when compared to December 2020, mainly explained by the following:

Current Liabilities increased **Ch\$ 14,460 million**. The explanation of the variations of the main categories of current liabilities are the following:

- **A Ch\$ 26,305 million increase in Trade accounts payable and other accounts payable** primarily due to a Ch\$ 22,682 million increase in accounts payable to suppliers of goods, services and fixed assets, and a Ch\$ 6,629 million increase in energy and fuel accounts payable, offset by a Ch\$ 1,844 million reduction in dividends payable to third parties and a Ch\$ 1,162 million reduction in other accounts payable.
- **A Ch\$ 52,412 million increase in Accounts payable to related parties** primarily due to a higher balance of services payable to Enel Global Trading S.p.A. for commodity derivatives and other services amounting to Ch\$ 23,899 million, a higher balance of accounts payable to Enel Chile for Ch\$ 8,836 million for the centralized cash management service and other services, a Ch\$ 12,496 million increase in accounts payable to GNL Chile for gas purchases, a Ch\$ 2,898 million increase in toll accounts payable to Enel Transmisión Chile S.A., a Ch\$ 2,022 million increase in accounts payable to Enel Green Power Chile for energy purchases, and a Ch\$ 2,839 million higher balance of accounts payable to Enel Green Power SpA for services received.
- **A Ch\$ 63,286 million reduction in current tax liabilities** related to income tax.
- **A Ch\$ 1,886 million decrease in Other current non-financial liabilities**, mainly explained by an increase in value added tax debits.

Non-Current Liabilities decreased Ch\$ 3,880 million as of June 30, 2021 mainly due to the following:

- **A Ch\$ 11,942 million decrease in Other non-current provisions**, primarily the Ch\$ 14,957 million reduction in dismantling provisions, offset by a Ch\$ 3,128 million increase related to the Company's restructuring provision.
- **A Ch\$ 3,735 million reduction in non-current employee benefit provisions** as a result of the payment of the Voluntary Retirement Program benefits.
- **A Ch\$ 700 million reduction in deferred tax liabilities** mainly related to fixed assets.
- **A Ch\$ 13,676 million increase in Other non-current financial liabilities**, mainly explained by a Ch\$ 11,961 million increase in hedging and other derivative liabilities, and a Ch\$ 1,715 million increase in the balance of bond debt, of which Ch\$ 12,054 million is due to higher exchange rate differences, and Ch\$ 5,564 million is due to the indexation of UF denominated bond debt, and also the amortization of debt structuring expenses for Ch\$ 643 million, offset by bond payments amounting to Ch\$ 16,546 million.

Total Net Equity amounted to Ch\$ 1,609,378 million as of June 30, 2021.

Equity attributable to the owners of Enel Generación Chile amounted to Ch\$ 1,598,115 million, which represents a Ch\$ 131,103 million decrease, primarily explained by the Ch\$ 177,174 million dividend payment, and the Ch\$ 18,363 million comprehensive income statement loss, offset by the Ch\$ 68,422 million positive result for the period.

Equity of non-controlling shareholdings amounted to Ch\$ 11,263 million, which represents a Ch\$ 1,150 million improvement when compared to the balance as of December 31, 2020, primarily explained by the Ch\$ 3,516 million million profit of the period, offset by the Ch\$ 2,366 million dividend payment.

The performance of the main financial ratios is the following:

RATIO		UNIT	Jun-21	Dec-20	Jun-20	Chg	Chg %
Liquidity	Liquidity (1)	Times	1.18	1.34	-	0.16	(11.9%)
	Acid-test (2)	Times	1.12	1.30	-	0.18	(13.9%)
	Working capital	Million Ch\$	64,535	117,913	-	(53,378)	(45.3%)
Leverage	Leverage (3)	Times	0.85	0.78	-	0.07	9.0%
	Short-term debt (4)	%	26.6%	25.7%	-	0.9%	3.3%
	Long-term debt (5)	%	73.4%	74.3%	-	(0.9%)	(1.2%)
	Financial expenses coverage (6)	Times	3.08	-	9.54	(6.46)	(67.7%)
Profitability	Op. income / Op. Revenues	%	16.7%	-	(70.5%)	87.3%	(123.7%)
	ROE (7)	%	21.1%	-	(12.6%)	33.7%	n/a
	ROA (8)	%	10.8%	-	(6.2%)	17.1%	n/a

(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 June 30, 2021, reached 1.18 times, which represents an 11.9% decrease when compared to December 2020. This variation is mainly due to the decrease of current related party accounts receivable.
- > The **acid test**, as of June 30, 2021, was 1.12 times, a 13.9% decrease when compared to December 31, 2020, mainly due to the decrease of current related party accounts receivable and greater inventory balance.
- > **Working capital**, as of June 30, 2021, amounted to Ch\$ 64,535 million, a Ch\$ 53,378 million negative variation when compared to December 2020, mainly due to the decrease of current related party accounts receivable.

