



GUACOLDA

energía

EARNINGS REPORT 4Q 2022
Guacolda Energía SpA and Subsidiary

March, 2023

GUACOLDA ENERGÍA FOURTH QUARTER 2022 RESULTS

Guacolda reported an EBITDA of US\$31.9 million during fourth quarter 2022, compared to an EBITDA of US\$0.2 million obtained during the same period of 2021. Operating revenues grew 20%. Even though there was a negative effect caused by a lower generation (-56%), there was an increase in energy price that balanced the result. This last effect also impacted Guacolda's costs of sales, reflecting an increase of 16%, mainly due to the increase on coal prices (+137%).

It should be noted that for purposes of comparing both periods, certain costs have been reclassified in 2021, for which the opening differs from that presented in the audited Financial Statements of December 31, 2021.

Guacolda informed a net income of US\$34.2 million in the fourth quarter of 2022, compared to US\$36.2 million of net income in the same period of 2021. This variation is made up of a higher EBITDA (+US\$28.0 million), higher costs of depreciation (-US\$10.1 million), lower non-operating result (-US\$5.0 million), and finally a negative difference in recognition of tax (-US\$14.9 million).

- Higher EBITDA is the result of an increase in income that was greater than the increase in costs associated with said generation.
 - o Operating revenues raised US\$21.3 million, equivalent to 20% within the trimester mainly because of an increase of PPA contract sales for US\$30.1 million and higher transmission revenue and wharfage revenue of US\$3.4 million, offset by lower spot sales for US\$12.2 million mainly due to the lower generation.
 - o Costs of sales: on the other hand, costs of sales increased by 4%, 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.
- Higher costs of depreciation are given by both; a correction in the recognition of depreciation during the first three quarters of 2022 that was determined over a lower base of assts and corrected in the fourth quarter, plus an adjustment done in the fourth quarter of 2021 which was reflected as lower depreciation in that period, when 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.
- Lower non-operating result is represented by the following records: (i) Other Gains and Losses (-US\$45.4 million), because in 2021 there was a reversal of the accumulated impairment on fixed assets, (ii) Financial Income (+US\$30.5 million), because in 2022, the Company recognized an income resulting from the repurchase of the 9.58% of the coupons of the debt that released Guacolda from its primary liability to the creditor. The above product of the difference between the purchase value and the nominal value of the debt, (iii) Higher financial expenses (-US\$0.9 million) mainly given by the recognition of the financial expense associated with the application of IFRS 16 on asset lease contracts, and (iv) a difference registered on foreign currency exchange (+US\$10.8 million), which were higher in the fourth quarter of 2021, due to the high volatility of the exchange range in Chile between the local currency (CLP) and dollar (US\$).
- Negative difference in recognition of tax because as of December 2021, the Company reversed a part of the existing provision on the deferred tax asset, which corresponded to the best estimate of future flows at that moment.

As of December 31, 2022, Guacolda had a cash and cash equivalent of US\$91.9 million and total financial debt of US\$452.5 million, from its 2025 due date Senior Notes.

As of December 31, 2022, Guacolda has repurchased and registered under its name 9.58% of the total issuance and were allocated under a custody account in the USA. As the purchases of these coupons were registered under the name of Guacolda, the Company was able to derecognize the coupons at its nominal value. Therefore, repurchased for an amount of ThUS\$17,487, recognizing a gain of ThUS\$30,837 (Note 24 of Financial Statements), due to the fact that under IFRS 9 said purchase releases the debtor from its primary liability to the creditor (paragraph B3.3.2) and recognizing in profit or loss for the period the difference between the carrying amount assigned to the party derecognized and the consideration paid, including any non-cash assets transferred and any liabilities assumed, by the derecognized party (paragraph 3.3.4).

Guacolda has the intention to cancel the coupons in custody, an operation that will be carried out as soon as the administrative issue that maintains an additional volume of 8.99% of the coupons with an administrative restriction (revealed in Note 12 of Financial Statements) is resolved.

Considering that the Company will cancel the notes in the following months (see Note 29 of Financial Statements), as of December 31, 2022, Obligations with the Public are presented net of the portion of debt that Guacolda maintained registered under his name as a result of the repurchase of coupons, equivalent to 9.58%.

Once achieving the registration of the total notes repurchased in 2022, equivalent to 18.57% of the total obligation, the company will proceed to reduce the account receivable with third parties, by accounting the reduction in debt in order to show the net value of the obligation.

REVIEW OF FOURTH QUARTER 2022 RESULTS

Summarized income statement for the periods ended on December 31, 2022 and December 2021 (restated).
(Amounts expressed in thousands of US dollars unless otherwise indicated).

Income Statement (ThUS\$)				YTD			4Q		
	2022	2021	Var (%)		2022	2021	Var (%)		
Unregulated customer sales	340,153	262,185	30%		97,471	67,341	45%		
Spot sales	205,572	139,190	48%		19,806	32,032	-38%		
Transmission revenue	25,389	28,095	-10%		5,806	3,581	62%		
Other operating revenues	6,432	4,355	48%		2,915	1,747	67%		
Operating Revenues	577,545	433,825	33%		125,998	104,701	20%		
Energy and capacity purchases	(57,048)	(45,656)	25%		(13,979)	(12,789)	9%		
Fuel consumption	(298,721)	(158,819)	88%		(51,012)	(47,823)	7%		
Transmission tolls	(25,444)	(32,149)	-21%		(5,356)	(4,504)	19%		
Other cost of sales	(80,986)	(109,949)	-26%		(19,811)	(30,516)	-35%		
Depreciation	(58,783)	(53,542)	10%		(21,495)	(11,418)	88%		
Total Costs of Sales	(520,982)	(400,115)	30%		(111,653)	(107,050)	4%		
Gross Profit	56,563	33,710	68%		14,345	(2,349)	>100%		
Administrative expenses	(14,769)	(20,442)	-28%		(4,062)	(5,321)	-24%		
Other Gains and Losses	(2,343)	45,488	>100%		(2,355)	43,074	>100%		
Financial Income	31,413	601	>100%		30,720	236	>100%		
Financial expenses	(30,111)	(28,238)	7%		(8,050)	(7,146)	13%		
Foreign currency exchange differences	(3,013)	(12,814)	-76%		7,673	(3,134)	>100%		
Net Income (Loss) before Taxes	37,740	18,305	>100%		38,272	25,360	51%		
Income Tax Income (Expense)	(209)	11,651	>100%		(4,072)	10,866	>100%		
Net Income (Loss)	37,531	29,956	25%		34,200	36,226	-6%		
EBITDA	100,577	63,288	59%		31,778	3,748	>100%		

