



GUACOLDA
energía



EARNING REPORT

Guacolda Energía SpA and Subsidiary

As of December 31, 2023

1. SUMMARY

- **EBITDA** for the 4th Quarter of 2023 (4Q23) reached **US\$27.9 million**, US\$3.8 million less than the EBITDA of US\$31.8 million obtained during the same quarter of the previous year (4Q22). This variation is explained by lower operating margin mainly due to the decrease in the injection price associated with the lower price of fossil fuels and greater injection of water generation sources within the mentioned period. It should be noted that the decrease in fuel prices, which did have a significant positive effect during the previous quarters, was not able to compensate said income variation. **Regarding to year results**, EBITDA as of December 2023 was **US\$138.5 million**, which represents an increase of 38% compared to the same period of the previous year, mainly as a result of lower fuel costs, especially during the first 3 quarters of the year.
- In terms of **depreciation**, an expense of **US\$14.9 million** was recorded in 4Q23, compared to the expense of US\$21.5 million in 4Q22. Lower cost was caused by a rectification to the asset base made in 4Q22 due to an adjustment on the assets useful lives, according to the best estimations available at that time. **In accumulated terms**, a depreciation expense was recorded as of December 2023 of **US\$58.9 million**, which compares to the US\$58.8 million recorded as of December 2022, the increase is mainly due to the additions of the period.
- **Non-operating result** of 4Q23 presented a loss of US\$68.5 million, which is compared to the profit of US\$23.9 million obtained in 4Q22, the lower result obtained is mainly due to extraordinary effects that occurred in both periods, during 2023, an expense (-US\$60.8 million) was recorded for the recognition of the impairment of property, plant and equipment assets, and during 2022 the company recognized an income (+US\$30.8 million) resulting from the repurchase of debt coupons, in addition to a positive effect due to exchange rate effects. **In accumulated terms**, the non-operating result as of December 2023 reached a profit of US\$13.6 million, compared to the loss of US\$18.8 million obtained as of December 2022, mainly due to the impacts explained in the previous paragraph in addition to an extraordinary income obtained from the liability management process that was held during the second and third trimester of 2023.
- **Accountable taxes** for 4Q23 recorded a **profit of US\$30.4 million**, compared to the tax expense of US\$4.0 million in 4Q22. The positive result is mainly since in 4Q22 the company reversed the provision for the deferred tax of the asset, according to the actual best estimation of the company's future flows that wouldn't allow the Company to totally use that loss against future taxable process in a defined time horizon. **In accumulated terms**, as of December 2023 a tax expense of US\$12.3 million was recorded, because of the same reasons that explain variations in quarterly terms.
- Finally, Guacolda recognized a loss of US\$21.4 million during the fourth trimester of 2023, whilst the full year result obtained by the Company stands for a profit of US\$94.1 million.

2. GENERATION, PURCHASES AND SALES

YTD		% Var	ENERGY GWh	Q4		% Var
Dec.-23	Dec.-22	Accum.		Q4 2023	Q4 2022	Quarter
1.392	1.622	-14%	Unregulated	319	402	-21%
1.012	738	37%	GenCos	385	124	>100%
663	920	-28%	Spot	0	3	-
3.067	3.280	-6%	Total Sales	704	529	33%
330	170	94%	Spot	173	120	44%
352	276	28%	Other generators	87	88	-1%
682	446	53%	Purchases	260	208	25%
2.385	2.834	-16%	Thermal Generation	444	321	38%

- Thermal generation during 4Q23 reached 444 GWh, increasing 38% compared to 4Q22, mainly explained by lower dispatch levels due to the increase in Non-Conventional Renewable Energy ("NCRE") generation during sunny hours. Regarding accumulated terms, thermal generation as of December 2023 reached 2,385 GWh, decreasing 16% compared to December 2022, mainly due to lower dispatch of units within the system due to the increase of variable costs.
- Physical sales during 4Q23 reached 704 GWh, increasing 33% compared to 4Q22, due to the increase in sales to other generators. In accumulated terms, physical sales as of December 2023 reached 3,067 GWh, decreasing 6% compared to December 2022, explained by lower sales in the spot market, due to lower dispatch.
- Energy purchases from the spot market and other generators during 4Q23 reached 260 GWh, increasing by 25% compared to 4Q22, mainly due to the activation of the back-up energy contracts. In accumulated terms, energy purchases reached 682 GWh as of December 2023, increasing 53% compared to the previous year.

