



GUACOLDA

energía

EARNINGS REPORT 1Q 2022
Guacolda Energía SpA and Subsidiary

May 30th, 2022

GUACOLDA ENERGÍA FIRST QUARTER 2022 RESULTS

Guacolda reported a net income of US\$15,2 million in the first quarter of 2022, compared to US\$(1,7) million net income in the same period of 2021, primarily because an increase on revenue for a higher injection price for US\$24,4MM.

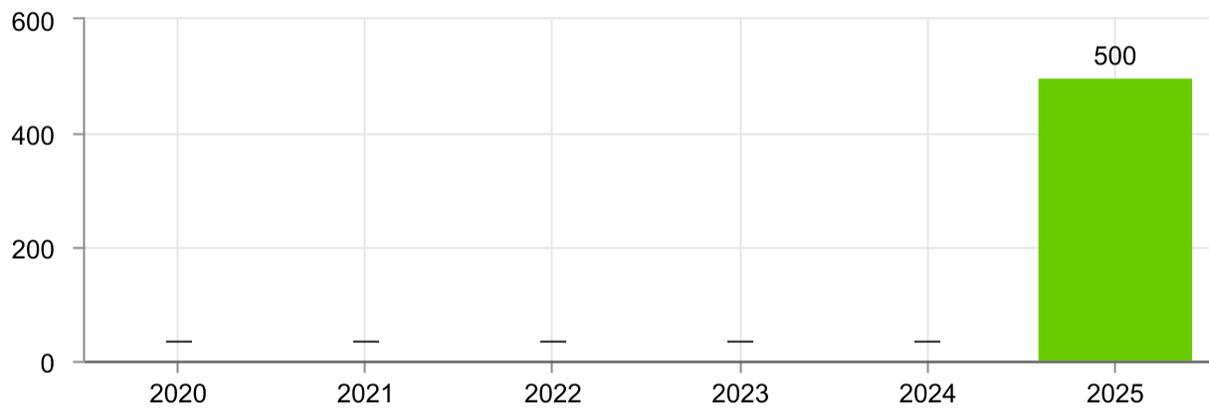
As of March 31, 2022, Guacolda had a cash and cash equivalent totaling US\$116 million and total financial debt of US\$500 million, from its 2025 Senior Notes.

REVIEW OF FIRST QUARTER 2022 RESULTS

Summarized income statement and balance sheet for the periods March 31, 2022, and March 31, 2021. Amounts expressed in thousands of US dollars unless otherwise indicated.

Income Statement (ThUS\$)	YTD		
	mar-22	mar-21	Var (%)
Unregulated customer sales	82.166	62.386	32%
Spot sales	46.699	28.729	63%
Transmission revenue	7.351	9.246	-20%
Other operating revenues	1.168	671	74%
Operating Revenues	137.384	101.032	36%
Energy and capacity purchases	(12.289)	(8.692)	41%
Fuel consumption	(62.367)	(31.701)	97%
Transmission tolls	(9.284)	(12.016)	-23%
Other cost of sales	(20.952)	(25.488)	-18%
Depreciation	(13.147)	(14.944)	-12%
Total Costs of Sales	(118.039)	(92.841)	27%
Gross Profit	19.345	8.191	136%
Administrative expenses	(4.016)	(1.467)	174%
Other Gains and Losses	45	121	-62%
Financial Income	206	141	46%
Financial expenses	(6.282)	(6.139)	2%
Foreign currency exchange differences	1.981	(2.551)	-178%
Net Income (Loss) before Taxes	11.279	(1.704)	-762%
Income Tax Income (Expense)	3.909	(22)	-17870%
Net Income (Loss)	15.188	(1.726)	-980%
EBITDA	29.424	21.648	36%

DEBT AMORTIZATION SCHEDULE



Debt Amortization (US\$ Million)	Total Outstanding	Average Interest Rate	Schedule of Maturities as of				
			March 31, 2022				
			2021	2022	2023	2024	2025
Senior Notes due 2025	500	4.56%	—	—	—	—	500
Total	500		—	—	—	—	500

GENERATION, PURCHASES AND SALES

Energy (GWh)	YTD		
	mar-22	mar-21	Var (%)
Sales			
Unregulated	661	752	-12%
Spot	297	342	-13%
Total Sales	958	1.094	-12%
Purchases			
Spot	-	-	-
Other generators	21	4	425%
Total Purchases	21	4	425%
Thermal Generation	937	1.090	-14%

Guacolda generation went down by 136 GWh during the first quarter of 2022 because the thermal generation was replaced by NCRE and gas, causing a decrease in the carbon injection in the whole electric system.

