Inversiones Latin America Power Ltda | ILAPCL

2Q2022 Operational Report

San Juan & Totoral Wind Farms

Figures are unaudited and may be subject to change during the auditors' review.

July, 2022

Financial & Operational Results

ILAP

Jun

Q2.2022

YTD KPI

EBITDA [MM]	Comm. Margin [MM]	OpEx [MM]	Generation [GWh]	MgC Inj [$/MWh]	MgC W/D [$/MWh]	Oversupply	Performance	Availability	Capacity Factor	Corrected Cap. Factor
5.1	10.1	-5.0	261.1	94.2	121.7	31.6 %	88.1 %	96.6 %	25.1 %	27.9 %
Projected: 18.2 (-13.1 -71.91%)	Projected: 22.7 (-12.6 -55.49%)	Projected: -4.5 (-0.5 -11.64%)	Projected: 272.4 (-11.3 -4.2%)	Projected: 47.3 (+46.9 +99.1%)	Projected: 70.9 (+50.76 +71.57%)	Projected: 33.8 % (-2.26 %)	Projected: 97.0 % (-8.87 %)	Projected: 97.0 % (-0.36 %)	Projected: 26.2 % (-1.1 %)	Projected: 26.2 % (+1.68 %)

	QUARTER			YTD		
P&L SubTotal	Actual	Projected	Desv Q	Actual YTD	Projected ...	Desv YTD
Comercial Margin	**1.1**	**12.49**	**-11.43**	**10.1**	**22.7**	**-12.57**
Net Spot Energy Revenues	-10.6	-0.28	-10.35	-14.6	-2.9	-11.68
PPA Energy Revenues	13.4	13.40	0.01	27.8	26.8	1.06
Net Capacity Revenue	0.2	0.91	-0.75	0.8	1.8	-1.06
Net Tollways revenues	-1.3	-0.94	-0.35	-2.9	-1.9	-1.00
Land Lease	-0.3	-0.60	0.28	-0.7	-1.2	0.50
Other Income/Cost	-0.3	0.00	-0.27	-0.4	0.0	-0.40
OpEx	**-2.6**	**-2.23**	**-0.38**	**-5.0**	**-4.5**	**-0.52**
Maintenance	-1.4	-1.33	-0.11	-2.6	-2.6	0.05
Software and equipement acquisition	0.0	-0.01	0.00	-0.1	0.0	-0.05
Consultancies	0.0	-0.02	0.01	-0.1	-0.1	-0.01
Social contributions	0.0	-0.03	0.03	-0.1	-0.1	0.00
Environmental	0.0	-0.05	0.01	-0.1	-0.1	0.00
Communications	0.0	-0.04	0.01	-0.1	-0.1	0.01
General expenses	-0.1	-0.05	-0.01	-0.1	-0.1	-0.01
Municipal permits		0.00	0.00	0.0	0.0	0.01
Regulatory	0.0	-0.03	0.01	0.0	-0.1	0.02
Health seafety and security	-0.1	-0.08	-0.01	-0.2	-0.1	-0.04
Land permits	0.0	-0.01	0.01	0.0	0.0	0.01
Insurance	-0.4	-0.25	-0.10	-0.6	-0.5	-0.14
General and Administrative	-0.6	-0.35	-0.23	-1.1	-0.7	-0.39
EBITDA (MM)	**-1.5**	**10.26**	**-11.81**	**5.1**	**18.2**	**-13.09**

