



GUACOLDA

energía

EARNINGS REPORT 3Q 2023
Guacolda Energía SpA and Subsidiary

November-2023

GUACOLDA ENERGÍA THIRD QUARTER 2023 – MAIN RESULTS

Revenues as of September 30, 2023, reached US\$126.5 million, which represents a decrease of 12% compared to the same period of the previous year. This effect was mainly driven by (i) lower average spot prices related to fossil fuel prices' decrease and greater hydric resources availability (3Q 2023 vs 3Q 2022), that impacted especially spot revenues, offset by (ii) higher average PPA price, as a result of the positive variation of contracts indexed to coal.

EBITDA reached US\$34,4 million, growing more than double in relation to the US\$15,1 million EBITDA obtained in 3Q 2022. This variation is primarily due to a higher contract margin associated with the decrease in variable costs related to lower coal prices during the quarter.

Net Income (loss) before taxes recorded an **income of US\$21,4 million** compared to a loss of US\$2.9 million on September 2022, mainly associated to: (i) An extraordinary financial income of approximately US\$7,8 million generated by the repurchase of bonds in 2023 and (ii) A decrease of US\$1.9 million in Financial expenses, mostly due to lower bonds interest expenses. (iii) The exchange difference recorded a loss of US\$1.2, mainly due to the impact of the depreciation of the Chilean peso (local currency) compared to the US dollar.

During the third quarter of 2023 a **tax expense of US\$5,8 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. An equivalent analysis will be carried out at the closing of the 2023 financial statements in order to determine the tax provision to be recognized for the full year.

Guacolda recorded a **Net income of US\$15,6 million** during the third quarter of 2023, positively compared to the loss of US\$2,9 million obtained during the same period of 2022.

THIRD QUARTER 2023 RESULTS REVIEW

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

Income Statement (ThUS\$)	YTD			3Q		
	2023	2022	Var (%)	2023	2022	Var (%)
Unregulated customer sales	280.770	242.681	16%	99.561	88.621	12%
Spot sales	165.251	185.766	(11%)	22.523	46.831	(52%)
Transmission revenue	17.353	19.583	(11%)	3.784	5.221	(28%)
Other operating revenues	1.733	3.516	(51%)	673	831	(19%)
Operating Revenues	465.107	451.546	3%	126.541	141.504	(11%)
Energy and capacity purchases	(52.324)	(43.069)	-	(19.787)	(13.279)	-
Fuel consumption	(217.691)	(247.709)	-	(47.379)	(86.745)	-
Transmission tolls	(16.246)	(20.088)	-	(3.634)	(4.972)	-
Other cost of sales	(58.181)	(61.175)	-	(17.971)	(15.718)	-
Depreciation	(44.412)	(37.288)	-	(14.912)	(10.960)	-
Total Costs of Sales	(388.854)	(409.330)	(5%)	(103.683)	(131.675)	(21%)
Gross Profit	76.253	42.216	81%	22.858	9.829	>100%
EBITDA	110.390	68.805	60%	34.353	15.421	>100%
Administrative expenses	(10.273)	(10.707)	-	(3.417)	(3.507)	-
Other Gains and Losses	(188)	12	-	286	67	>100%
Financial Income	114.751	693	>100%	9.738	252	>100%
Financial expenses	(21.440)	(22.061)	-	(6.813)	(8.723)	-
Foreign currency exchange differences	(913)	(10.686)	-	(1.204)	(819)	-
Net Income (Loss) before Taxes	158.190	(533)	>100%	21.448	(2.902)	>100%
Income Tax Income (Expense)	(42.648)	3.863	-	(5.815)	(37)	-
Net Income (Loss)	115.542	3.330	>100%	15.633	(2.939)	>100%

GENERATION, PURCHASES AND SALES

Energy (GWh)	YTD			3Q		
	2023	2022	Var (%)	2023	2022	Var (%)
Sales						
Unregulated	1.073	1.220	(12%)	317	383	(17%)
GenCos	626	614	2%	539	190	184%
Spot	663	917	(28%)	-	172	-
Total Sales	2.362	2.752	(14%)	856	745	15%
Purchases						
Spot	157	50	216%	146	50	194%
Other generators	265	188	41%	96	95	2%
Total Purchases	422	238	77%	243	145	68%
Thermal Generation	1.940	2.514	(23%)	613	601	2%

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

Total thermal Generation of 613 GWh during the third quarter, increases by 12 GWh (+2%), when compared to the same period of 2022. The difference is mainly explained by higher dispatch levels due to lower cost of coal.

Contracts sales volume to unregulated customers reached **317 GWh** during third quarter of 2023, 17% less than 3Q 2022, because of the decrease on the price of coal, to which main PPAs are indexed.

Sales and purchase volumes are presented on a net basis for each period. During the third quarter of 2023. Guacolda recorded net sales on the spot market of 0 GWh, given the greater requirement of the PPAs.

Purchases of energy from other generators reached **96 GWh**, equivalent to an increase of 2% compared to the same period of 2022, mainly because of the purchase of back up volumes for PPAs during 2022.

DEBT AMORTIZATION SCHEDULE

Debt Amortization (US\$ million)	Total Outstanding	Annual nominal rate	Final Deadline	Current	Non-current				
				< 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
Senior Notes due 2025	83,4	4,56%	Dec 2025	-	83,4	-	-	-	-
Senior Notes due 2030	168,3	10,00%	Dec 2030	12,0	24,0	24,0	24,0	24,0	60,1
TOTAL	251,7			12,0	107,4	24,0	24,0	24,0	60,1

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 2023, hydro generation increased by 37%, compared to the same period of 2022, while reservoir levels rose substantially by 62%, mainly due to the southern oscillation that occurred during 2023. Average spot prices in the third quarter in Chile have shown a decrease of 54% compared to the same period of 2022, in line with the declining fossil fuel prices globally and large availability of hydric resource. Total energy demand growth reached 1.35% compared to the same period of 2022, with an average monthly demand of 6,516 GWh per month in the third quarter of 2023. These factors led to a 45% decrease in the average marginal costs in the north and a 54% 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 September 30, 2023, and September 30, 2022:

		3Q	
		2023	2022
Demand Growth	(%)	1,35%	0,58%
Average monthly consumption	(GWh)	6.516	6.429
Average spot price Northern Chile	US\$/MWh	55,5	100,8
Average spot price Central Chile	US\$/MWh	53,5	116,7

*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 temporary mechanism temporary mechanism 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.