Operating revenues increased 36% mainly because of US\$19 million of higher unregulated contract sales, US\$18 million of higher spot sales, offset by US\$1,8 million of lower transmission revenue.

Contract sales volumes to unregulated customers decreased by 12% to 661GWh in the first quarter of 2022.

Spot sales increased by US\$18,0 million due to higher injection prices, while energy and capacity purchase expenses increased only by US\$3,6 million because of energy purchase contracts. **Sales and purchase volumes** are presented on a net basis for each period. During the first quarter of 2022, Guacolda had net sales on the spot market of 297 GWh.

Transmission revenues decreased US\$1,9 million, meanwhile, transmission costs were US\$2,7 million lower.

Fuel consumption cost grew US\$30,6 million primarily because of the increase in average price of coal, compared to the same period in 2021. Coal supply shortages worldwide are pushing fuel prices to record highs due to facts as Covid 19 pandemic dropped in production, resulting in low inventory, plus increased in deficit in supply due to Indonesian governments ban to exports at beginning of 2022, among others.

Depreciation and amortization expenses were US\$1,8 million lower than same equivalent period due to a carry forward error caused by the application in 2019 and 2020 of an impairment on the value of the assets, and therefore affected the calculation of the corresponding depreciation. It is important to remark that, as of December 31, 2021, a change was made in the useful lives of some classes of Property, Plant and Equipment to adjust the useful life of the production units (assets) to a lower period of exploitation, to be conservative regarding the bill that indicates a possible end of the operation in December 2029.

Gross Profit for the first quarter of 2022, reached US\$19,3 million, up US\$11,1 million from the first quarter of 2021, mainly explained by higher injection prices.

SG&A costs expenses were US\$2,5 million higher, by during the first quarter of 2022, the insurance expense is reclassified the SG&A; until the first quarter, it was represented in cost of sales; this causes that the total of the higher insurance cost of US\$4 million, is represented in the first quarter in the SG&A.

Financial Expenses remain similar in the first quarter of 2022 compared to the same period of 2021.

MARKET INFORMATION

Chile's National Electric System or SEN, supplies a wide range of customer types, including Chile's main population centres, in the centre and mining operations in the north, with a diverse generation matrix including thermal, hydro, and other renewables. The SEN runs from the northern part of Region I to Region X.

During the first quarter of 2022, hydro generation went down significantly, compared to the same period in 2021, while reservoir level remained stable and hydrological inflows decreased in total by 62%. Average spot prices in the first quarter in Chile were also impacted by higher natural gas availability, in addition to an increase NCRE generation and outages from efficient thermal plants in the system. Total energy demand grew 3,4% compared to the same period of 2021, for an average monthly demand of 6.348 GWh per month in the first quarter of 2022. The main reason for this increase is the 4,0% higher demand from regulated customers in the first quarter of 2022 compared to the first quarter in 2021, in addition to 3,0% increase in demand from unregulated customers. These factors led to a 15% increase in the average marginal costs in the north and a 4% increase in the central part of the system compared to the same period of 2021.

The table below shows the main SEN variables as of March 31, 2022, and 2021:

		YTD	
		mar-22	mar-21
Demand Growth	(%)	3,40%	0,10%
Average monthly consumption	(GWh)	6.348	6.140
Average spot price Northern Chile	US\$/MWh	77	67
Average spot price Central Chile	US\$/MWh	78	75

REGULATORY RISKS

Guacolda is subject to several different aspects of Chilean regulation and modifications to existing legislation could potentially have an adverse effect on the Company's financial results. The Company cannot guarantee that the laws or regulations in Chile will not be modified or interpreted in a manner that could adversely affect the Company or that governmental authorities will effectively grant any approval requested. Guacolda, actively participates in the development of the regulatory framework, submitting comments and proposals to the proposed regulations presented by authorities.

During the year 2021, two bills were promoted that sought to advance the closure of coal-fired plants. The first of them, promoted by the Senate Mining and Energy Commission (bulletin 13196-12), sought to prohibit the installation and operation of coal-fired power plants throughout the country as of January 1, 2026. Subsequently, a second project was promoted by the same Commission (bulletin 14652-08), which promotes the generation of renewable energy. This second project, and the only one that has made progress to date, prohibits the injection into the National Electric System of energy from the combustion of fossil substances as of January 1, 2030. Indications have been presented that require revision, with the purpose to have evaluation mechanisms that allow emission reductions to be identified and give more flexibility to the removal of units.