- 2Q2022 was a period of low cash generation for ILAP, which led to the need of a USD 5M injection by the shareholders in order for ILAP to meet its financial obligations for the period without the need to draw ILAP's available Letters of Credit (DSRA: USD 16.5M and OMRA: USD 4.5M), which are fully available for the next periods. The low cash generation during the period caused the cash balance at the beginning of July to be quite low, which means that cash will have to be built up during 2H2022 in order for ILAP to meet its financial obligations for the next period.
- The period registered a low production level for ILAP, which added to high spot prices, impacted ILAP spot balance, not allowing the OpCos to capture the full PPA margin. High spot prices were caused after hydro power plant restrictions because of the Hydro Reserve conformation, as well as a lower availability of coal power plants, generating high volatility in the spot market. It is important to mention that the sharp increase in fuel prices has had a strong impact on spot prices, considering that coal and diesel prices have nearly doubled their values during the last year, and thus, strongly rising prices at the spot market when such technologies set prices.
- The second quarter of the year is presented as a poor period in terms of generation, with generation exceedance of P97 for San Juan and P85 for Totoral. Consolidated generation during the quarter reached 111.3 GWh, 20% lower than initial projections. In the other hand YTD generation reached 261.1 GWh, being 4.2% lower than projections
- Instability of the system implied a strong decoupling between the injection and withdrawal prices for San Juan and Totoral, whose prices reached an average difference of $27.5/MWh during the quarter. This difference, together with a lower-than-expected generation strongly affected ILAP results, which can bee seen in the Net Spot Energy Balance during the quarter, which resulted in purchases of $10.35M, while projections were expecting purchases for $0.28M.
- The company's EBITDA during Q2 amounted -$1.5M, being $11.8M lower than projected, this difference is explained mainly by a lower commercial margin due to a high volatility in spot market and high decoupling between injection and withdrawal prices, as explained above. In terms of OpEx, the results were in line with the projections, reaching a difference of $0.38M during the period.

Financial & Operational Results

ILAP

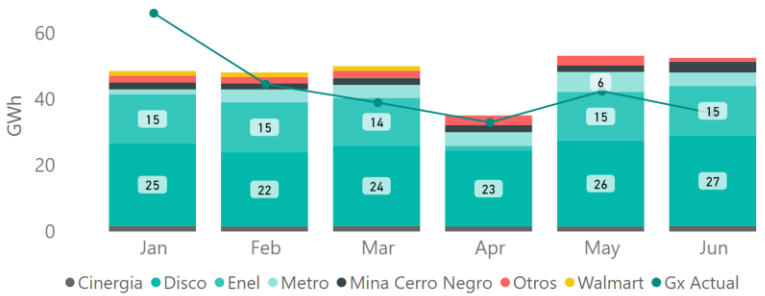
Jun | Q2.2022 | 2022

LATIN AMERICA POWER

Quarter KPI

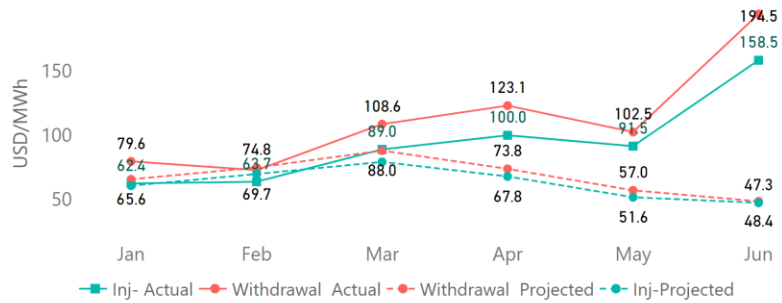
EBITDA [MM]	Comm. Margin [MM]	OpEx [MM]	Generation [GWh]	MgC Inj [$/MWh]	MgC W/D [$/MWh]	Oversupply	Performance	Availability	Capacity Factor	Corrected Cap. Factor
-1.5	1.1	-2.6	111.3	116.7	148.9	26.9 %	90.8 %	96.6 %	21.3 %	22.6 %
Projected: 10.3 (-11.8 -115.05%)	Projected: 12.5 (-11.4 -91.47%)	Projected: -2.2 (-0.4 -16.95%)	Projected: 139.2 (-27.93 -20.06%)	Projected: 55.6 (+61.1 +109.86%)	Projected: 59.4 (+89.52 +150.77%)	Projected: 33.8 % (-6.91 %)	Projected: 97.0 % (-6.15 %)	Projected: 97.0 % (-0.37 %)	Projected: 26.6 % (-5.3 %)	Projected: 26.6 % (-4.04 %)

