



GUACOLDA

energía

EARNINGS REPORT 3Q 2022
Guacolda Energía SpA and Subsidiary

November 29th, 2022

GUACOLDA ENERGÍA THIRD QUARTER 2022 RESULTS

Guacolda reported an EBITDA of US\$15.4 million during third quarter 2022, figure that remains practically aligned with that obtained on September 2021. Operating revenues grew 39%. Even though there was a negative effect caused by a lower generation (-48%), there was an increase in energy price that balanced the result (+117%). This last effect also affected Guacolda's costs of sales, reflecting an increase of 42%.

In terms of Net Income, Guacolda informed a net loss of US\$2.9 million in the third quarter of 2022, compared to US\$9.3 million of net loss in the same period of 2021, the least loss is mainly due to non-operating effects associated with the Foreign currency exchange, which were higher in the third quarter of 2021, due to the high volatility of the exchange range in Chile between the local currency (CLP) and dollar (US\$).

As of September 30, 2022, Guacolda had a cash and cash equivalent of US\$73.8 million and total financial debt of US\$500 million, from its 2025 due date Senior Notes.

REVIEW OF THIRD QUARTER 2022 RESULTS

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

Income Statement (ThUS\$)	YTD			3Q		
	2022	2021	Var (%)	2022	2021	Var (%)
Unregulated customer sales	242,681	194,844	25%	88,621	55,338	60%
Spot sales	185,766	107,158	73%	46,831	39,068	20%
Transmission revenue	19,583	24,514	-20%	5,221	6,423	-19%
Other operating revenues	3,516	2,608	35%	831	913	-9%
Operating Revenues	451,546	329,124	37%	141,504	101,742	39%
Energy and capacity purchases	(43,069)	(32,867)	31%	(13,279)	(2,223)	497%
Fuel consumption	(247,709)	(110,996)	123%	(86,745)	(39,958)	117%
Transmission tolls	(20,088)	(27,645)	-27%	(4,972)	(7,051)	-29%
Other cost of sales	(61,175)	(79,433)	-23%	(15,718)	(31,444)	-50%
Depreciation	(37,288)	(42,124)	-11%	(10,960)	(12,233)	-10%
Total Costs of Sales	(409,330)	(293,065)	40%	(131,675)	(92,909)	42%
Gross Profit	42,216	36,059	17%	9,829	8,833	11%
Administrative expenses	(10,707)	(15,121)	-29%	(3,507)	(5,656)	-38%
Other Gains and Losses	12	2,414	-100%	67	2,335	-97%
Financial Income	693	365	90%	252	115	119%
Financial expenses	(22,061)	(21,092)	5%	(8,723)	(8,809)	-1%
Foreign currency exchange differences	(10,686)	(9,680)	10%	(819)	(6,107)	-87%
Net Income (Loss) before Taxes	(533)	(7,055)	-92%	(2,901)	(9,289)	-69%
Income Tax Income (Expense)	3,863	785	392%	(37)	370	-110%
Net Income (Loss)	3,330	(6,270)	-153%	(2,939)	(8,919)	-67%
EBITDA	68,805	63,062	12%	15,421	15,410	0.1%

Operating revenues raised US\$39.8 million, equivalent to 39% within the trimester mainly because of an increase of PPA contract sales for US\$33.3 million and spot sales for US\$7.8 million, compensated by a lower transmission revenue of US\$1.2 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 42%, mainly due to the increase in cost of coal that affected fuel consumption, and even considering a reclassification of insurance costs that were assigned under administrative expenses.

Depreciation and amortization expenses were US\$1.3 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 third quarter of 2022, reached US\$9.8 million, approximately US\$1.0 million superior that the one obtained third quarter of 2021.

