



GUACOLDA

energía

EARNINGS REPORT 2Q 2022
Guacolda Energía SpA and Subsidiary

September, 2022

GUACOLDA ENERGÍA SECOND QUARTER 2022 RESULTS

Guacolda reported an EBITDA of US\$24.0 million during second quarter 2022, figure that is 8% lower than the EBITDA obtained as of June 2021 (by -US\$2.0 million). The variation was mainly due to an important increased on coal prices of US\$59.3 million (+127%) and higher administrative costs due to the independence of the administration of Guacolda from its previous shareholder AES.

In terms of Net Income, Guacolda informed a net loss of US\$8.9 million in the second quarter of 2022, compared to US\$4.4 million of net income in the same period of 2021, primarily because of non-operating effects, led by a US\$11.8 million loss in Foreign currency exchange difference due to the high volatility of the exchange range in Chile between the local currency (CLP) and dollar (US\$).

As of June 30, 2022, Guacolda had a cash and cash equivalent of US\$35.5 million and total financial debt of US\$500 million, from its 2025 due date Senior Notes.

REVIEW OF SECOND QUARTER 2022 RESULTS

Summarized income statement for the periods June 30, 2022 and June 2021. Amounts expressed in thousands of US dollars unless otherwise indicated.

| Income Statement (ThUS\$) | YTD | | | 2Q | | |
|---------------------------------------|------------------|------------------|-------------|------------------|------------------|--------------|
| | 2022 | 2021 | Var (%) | 2022 | 2021 | Var (%) |
| Unregulated customer sales | 154,060 | 139,506 | 10% | 71,894 | 77,120 | -7% |
| Spot sales | 138,935 | 68,090 | 104% | 92,236 | 39,361 | 134% |
| Transmission revenue | 14,362 | 18,091 | -21% | 7,011 | 8,845 | -21% |
| Other operating revenues | 2,685 | 1,695 | 58% | 1,517 | 1,024 | 48% |
| Operating Revenues | 310,042 | 227,382 | 36% | 172,658 | 126,350 | 37% |
| Energy and capacity purchases | (29,790) | (30,644) | -3% | (17,501) | (21,952) | -20% |
| Fuel consumption | (160,964) | (71,038) | 127% | (98,597) | (39,337) | 151% |
| Transmission tolls | (15,116) | (20,594) | -27% | (5,832) | (8,578) | -32% |
| Other cost of sales | (45,457) | (47,989) | -5% | (24,505) | (25,980) | -6% |
| Depreciation | (26,328) | (29,891) | -12% | (13,181) | (14,947) | -12% |
| Total Costs of Sales | (277,655) | (200,156) | 39% | (159,616) | (110,794) | 44% |
| Gross Profit | 32,387 | 27,226 | 19% | 13,042 | 15,557 | -16% |
| Administrative expenses | (7,200) | (9,465) | -24% | (3,184) | (4,520) | -30% |
| Other Gains and Losses | (55) | 79 | -170% | (55) | (42) | 31% |
| Financial Income | 441 | 250 | 76% | 235 | 109 | 116% |
| Financial expenses | (13,338) | (12,283) | 9% | (7,056) | (6,144) | 15% |
| Foreign currency exchange differences | (9,867) | (3,573) | 176% | (11,848) | (1,022) | 1059% |
| Net Income (Loss) before Taxes | 2,368 | 2,234 | 6% | (8,866) | 3,938 | -325% |
| Income Tax Income (Expense) | 3,900 | 415 | 840% | (9) | 437 | -- |
| Net Income (Loss) | 6,268 | 2,649 | 137% | (8,875) | 4,375 | -- |
| EBITDA | 53,380 | 47,652 | 12% | 23,956 | 25,984 | -8% |

Operating revenues increased US\$46.3 million, equivalent to 37% within the trimester mainly because of a difference of US\$52.9 million of spot sales, compensated by a decrease on unregulated contract sales for US\$5.2 million, and lower transmission revenue for US\$1.8 million.

Costs of sales: on the other hand, costs of sales increased in a higher proportion than the operating revenues, equivalent to a higher cost of 44%, mainly due to the increase in cost of coal that affected Fuel consumption. Still, coal international prices are being pushed upwards because of a stressed supply market, though in the last months, they have been remained slightly stable.

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 that brought the value of the assets to 0, 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, in order to be conservative regarding the law project that indicates a possible end of the operation in December 2029.

Therefore, **Gross Profit** for the second quarter of 2022, reached US\$13.0 million, US\$1.0 million superior from the second quarter of 2021.

Administrative expenses were US\$1.3 million lower than 2Q 2021, explained mainly by the decrease in the cost of the PP&I insurance policy cost. Note that the information published in 2021, classified the cost of the insurance in Cost of sales, and for this publication, was reclassified as Administrative expenses in order to make both figures comparable.

Non-Operating results During the trimester ended June 30, 2022 was hit by losses in Foreign currency exchange difference due to the high volatility of the exchange range in Chile between the local currency (CLP) and dollar (US\$).