GENERATION VS PPA CONSUMPTION



MARGINAL COST (SPOT PRICES)

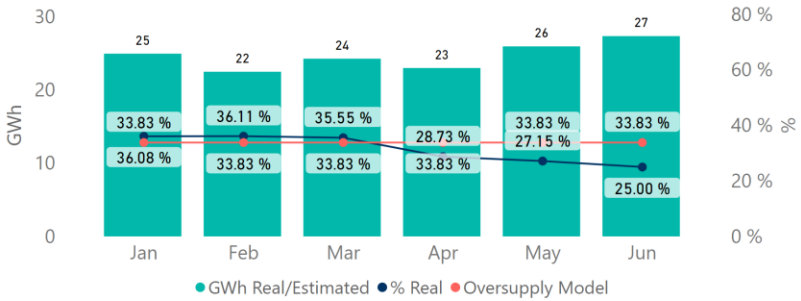
YTD



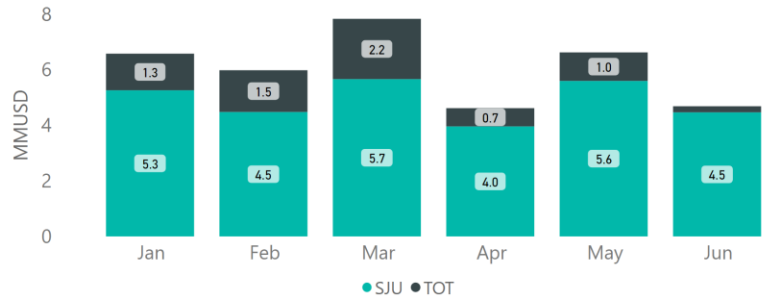
PPA DETAIL CONSUMPTION

PPA	Precio PPA	CMg Retiro	GWh Real	GWh Budget
Disco	100.37	130.62	148.01	141.00
Enel	50.06	109.38	75.82	89.76
Metro	108.58	118.70	23.68	31.78
Mina Cerro Negro	42.29	113.33	13.34	19.82
Otros	49.50	114.19	13.24	15.38
Cinergia	43.08	89.61	9.59	9.92
Walmart	57.20	77.46	4.22	4.46

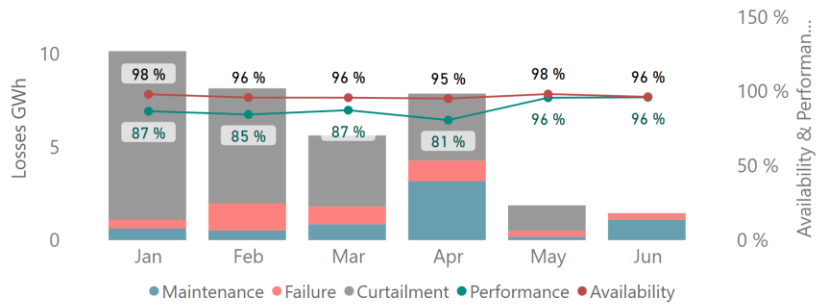
DISCOS CONSUMPTION(GWH) & OVERSUPPLY(%)