GENERATION, PURCHASES AND SALES

Energy (GWh)	YTD			4Q		
	2022	2021	Var (%)	2022	2021	Var (%)
Sales						
Unregulated	2.360	3.218	-27%	526	750	-30%
Spot	920	731	26%	3	23	-87%
Total Sales	3.281	3.949	-17%	529	774	-32%
Purchases						
Spot	170	-	-	121	-	-
Other generators	276	194	42%	88	39	122%
Total Purchases	446	194	130%	208	39	130%
Thermal Generation	2.834	3.755	-25%	321	734	-56%

Total thermal Generation of 321 GWh during the trimester, went down by 414 GWh during the fourth quarter of 2022 (-56%), compared to the same period last year, mainly explained by fewer dispatch levels due to high volume of NCRE during sun hours.

Contract sales volumes to unregulated customers decreased by 30% equal to -225 GWh in the last quarter of 2022.

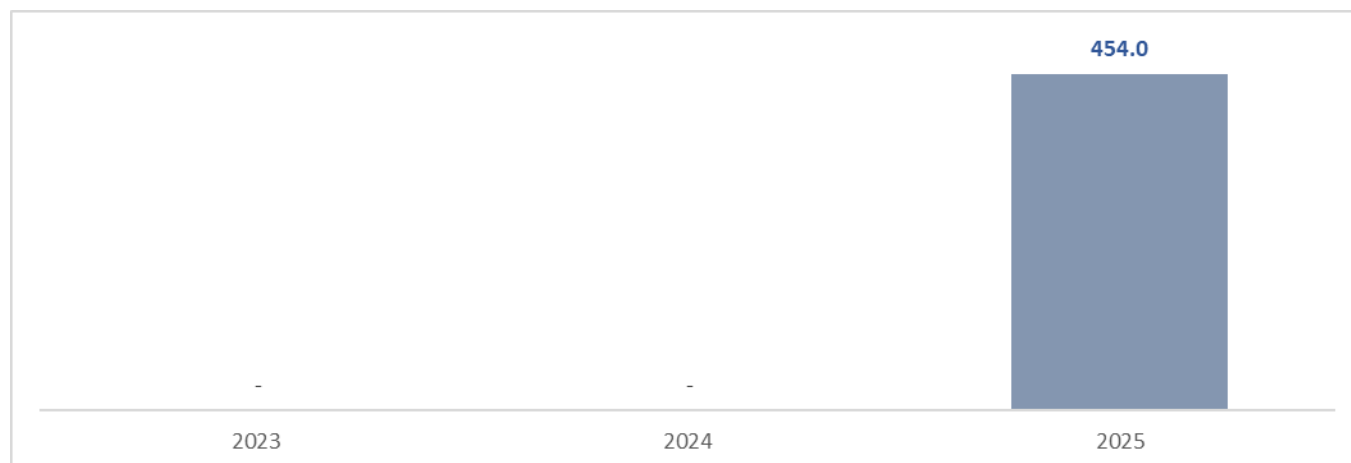
Spot sales decreased by 87%, approximately 20 GWh, mainly due to the low generation in the fourth quarter.

Sales and purchase volumes are presented on a net basis for each period. During the fourth quarter of 2022, Guacolda had net sales on the spot market of 3,1 GWh.

Purchases of energy from other generators reached 88 GWh (+122%) compared to the fourth quarter of 2021, mainly because of the activation of Mantos Blancos Back Up PPA during 2022.

DEBT AMORTIZATION SCHEDULE

(US\$ million)



Debt Amortization (US\$ million)

	Total Outstanding	Average Interest Rate	Schedule of Maturity as of		
			December 31, 2022		
			2023	2024	2025
Senior Notes due 2025	454	4.56%	—	—	454
Total*	454		—	—	454

* Does not include amortization of the debt placement expenses

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 fourth quarter of 2022, hydro generation increased by 46%, compared to the same period in 2021, while reservoir level rose by 26% due to seasonal melting. Average spot prices in the fourth quarter in Chile still heavily impacted by the large rise in fossil fuels prices at global level during the non-solar hours. Total energy demand grew 0,75% compared to the same period of 2021, for an average monthly demand of 6.421 GWh per month in the fourth quarter of 2022. These factors led to a 33% increase in the average marginal costs in the north and 34% 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 December 31, 2022, and December 31, 2021:

		YTD		4Q	
		2022	2021	2022	2021
Demand Growth	(%)	1,49%	6,58%	0,75%	5,12%
Average monthly consumption	(GWh)	6.399	6.280	6.421	6.373
Average spot price Northern Chile	US\$/MWh	98,7	72,5	88,7	66,7
Average spot price Central Chile	US\$/MWh	105,9	78,3	91,9	68,6

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.