



GUACOLDA

energía

EARNINGS REPORT 2Q 2023
Guacolda Energía SpA and Subsidiary

September-2023

GUACOLDA ENERGÍA SECOND QUARTER 2023 – MAIN RESULTS

Revenues as of June 30, 2023, reached US\$186.9 million, which represents an increase of 8% compared to the same period of the previous year. Such increase was mainly driven by coal prices' increase (2Q 2023 vs 2Q 2022), that impacted especially PPA contract prices due to indexation, then compensating a lower generation on the period.

EBITDA equivalent to US\$38.9 million, is 76% greater than the one recorded as of June 30, 2022, of US\$22.1 million. Variation is explained by higher revenues mentioned above, partially compensated by an increase on costs of sales of only 1%.

Net Income (loss) before Taxes result of US\$ 88.7 million is positively compared to a loss of US\$ 8.9 million generated as of June 2022, variation that was explained by: (i) An **extraordinary financial income** of approximately **US\$75 million** as a result of the repurchase of bonds in 2022 and 2023. A portion of the financial income 2022 was pending of registration due to delays in custodian agent's administrative processes that could not be accounted in said period, (ii) An accountable loss in Foreign currency exchange differences as of June 30th, 2022, due to the sharp rise of the US dollar at the end of the first half of the previous year, which affected negatively the balance's items denominated in Chilean pesos, and (iii) **Financial expenses** show an increase of US\$ 0,7 million, equivalent to 10%, even though standing debt had decrease by 39% in 12 months, thus reducing accrued financial expenses. However, the figure contains expenses associated with a refinancing in progress of US\$ 2.3 million mainly due to decrease in debt as a result of the bonds repurchase process.

During the second quarter of 2023 a **tax expense of US\$ 23.9 million**. 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 June 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\$ 64,8 million** during the second quarter of 2023, positively compared to the loss of US\$8.9 million obtained during the same period of 2022.

REVIEW OF SECOND QUARTER 2023 RESULTS

Summarized income statement for the periods ended on June 30, 2023, and June 30, 2022. Amounts expressed in thousands of US dollars unless otherwise indicated.

Income Statement (ThUS\$)	YTD			2Q		
	2023	2022	Var (%)	2023	2022	Var (%)
Unregulated customer sales	181.209	154.061	18%	85.531	71.895	19%
Spot sales	142.728	138.935	3%	94.409	92.236	2%
Transmission revenue	13.569	14.362	(6%)	6.308	7.011	(10%)
Other operating revenues	1.089	2.685	(59%)	642	1.516	(58%)
Operating Revenues	338.594	310.042	(9%)	186.890	172.658	(8%)
Energy and capacity purchases	(32.537)	(29.790)	9%	(14.593)	(17.501)	(17%)
Fuel consumption	(170.312)	(160.964)	6%	(99.343)	(98.597)	1%
Transmission tolls	(12.612)	(15.116)	(17%)	(6.171)	(5.832)	6%
Other cost of sales	(40.241)	(45.458)	(11%)	(24.562)	(25.454)	(4%)
Depreciation	(32.099)	(26.327)	22%	(16.527)	(12.234)	35%
Total Costs of Sales	(287.801)	(277.655)	4%	(161.195)	(159.617)	1%
Gross Profit	50.794	32.387	57%	25.695	13.041	97%
EBITDA	76.038	51.516	48%	38.873	22.093	76%
Administrative expenses	(6.855)	(7.198)	(5%)	(3.349)	(3.181)	5%
Other Gains and Losses	(473)	(55)	>100%	(205)	137	>100%
Financial Income	105.014	441	>100%	74.654	235	>100%
Financial expenses	(12.029)	(13.339)	(10%)	(8.010)	(7.294)	10%
Foreign currency exchange differences	292	(9.867)	>100%	(68)	(11.848)	(99%)
Net Income (Loss) before Taxes	136.742	2.368	>100%	88.718	(8.911)	>100%
Income Tax Income (Expense)	(36.833)	3.900	>100%	(23.930)	(9)	>100%
Net Income (Loss)	99.909	6.268	>100%	64.788	-8.920	>100%

Note: As a result of accounting adjustments made at the end of fiscal year 2022, which did not affect results, some figures within that period have been restated to maintain a fair comparison between both quarters.

GENERATION, PURCHASES AND SALES

Energy (GWh)	YTD			2Q		
	2023	2022	Var (%)	2023	2022	Var (%)
Sales						
Unregulated	756	837	(10%)	364	380	(4%)
GenCos	87	424	(79%)	51	227	(78%)
Spot	663	745	(11%)	536	433	24%
Total Sales	1.506	2.006	(25%)	951	1.040	(9%)
Purchases						
Spot	11	-	-	-	-	-
Other generators	169	94	80%	87	64	36%
Total Purchases	180	94	92%	87	64	36%
Thermal Generation	1.326	1.912	(31%)	864	976	(11%)

Note: Adjustments related to sales volume were implemented within 2022 data.

Total thermal Generation of **864 GWh** during the second quarter, went down by 112 GWh (-11%), 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 **364 GWh** during second quarter of 2023, 4% less than 2Q 2022.

Sales and purchase volumes are presented on a net basis for each period. During the second quarter of 2023, Guacolda recorded **net sales** on the spot market of **536 GWh** increasing 24% compared to June 2022, while there were no **purchases** during the trimester.

Purchases of energy from other generators reached **87 GWh** (+36%) compared to the second 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	274	4,56%	-	-	274
TOTAL (*)	274		-	-	274

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 2023, hydro generation increased by 20%, compared to the same period in 2022, while reservoir level rose substantially by 84% mainly due to significant rainfall occurred by the end of June. Average spot prices in the second quarter in Chile have shown a decrease of 14% in comparison to the same period of 2022 in line with the declining of fossil fuels prices at global and large availability of hydric resource. Total energy demand reduced 0,33% compared to the same period of 2022, for an average monthly demand of 6.392 GWh per month in the second quarter of 2023. These factors led to a 20% decrease in the average marginal costs in the north and 14% decrease in the central part of the system compared to the same period of 2022.

The table below shows the main SEN variables as of June 30, 2023, and June 30, 2022:

		2Q	
		2023	2022
Demand Growth	(%)	(0,33%)	3,18%
Average monthly consumption	(GWh)	6.392	6.414
Average spot price Northern Chile	US\$/MWh	103,0	128,0
Average spot price Central Chile	US\$/MWh	117,7	137,0

*Adjustments related to sales volume were implemented within 2022 data.

REGULATORY RISKS

Electric Power Generation industry in Chile is heavily regulated, and subject to the effects of changes in Chilean regulation, including changes aimed at countering the effects of climate change and promote the protection of the environment, 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 second 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 in turn complements and modifies Resolution N°659 of 2017, that sets forth technical provisions for the implementation of Article 8° of the 2014 Tax Reform, as a measure contained in the “Initial Agenda for a Second Half 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 compensation, to the detriment of the interannual margin of the generating companies that must pay taxes on emissions. In April 2023, the Company filed an Administrative Reinstatement against the decision of the National Energy Commission (“CNE”), to reinstate the regulatory provisions that allow the proper implementation of the green tax compensation established in the final paragraph of Article 8 of the 2014 Tax Reform, which was rejected by the CNE by means of the Exempt Resolution N° 360 dated August 9th, 2023.

On August 30th, Guacolda requested to the Comptroller General of the Republic (la “Contraloría General de la República”) for a statement on the legality of the Exempt Resolution, after which the Comptroller's Office requested background information to the CNE.