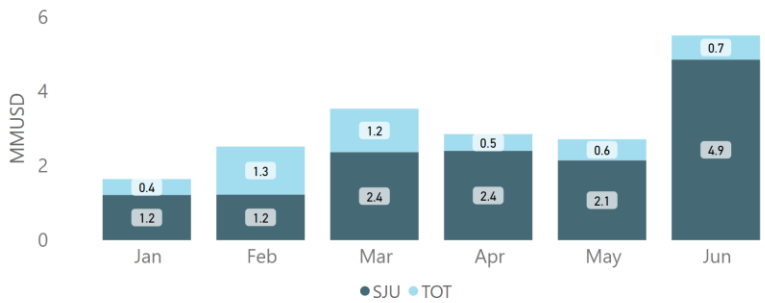
REVENUES BY SPV



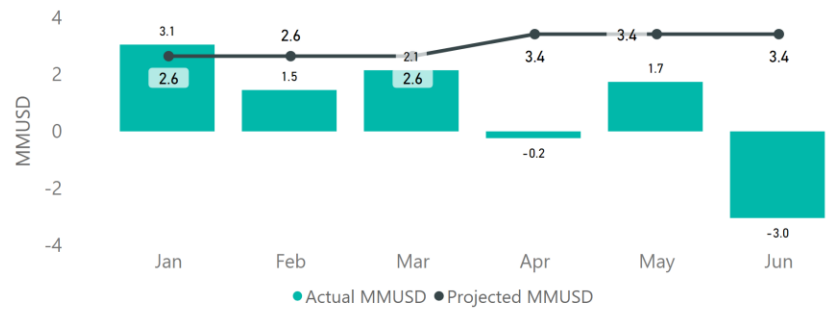
LOSSES (GWH) / AVAILABILITY(%) / PERFORMANCE(%)



ENERGY PURCHASE BY SPV



EBITDA



Financial & Operational Results

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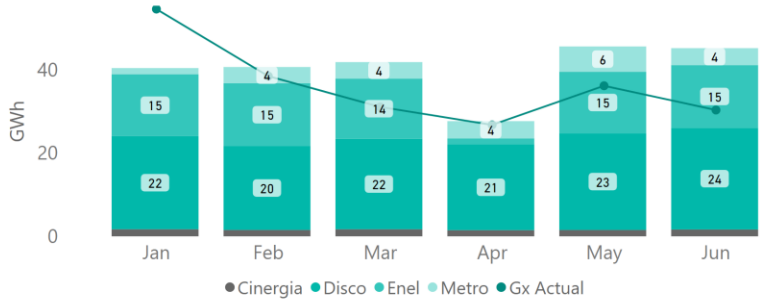
LATIN AMERICA POWER

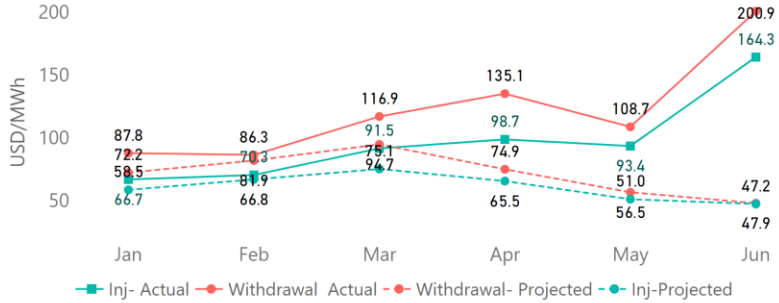
Quarter KPI

EBITDA [MM]	Comm. Margin [MM]	OpEx [MM]	Generation [GWh]	MgC Inj [$/MWh]	MgC W/D [$/MWh]	Oversupply	Performance	Availability	Capacity Factor	Corrected Cap. Factor
-0.2	1.7	-1.9	93.4	118.8	150.1	26.7 %	90.3 %	96.8 %	22.1 %	23.5 %
Projected: 9.5 (-9.7 -102.41%)	Projected: 11.1 (-9.4 -84.77%)	Projected: -1.7 (-0.3 -16.08%)	Projected: 119.8 (-26.41 -22.05%)	Projected: 54.6 (+64.3 +117.78%)	Projected: 59.3 (+90.76 +153.05%)	Projected: 33.8 % (-7.08 %)	Projected: 97.0 % (-6.65 %)	Projected: 97.0 % (-0.16 %)	Projected: 28.4 % (-6.3 %)	Projected: 28.4 % (-4.92 %)