- > The **debt ratio** was 0.85 times, which means that the level of commitment of Enel Generación Chile equity was 0.85 times for the period ended June 30, 2021.
- > The **financial expenses coverage ratio** as of June 30, 2021 was 3.08 times, which represents the ability to cover all financial expenses with the EBITDA margin of the 2021 period. This figure decreased significantly due to the lower EBITDA of 2021 when compared to 2020.
- > The **profitability index**, calculated by dividing operating income by operating revenue, was 16.7% as of June 30, 2021, which is higher than the figure for the same period of 2020 because of the higher EBIT this year. When excluding the impact of the coal write-offs related to the disconnection of Bocamina II power plant booked during the first semester of 2021, the figure would have reached 19.3%.
- > **Return on equity** of the owners of the controlling shareholder of the Company was 21.1% for the period ended June 30, 2021, a significant improvement when compared when compared to -12.6% for the same period of 2020. When excluding the extraordinary events booked during the comparable moving periods primarily related to the impairment of our coal-fired power plants, return on equity would have reached 22.8% (16.2% as of June 30, 2020).
- > **Return on assets** was 10.8% for the period ended June 30, 2021. When excluding the extraordinary events booked during the comparable moving periods primarily related to the impairment of our coal-fired power plants, return on equity would have reached 11.7% (9.2% as of June 30, 2020).

3.- CASH FLOW ANALYSIS

The Enel Generación Chile Group generated a Ch\$ 3,440 million positive cash flow during the period ended June 30, 2021, which represents a Ch\$ 12,914 million increase when compared to the same period of 2020. The main variables per cash flow category, that is, operational, investment and financial, which explain this cash flow increase are described below:

NET CASH FLOW (Figures in million Ch\$)	Jun-21	Jun-20	Change	% Change
From Operating Activities	213,535	123,731	89,804	72.6%
From Investing Activities	6,258	100,579	(94,321)	(93.8%)
From Financing Activities	(216,353)	(233,784)	17,431	(7.5%)
Total Net Cash Flow	3,440	(9,474)	12,914	(136.3%)

Operating activities generated a Ch\$ 213,535 million positive cash flow, which represents a 72.6% increase when compared to June 2020. This cash flow mainly comprises Ch\$ 1,136,802 million in payments received for sales of goods and services, partially offset by payments to suppliers of good and services for Ch\$ 768,525 million, employee-related payments amounting to Ch\$ 19,003 million, insurance premium payments for Ch\$ 18,690 million, tax payments for Ch\$ 69,361 million, and other operating activity payments for Ch\$ 50,244 million.

Investment activities generated a Ch\$ 6,258 million positive cash flow, mainly explained by funds invested through the Centralized Cash Management Service Contract for Ch\$ 67,230 million, the sale of transmission lines for Ch\$ 20,686 million and dividends received for Ch\$ 999 million, partly offset by payments for additional property, plant, and equipment for Ch\$ 79,745 million and the purchase of intangible assets for Ch\$ 3,526 million.

Financing activities generated a Ch\$ 216,353 million negative cash flow. This cash flow is primarily explained by dividend payments for Ch\$ 181,265 million, interest payments for Ch\$ 26,280 million and bond repayments for Ch\$ 16,546 million.

The payments for additional Property, Plants and Equipment and depreciation for the period ended June 30, 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	
	Jun-21	Jun-20	Jun-21	Jun-20
Enel Generación Chile	79,468	86,886	30,041	45,625
Pehuenche	277	242	3,670	3,660
Total Consolidated	79,745	87,128	33,711	49,285

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 (%)	June 30, 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 first semester 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 June 30, 2021, the Company held swaps for 456 kBbl of Brent oil to be settled in 2021 and 320 kBbl of Brent oil to be settled in 2022, 405 kTon of Coal API2 to be settled in 2021, for 9.45 TBtu of Henry Hub gas to be settled in 2021, and for 3.79 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 first 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 June 30, 2021, the Enel Generación Chile Group's liquidity was Ch\$ 3,716 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, which was extended for the second time by Law No. 21,340 published on May 22, 2021 with a new term until December 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\$ 110,693 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.