



# GUACOLDA

energía

**EARNINGS REPORT 1Q 2023**  
Guacolda Energía SpA and Subsidiary

**May-2023**

## GUACOLDA ENERGÍA FIRST QUARTER 2023 – MAIN RESULTS

**Revenues as of March 31, 2023, reached US\$151.7 million**, which represents an increase of 10% compared to the same period of the previous year. Such increase was mainly driven by coal prices' increase that impacted especially PPA contract prices due to indexation, then compensating a lower generation on the period.

**EBITDA equivalent to US\$37.2 million**, is 26% greater than the one recorded as of March 31, 2022 of US\$29.4 million. Variation is explained by mentioned higher revenues, partially compensated by an increase of costs of sales of only 7%, mainly due to the increment in cost of coal.

**Net Income before Taxes of US\$48.0 million**, that is positively compared to its equivalent registered during 1Q 2022 of US\$11.3 million. The variation equivalent to US\$36.744 million is mainly represented by the following concepts: (i) US\$ 7.7 growth in EBITDA, previously described (ii) An **extraordinary financial income of US\$30,2** as a result of the repurchase of bonds during 2022 that was pending of registration due to delays in custodian agent's administrative processes, (iii) Lower **financial expenses of US\$2,3 million** mainly due to decrease in debt as a result of the bonds' repurchase process.

During the first quarter of 2023 a **tax expense of US\$12,9 million** was recorded compared to an accountable tax income of US\$3,9 as of March 2022. The negative difference in recognition of tax is mainly explained because on 2023, the Company determined their current tax over the higher profits of the period, while in March 2022 reversed a part of the existing provision on the deferred tax asset, which corresponded to the best estimate of future flows at that moment.

Finally, Guacolda records a **Net income of US\$35,1 million** during the first quarter of 2023, positively compared to the Net income of US\$15,2 million obtained during the same period of 2022.

## REVIEW OF FIRST QUARTER 2023 RESULTS

Summarized income statement for the periods ended on March 31, 2023, and March 31, 2022. Amounts expressed in thousands of US dollars unless otherwise indicated.

Income Statement (ThUS\$)	1Q		
	2023	2022	Var (%)
Unregulated customer sales	95,678	82,166	16%
Spot sales	48,318	46,699	3%
Transmission revenue	7,261	7,351	-1%
Other operating revenues	446	1,168	-62%
<b>Operating Revenues</b>	<b>151,704</b>	<b>137,384</b>	<b>10%</b>
Energy and capacity purchases	(17,945)	(12,289)	46%
Fuel consumption	(70,968)	(62,367)	14%
Transmission tolls	(6,441)	(9,284)	-31%
Other cost of sales	(15,678)	(20,004)	-22%
Depreciation	(15,572)	(14,095)	10%
<b>Total Costs of Sales</b>	<b>(126,605)</b>	<b>(118,039)</b>	<b>7%</b>
<b>Gross Profit</b>	<b>25,099</b>	<b>19,345</b>	<b>30%</b>
Administrative expenses	(3,506)	(4,016)	-13%
Other Gains and Losses	(542)	(192)	>100%
Financial Income	30,358	206	>100%
Financial expenses	(3,746)	(6,045)	-38%
Foreign currency exchange differences	360	1,981	-82%
<b>Net Income (Loss) before Taxes</b>	<b>48,023</b>	<b>11,279</b>	<b>&gt;100%</b>
Income Tax Income (Expense)	(12,902)	3,909	>100%
<b>Net Income (Loss)</b>	<b>35,121</b>	<b>15,189</b>	<b>&gt;100%</b>
<b>EBITDA</b>	<b>37,165</b>	<b>29,424</b>	<b>26%</b>

## GENERATION, PURCHASES AND SALES

Energy (GWh)	1Q		
	2023	2022	Var (%)
Sales			
Unregulated	428	655	-35%
Spot	127	312	-59%
<b>Total Sales</b>	<b>555</b>	<b>967</b>	<b>-43%</b>
Purchases			
Spot	11	-	-
Other generators	82	30	175%
<b>Total Purchases</b>	<b>93</b>	<b>30</b>	<b>211%</b>
<b>Thermal Generation</b>	<b>462</b>	<b>937</b>	<b>-51%</b>

**Total thermal Generation of 462 GWh** during the trimester went down by 475 GWh (-51%), when compared to the same period of 2022. The difference is mainly explained by fewer dispatch levels due to higher variable costs that displaced Guacolda units in the economical merit list.

**Contracts sales volume to unregulated customers** reached **428 GWh** during first quarter of 2023, 35% less than 1Q 2022.

**Sales and purchase volumes** are presented on a net basis for each period. During the first quarter of 2023, Guacolda recorded **net sales** on the spot market of **127 GWh** decreasing 59% compared to March 2022, while **purchases** reached **11 GWh** specifically in January 2023, both effects due to lower generation.

**Purchases** of energy from other generators reached **82 GWh** (+175%) compared to the first quarter of 2022, mainly because of the activation of Back Up PPAs during 2022.

## DEBT AMORTIZATION SCHEDULE

Debt Amortization (US\$ million)	Total Outstanding	Average Interest Rate	2023	2024	2025
Senior Notes due 2025	408	4,56%	-	-	408
<b>TOTAL (*)</b>	<b>408</b>		<b>-</b>	<b>-</b>	<b>408</b>

## MARKET INFORMATION

Chile's National Electric System or SEN, supplies a wide range of customer types, including Chile's main population hubs in the center, 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 of Arica and Parinacota to Region of Los Lagos.

During the first quarter of 2023, hydro generation increased by 9%, compared to the same period in 2022, while reservoir level rose by 36% mainly due to rationing decreet that instructed to maintain a certain level on dams. Average spot prices in the first quarter in Chile still heavily impacted by the large rise in fossil fuels prices at global Total energy demand grew 1,52% compared to the same period of 2022, for an average monthly demand of 6.428 GWh per month in the first quarter of 2023. These factors led to a 36% increase in the average marginal costs in the north and 43% increase in the central part of the system compared to the same period of 2022.

The table below shows the main SEN variables as of March 31,2023, and March 31, 2022:

		1Q	
		2023	2022
Demand Growth	(%)	1.52%	3.15%
Average monthly consumption	(GWh)	6,428	6,332
Average spot price Northern Chile	US\$/MWh	105.0	77.2
Average spot price Central Chile	US\$/MWh	111.2	77.7

## REGULATORY RISKS

Guacolda is subject to several different aspects of Chilean regulation and modifications to existing legislation that 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.

On March 18, 2023, the National Energy Commission issued Exempt Resolution N°149, by which it rescinded Resolution N°52, dated January 31, 2018, which complements and modifies Resolution N°659 of 2017, which establishes technical provisions for the implementation of Article 8° of Law N°20,780 as a measure contained in the document "Initial Agenda for a second phase of the energy transition" of the Ministry of Energy. This resolution announced the elimination of the compensation called "Compensation B", which determines the hourly compensation in those hours in which by instruction of the CEN the generating units have injected energy to the system at a variable operating cost higher than the marginal

cost, thus eliminating the largest proportion of current compensations, to the detriment of the interannual margin of the generating companies that must pay taxes on emissions.

On April 2023, Guacolda as well as other generation companies, has filed an appeal for protection against the decision of the National Energy Commission, to reinstate the regulatory provisions that allow the proper implementation of the green tax compensation established in the final paragraph of Article 8 of Law 20,780.