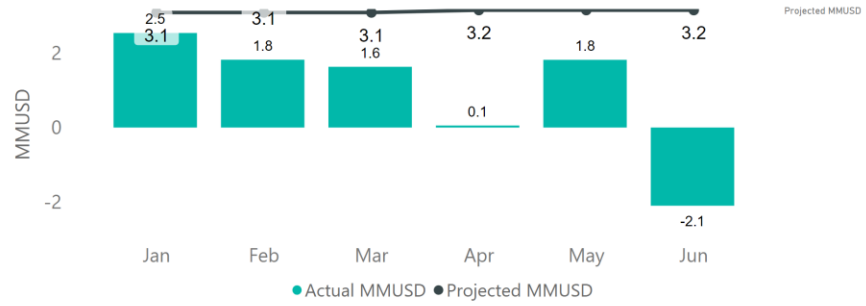
GENERATION VS PPA CONSUMPTION



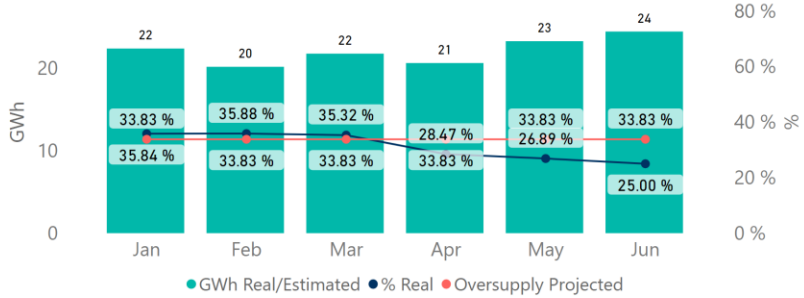
MARGINAL COST (SPOT PRICES)



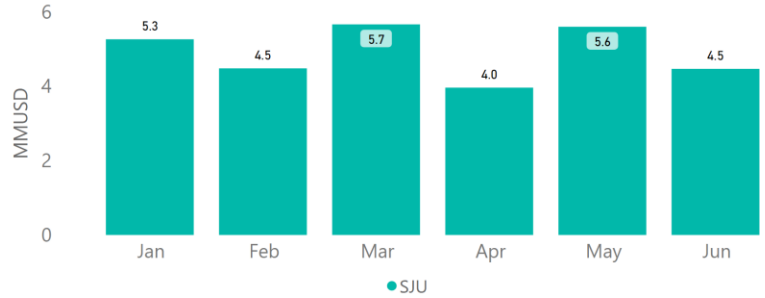
EBITDA



DISCOS CONSUMPTION(GWH) & OVERSUPPLY(%)



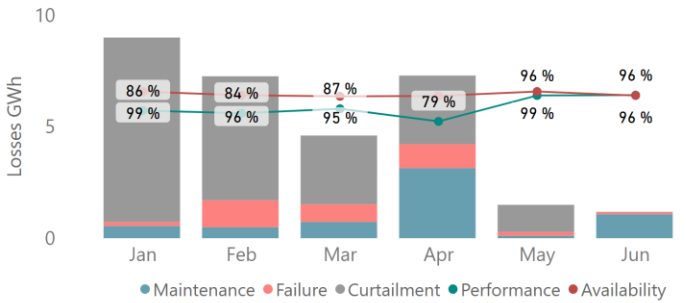
REVENUES



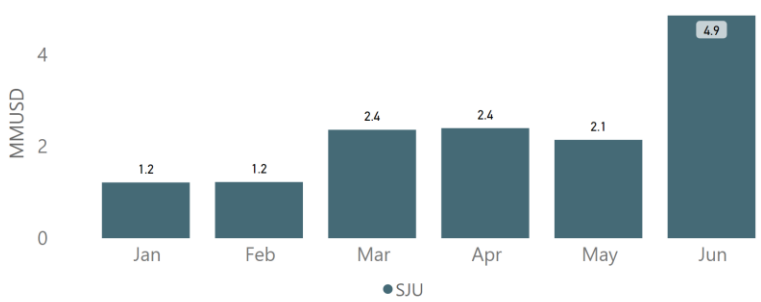
PPA DETAIL CONSUMPTION

PPA	Precio PPA	CMg Retiro	GWh Real	GWh Projected
Disco	91.56	134.04	132.64	125.98
Enel	50.06	109.38	75.82	89.76
Metro	108.58	118.70	23.68	31.78
Cinergia	43.08	89.61	9.59	9.92