3. STATEMENT OF COMPREHENSIVE INCOME

The following table represents the company's income statement comparing year to date, and fourth quarter results, both compared to the equivalent periods of the previous year.

YTD		% Var	INCOME STATEMENTS ThUS\$	Q4		% Var
Dec.-23	Dec.-22	Accum.		Q4 2023	Q4 2022	Quarter
565.257	577.545	-2%	INCOME FROM ORDINARY ACTIVITIES	100.123	125.999	-21%
367.209	340.153	8%	Unregulated customer sales	86.439	97.471	-11%
174.809	205.572	-15%	Spot sales	9.558	19.806	-52%
21.020	25.389	-17%	Transmission revenue	3.667	5.806	-37%
2.219	6.432	-66%	Other operating revenues	458	2.915	-84%
(472.453)	(520.982)	-9%	COSTS OF SALES	(83.409)	(111.653)	-25%
(62.012)	(57.048)	9%	Energy and capacity purchases	(9.688)	(13.979)	-31%
(252.397)	(298.721)	-16%	Fuel consumption	(34.706)	(51.012)	-32%
(19.848)	(25.444)	-22%	Transmission tolls	(3.602)	(5.356)	-33%
(79.235)	(80.986)	-2%	Other cost of sales	(20.504)	(19.811)	3%
(58.960)	(58.783)	0%	Depreciation	(14.909)	(21.495)	-31%
92.805	56.563	64%	GROSS PROFIT	16.713	14.345	17%
138.522	100.577	38%	EBITDA	27.944	31.778	-12%
(13.923)	(14.769)	-6%	Administrative expenses	(3.650)	(4.062)	-10%
115.834	31.413	>100%	Financial income	1.083	30.720	-96%
(28.562)	(30.111)	-5%	Financial expenses	(7.122)	(8.050)	-12%
(781)	(3.013)	-74%	Exchange differences	131	7.673	-98%
(58.950)	(2.343)	>100%	Other income (losses)	(58.894)	(2.355)	>100%
13.618	(18.823)	>100%	NON-OPERATIONAL RESULTS	(68.452)	23.926	>100%
106.423	37.740	>100%	INCOME (LOSS), BEFORE TAX	(51.739)	38.272	>100%
(12.276)	(209)	>100%	INCOME TAX EXPENSES	30.371	(4.072)	>100%
94.147	37.531	>100%	NET INCOME (LOSS) FOR THE PERIOD	(21.368)	34.199	>100%

3.1 OPERATIONAL RESULTS

- **Revenues** for 4Q23 reached US\$100.1 million, decreasing 21% compared to the income of US\$126.0 million recorded in 4Q22, mainly due to (i) lower injection prices associated with higher solar and hydro generation in the system, (ii) income from clients with PPA contracts, related to the reduction in withdrawal volumes and costs. **In accumulated terms**, operating income as of December 2023 decreased to US\$565.3 million, which represents a reduction of 2% compared to December 2022.
- **Operational costs** for 4Q23 totaled US\$83.4 million, decreasing 25% compared to 4Q22, mainly due to: (i) lower cost of coal consumption related to the decrease in fossil fuel prices, (ii) lower supply of green tax and (iii) lower transmission cost. **In accumulated terms**, operating costs as of December 2023 registered US\$472.5 million, decreasing 9% compared to December 2022, mainly due to the same reasons that explain variations in quarterly terms.