Administrative expenses were US\$2.1 million lower than in third trimester of 2021, greatly due to a reclassification of a proportion of insurance costs that were previously classified under costs of sales. The above, offset by higher costs of administration itself, due to the independence of the back office of Guacolda from its previous shareholder AES, that which involved the formation of the headquarters in Santiago city, with all its related costs

Non-Operating results The results of the trimester ended September 30, 2022 were 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 during the third quarter of 2022 compared to the same period of 2021, because no additional debt was engaged.

GENERATION, PURCHASES AND SALES

Energy (GWh)	YTD			3Q		
	2022	2021	Var (%)	2022	2021	Var (%)
Sales						
Unregulated	1.835	2.468	-26%	573	848	-32%
Spot	679	708	-4%	28	89	-69%
Total Sales	2.514	3.176	-21%	601	937	-36%
Purchases						
Spot	52	-	-	52	-	-
Other generators	188	155	22%	95	59	61%
Total Purchases	241	155	56%	147	59	56%
Thermal Generation	2.273	3.021	-25%	453	879	-48%

Total thermal Generation of 453 GWh during the trimester, went down by 426 GWh during the third quarter of 2022 (-48%), mainly explained by fewer hours of full load dispatch due to higher fuel costs, compared to the same period of last year.

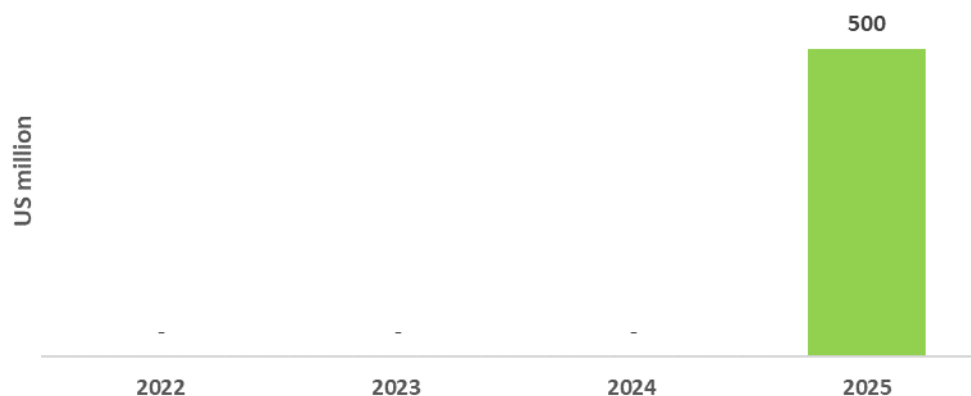
Contract sales volumes to unregulated customers decreased by 32% equal to -275 GWh in the third quarter of 2022.

Spot sales decreased by 69%, approximately 61 GWh, mainly due to the low generation in the months of August and September.

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 28 GWh.

Purchases of energy from clients reached 95 GWh (+56%) mainly because of the indexation of rates to a higher coal price.

DEBT AMORTIZATION SCHEDULE



Debt Amortization (US\$ million)

	Total Outstanding	Average Interest Rate	Schedule of Maturity as of September 30, 2022			
			2022	2023	2024	2025
Senior Notes due 2025	500	4.56%	—	—	—	500
Total	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 third quarter of 2022, hydro generation increased by 61%, compared to the same period in 2021, while reservoir level rose by 5% due to higher rainfall during winter season. Average spot prices in the third quarter in Chile still heavily impacted by the large rise in fossil fuels prices at global level. Total energy demand grew 0.6% compared to the same period of 2021, for an average monthly demand of 6,429 GWh per month in the third quarter of 2022. These factors led to a 47% increase in the average marginal costs in the north and 49% 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 September 30, 2022, and September 30, 2021:

		YTD		3Q	
		2022	2021	2022	2021
Demand Growth	(%)	2,28%	4,81%	0,58%	8,63%
Average monthly consumption	(GWh)	6.392	6.249	6.429	6.392
Average spot price Northern Chile	US\$/MWh	102,1	74,4	114,3	77,9
Average spot price Central Chile	US\$/MWh	110,6	81,6	126,8	85,0

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.