LOSSES (GWH) / AVAILABILITY(%) / PERFORMANCE(%)



ENERGY PURCHASE



P&L SubTotal	QUARTER Actual	QUARTER Projected	QUARTER Desv Q	YTD Actual YTD	YTD Projected...	YTD Desv YTD
Comercial Margin	**1.7**	**11.12**	**-9.43**	**9.5**	**22.0**	**-12.51**
Net Spot Energy Revenues	-9.1	0.13	-9.27	-12.7	0.1	-12.81
PPA Energy Revenues	12.0	11.46	0.56	24.5	22.9	1.69
Net Capacity Revenue	0.4	0.78	-0.42	0.9	1.5	-0.60
Net Tollways revenues	-1.0	-0.65	-0.31	-2.2	-1.3	-0.91
Land Lease	-0.3	-0.60	0.28	-0.7	-1.2	0.50
Other Income/Cost	-0.3	0.00	-0.27	-0.4	0.0	-0.38
OpEx	**-1.9**	**-1.66**	**-0.27**	**-3.8**	**-3.3**	**-0.46**
EBITDA (MM)	**-0.2**	**9.46**	**-9.69**	**5.8**	**18.7**	**-12.97**

YTD KPI

EBITDA [MM]	Comm. Margin [MM]	OpEx [MM]	Generation [GWh]	MgC Inj [$/MWh]	MgC W/D [$/MWh]	Oversupply	Performance	Availability	Capacity Factor	Corrected Cap. Factor
5.8	9.5	-3.8	217.7	97.5	123.2	31.4 %	87.6 %	96.8 %	25.9 %	28.9 %
Projected: 18.7 (-13.0 -69.22%)	Projected: 22.0 (-12.5 -56.75%)	Projected: -3.3 (-0.5 -14.05%)	Projected: 233.5 (-15.81 -6.77%)	Projected: 47.2 (+50.3 +106.66%)	Projected: 71.1 (+52.01 +73.11%)	Projected: 33.8 % (-2.47 %)	Projected: 97.0 % (-9.41 %)	Projected: 97.0 % (-0.20 %)	Projected: 27.8 % (-1.9 %)	Projected: 27.8 % (+1.06 %)

Financial & Operational Results

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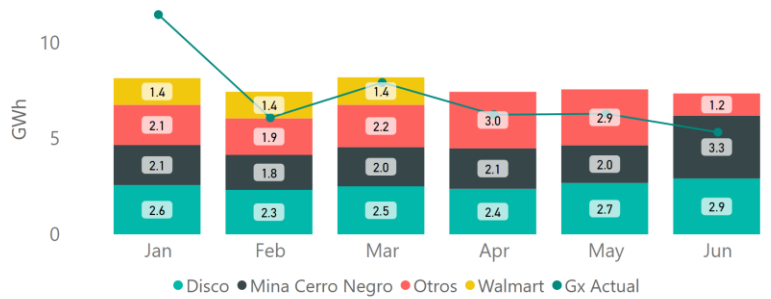
LATIN AMERICA POWER