3.2 NON-OPERATING RESULTS

- **Non-operating result** for 4Q23 presented a loss of **US\$68.5 million**, which compares to the profit of US\$23.9 million obtained in 4Q22. As of December 31, 2023, indications of impairment of the present value of the assets were verified, mainly due to changes in the conditions of the valuation model, such as: i) the change in price conditions in one of the PPA contracts between Guacolda and an unregulated customer, ii) change in the

discount rate as a result of the change in macroeconomic parameters, iii) improvement in the prospects of Guacolda's generation business, which offsets the previous impacts. Therefore, the Company recognized an impairment of US\$60.8 million as of December 2023. On the other hand, profit obtained in this account in 2022 corresponded to the profit generated by the repurchase of bonds in the secondary market during the 4th trimester.

4. STATEMENTS OF FINANCIAL POSITION

The following table represents the company's Consolidated Statements of Financial Position as of December 31, 2023 and 2022.

FINANCIAL STATEMENTS	Dec.-23	Dec.-22	Var.	% Var
Current assets	170.403	303.198	(132.795)	-44%
Non-current assests	376.588	496.607	(120.019)	-24%
TOTAL ASSETS	546.991	799.805	(252.814)	-32%
Current liabilities	77.757	75.201	2.556	3%
Non-current liabilities	405.368	551.435	(146.067)	-26%
Equity	63.866	173.169	(109.303)	-63%
TOTAL EQUITY AND LIABILITIES	546.991	799.805	(252.814)	-32%

- **Current Assets:** Reached US\$170.4 million, decreasing 44% compared to the current assets recorded at the end of December 2022, mainly due to (i) decrease in cash and equivalents at the end of the year (-US\$37.0 million), (ii) decrease in existence of coal (-US\$35.6) and (iii) decrease in accounts receivable (-US\$44.6), the last two observations mainly because of the decrease on the price of coal. Additionally, last year there was a financial asset due to debt coupons that were not able to be recognized as a lower liability (-US\$15.9 million).

During the period, Guacolda acquired a land located in the province of Huasco, adjacent to the Generation Plant of Guacolda in order to develop new projects in the future. On the land is located the Huasco TG power plant, a diesel-based electric generator with an installed capacity of 66 MG, previously operated by Enel.

- **Non-current assets:** They reached US\$376.6 million, decreasing 24% compared to the non-current assets recorded at the end of December 2022. That difference is explained by a decrease in in property, plants and equipment due to depreciation and the recognition of an impairment due to changes in the conditions of the valuation model.
- **Current liabilities:** They recorded US\$77.8 million as of December 2023, in line with the balance recorded as of December 2022. Individual impacts were: i) an increase in current financial liabilities resulting from the recognition of US\$18.0 million of short-term installments of the bond issued maturing in December 2030, which considers quarterly amortizations starting in April 2024.
- **Non-current liabilities:** Totaled US\$405.4 million, decreasing 26% compared to the non-current liabilities recorded at the end of December 2022, because of i) the decrease in Guacolda's debt consisting originally of bonds maturing in 2025, which were refinanced through a liability management process resulting that said debt decreased from US\$500 million to US\$252 million, ii) the recognition of an account payable of 80.5 million as a result of the cash flow received in 2023, as a consequence of the renegotiation of a PPA contract, which accountable income will be recognized in the future.
- **Equity:** The company recorded a Net Equity of US\$63.9 million, decreasing 63% compared to the Net Equity registered as of December 2022, mainly due to the capital decreases made during the period.

• **Other financial issues:**

- During the years 2022 and 2023 Guacolda carried out a process of liability management to restructure the maturity structure of the US\$500 bond whose original maturity corresponded to April 2025, by means of i) Open Market Repurchases for US\$248.3 million; ii) issuance of a new bond, as a result of an exchange process for US\$168.3, with a quarterly amortization structure and final maturity in December 2030. Because of said liability management, the bond maturing in April 2025 reduced its capital to US\$83.4 million.
- As a result of the cessation of certain obligations contained in the indenture of the bond maturing in 2025, Guacolda concluded its risk classification with Standard & Poor.