Financial Expenses, indexed in US\$ remain similar in the second quarter of 2022 compared to the same period of 2021, because no additional debt was engaged.

GENERATION, PURCHASES AND SALES

| Energy (GWh) | YTD | | | 2Q | | |
|---------------------------|--------------|--------------|-------------|------------|--------------|--------------|
| | 2022 | 2021 | Var (%) | 2022 | 2021 | Var (%) |
| Sales | | | | | | |
| Unregulated | 1,261 | 1,620 | -22% | 607 | 838 | -28% |
| Spot | 651 | 618 | 5% | 369 | 309 | 19% |
| Total Sales | 1,913 | 2,238 | -15% | 976 | 1,148 | -15% |
| Purchases | | | | | | |
| Spot | - | - | - | - | - | - |
| Other generators | 94 | 14 | 556% | 64 | 6 | 1013% |
| Total Purchases | 94 | 14 | 556% | 64 | 6 | 1013% |
| Thermal Generation | 1,819 | 2,224 | -18% | 912 | 1,142 | -20% |

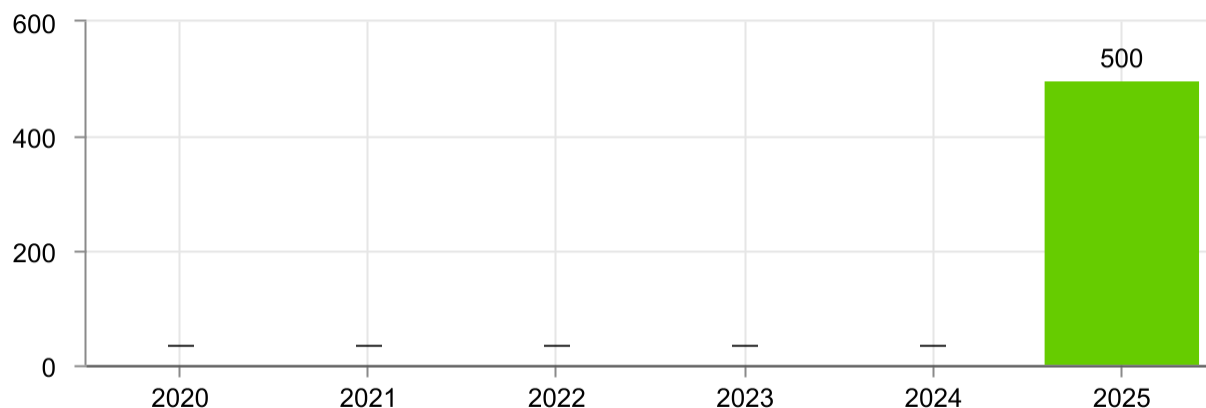
Total thermal Generation of 912 GWh went down by 230.0 GWh during the second quarter of 2022, explained by greater unavailability of thermal units due to failures and maintenance, and additional to higher fuel costs. All of them compared to the same period of last year.

Contract sales volumes to unregulated customers decreased by 28% equal to -231.7 GWh in the second quarter of 2022.

Spot sales increased in 19%, approximately 60 GWh, because of a higher demand from the National Electrical Coordinator due to minor availability of natural gas generation in the North of Chile, and restrictions defined by the authorities on water reserves for electrical generation. Therefore, injection prices were very favorable to coal generation plants. **Sales and purchase volumes** are presented on a net basis for each period. During the second quarter of 2021, Guacolda had net sales on the spot market of 369 GWh.

Purchases of energy from clients reached 64 GWh mainly because of the indexation of rates to coal price.

DEBT AMORTIZATION SCHEDULE



Debt Amortization (US\$ million)

| | Total Outstanding | Average Interest Rate |
|-----------------------|----------------------|-----------------------|
| Senior Notes due 2025 | 500 | 4.56% |
| Total | 500 | |

| Schedule of Maturity as of June 30, 2022 | | | |
|---|----------|----------|------------|
| 2022 | 2023 | 2024 | 2025 |
| — | — | — | 500 |
| — | — | — | 500 |

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 second quarter of 2022, hydro generation fell by 4%, compared to the same period in 2021, while reservoir level increased by 17% due to higher rainfall and energy rationing decree published late in 2021. Average spot prices in the second quarter in Chile were heavily impacted by the large rise in fossil fuels prices at global level. Total energy demand grew 3.2% compared to the same period of 2021, for an average monthly demand of 6,332 GWh per month in the second quarter of 2022. These factors led to a 78% increase in the average marginal costs in the north and 85% 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 June 30, 2022, and June 30, 2021:

| | | YTD | | 2Q | |
|-----------------------------------|----------|-------|-------|-------|-------|
| | | 2022 | 2021 | 2022 | 2021 |
| Demand Growth | (%) | 3.16% | 2.93% | 3.18% | 6.03% |
| Average monthly consumption | (GWh) | 6,373 | 6,178 | 6,332 | 6,139 |
| Average spot price Northern Chile | US\$/MWh | 102.8 | 69.6 | 128 | 71.9 |
| Average spot price Central Chile | US\$/MWh | 107.5 | 74.4 | 137 | 74.1 |

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.