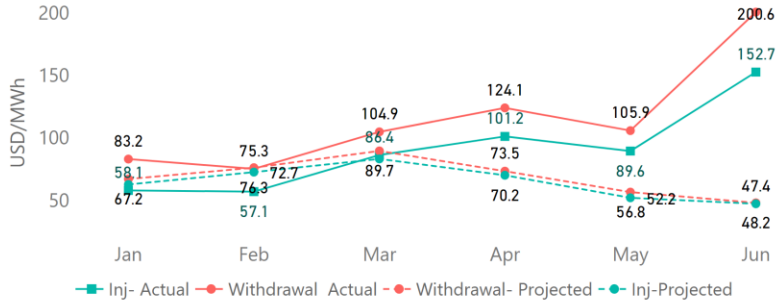
Quarter KPI

EBITDA [MM]	Comm. Margin [MM]	OpEx [MM]	Generation [GWh]	MgC Inj [$/MWh]	MgC W/D [$/MWh]	Oversupply	Performance	Availability	Capacity Factor	Corrected Cap. Factor
-1.3	-0.6	-0.6	17.9	114.5	142.8	28.3 %	93.5 %	96.1 %	17.8 %	18.9 %
Projected: 0.9 (-2.2 -237.37%)	Projected: 1.4 (-2.0 -145.66%)	Projected: -0.5 (-0.2 -34.77%)	Projected: 19.4 (-1.52 -7.82%)	Projected: 56.6 (+57.9 +102.23%)	Projected: 59.8 (+83.02 +138.82%)	Projected: 33.8 % (-5.51 %)	Projected: 97.0 % (-3.46 %)	Projected: 97.0 % (-0.88 %)	Projected: 19.3 % (-1.5 %)	Projected: 19.3 % (-0.33 %)

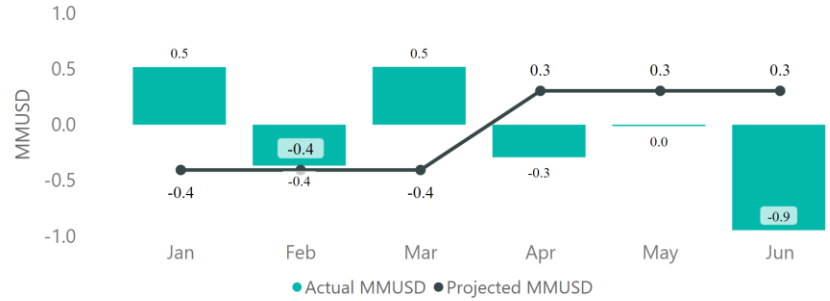
GENERATION VS PPA CONSUMPTION



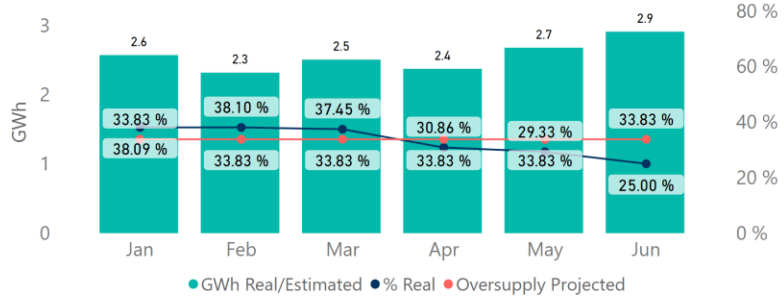
MARGINAL COST (SPOT PRICES)



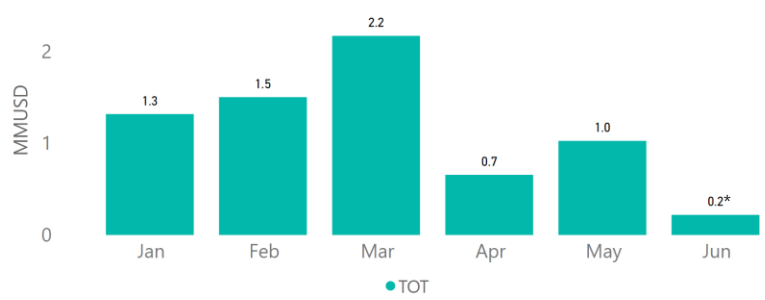
EBITDA



DISCOS CONSUMPTION(GWH) & OVERSUPPLY(%)