4.1 DEBT OBLIGATIONS (PRINCIPAL)

Debt Amortization (US\$ million)	Total Outstandi ng	Annual nominal rate	Final Deadline	Current principal	Non-current principal				
					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	18,0	24,0	24,0	24,0	24,0	54,1

* Does not include interest or amortization of the debt placement expenses

5. STATEMENTS OF CASH FLOW

YTD		% Var	ESTADO DE RESULTADOS MUSD	Q4		% Var
Dec.-23	Dec.-22	Accum.		Q4 2023	Q4 2022	Quarter
91.868	147.066	-38%	BEGINNING CASH AND CASH EQUIVALENTS	63.819	69.227	-8%
280.199	16.159	>100%	Cash flow from operating activities	53.262	48.482	10%
(293.693)	(65.156)	>100%	Cash flow from financing activities	(57.869)	(23.367)	>100%
(23.603)	(5.048)	>100%	Cash flow from investments activities	(4.043)	(2.474)	63%
(37.097)	(54.045)	-31%	NET INCREASED (DECREASED) IN CASH AND CASH EQUIVALENTS	(8.650)	22.641	>100%
398	(1.153)	>100%	Exchange differences in cash and cash equivalents	-	-	-
55.169	91.868	-40%	CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	55.169	91.868	-40%

Net cash flow for the year 2023 reached US\$55.2, with a negative variation of -40% in relation to the flow generated in 2022. This was explained by:

- **Cash Flow from Operating activities:** During 4Q23, a positive net flow of US\$53.3 million was generated, which is compared to the positive net flow of US\$48.5 million in 2022, mainly explained by higher revenues and lower fuel payments, given the decrease in the price of carbon. **In accumulated terms**, a positive net flow of US\$281.0 million was recorded, amount substantially higher than its 2022 equivalent, positively impacted by the decrease in the price of carbon compared to 2022.
- **Cash Flow from Financing activities:** During 4Q23, a negative net flow of US\$57.9 million was generated, which compares to the negative net flow of US\$23.4 million as of 4Q22. Said increase in expenses is generated because of the capital decreases on the period and the payments for the repurchase of bonds. In accumulated

terms, a negative net flow of US\$293.7 million was recorded, which compares to the negative net flow of US\$65.2 million as of December 2022, explained by the same reasons indicated in quarterly terms.

- **Cash Flow from Investing activities:** During fiscal year 2023, greater CAPEX disbursements were made in quarterly and annual comparison, which implied that the negative net flow from investment activities for 4Q223 reached US\$4.0 million compared to US\$2.5 million in 4Q22. In accumulated terms, a negative net flow of US\$23.6 million was recorded, which compares to the negative net flow of US\$5.0 million as of December 2022.

6. 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 2023, hydro generation increased by 15%, compared to the same period of 2022, while reservoir levels rose substantially by 75%, mainly due to the increase in rainfall due to the El Niño phenomenon.

During 4Q23 spot prices were strongly affected decreasing 49% due to the decrease in the price of fossil fuels worldwide and greater availability of water generation sources that displaced Guacolda's order of merit for electricity generation.

Total energy demand growth reached 0.3% compared to the same period of 2022, with an average monthly demand of 6,438 GWh per month.

These factors led to a 49% decrease in the average marginal costs in the north of Chile and a 57% decrease in the central part of the system compared to 4T22.

The table below shows the main SEN variables as of December 31, 2023, and December 31, 2022:

YTD		% Var	CHILE'S NATIONAL ELECTRIC SYSTEM INFORMATION	Q4		% Var
Dec.-23	Dec.-22	Accum.		Q4 2023	Q4 2022	Quarter
0.70%	1.89%	-63%	Demand Growth	5,12%	0.75%	>100%
6.444	6.399	1%	Average monthly consumption	6.438	6.421	0%
77,0	98,7	-22%	Average spot price Northern Chile	45,6	88,7	-49%
80,3	105,9	-24%	Average spot price Central Chile	39,8	91,9	-57%

7. 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.

In 2020 and 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. It is important to highlight that during the year 2023 none of the bulletins presented movements.

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.