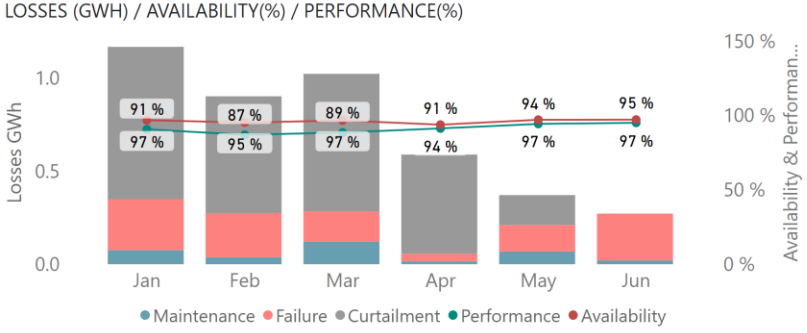
REVENUES



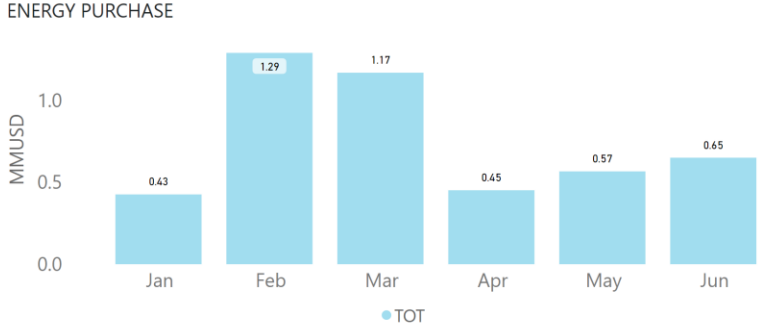
PPA DETAIL CONSUMPTION

PPA	Precio PPA	CMg Retiro	GWh Real	GWh Projected
Disco	109.19	127.21	15.38	15.02
Mina Cerro Negro	42.29	113.33	13.34	19.82
Otros	49.50	114.19	13.24	15.38
Walmart	57.20	77.46	4.22	4.46

LOSSES (GWH) / AVAILABILITY(%) / PERFORMANCE(%)



ENERGY PURCHASE



P&L SubTotal	QUARTER Actual	QUARTER Projected	QUARTER Desv Q	YTD Actual YTD	YTD Projected...	YTD Desv YTD
Comercial Margin	**-0.6**	**1.37**	**-2.00**	**0.6**	**0.6**	**-0.06**
Net Spot Energy Revenues	-1.5	-0.41	-1.08	-1.9	-3.0	1.13
PPA Energy Revenues	1.4	1.94	-0.55	3.3	3.9	-0.63
Net Capacity Revenue	-0.2	0.14	-0.33	-0.2	0.3	-0.45
Net Tollways revenues	-0.3	-0.29	-0.04	-0.7	-0.6	-0.09
Other Income/Cost	0.0	0.00	0.01	0.0	0.0	-0.03
OpEx	**-0.6**	**-0.46**	**-0.16**	**-1.1**	**-0.9**	**-0.21**
EBITDA (MM)	**-1.3**	**0.91**	**-2.16**	**-0.6**	**-0.3**	**-0.28**

* During June Pacific Hydro PPA exchange rate was adjusted by $330k from previous months results, this had a negative impact in revenues and positive impact in cost, thus not affecting commercial margin.

YTD KPI

EBITDA [MM]	Comm. Margin [MM]	OpEx [MM]	Generation [GWh]	MgC Inj [$/MWh]	MgC W/D [$/MWh]	Oversupply	Performance	Availability	Capacity Factor	Corrected Cap. Factor
-0.6	0.6	-1.1	43.4	90.8	114.2	33.3 %	90.9 %	96.2 %	21.7 %	23.7 %
Projected: -0.3 (-0.3 -89.54%)	Projected: 0.6 (-0.1 -10.52%)	Projected: -0.9 (-0.2 -22.83%)	Projected: 38.9 (+4.48 +11.53%)	Projected: 47.4 (+43.4 +91.59%)	Projected: 69.8 (+44.33 +63.48%)	Projected: 33.8 % (-0.57 %)	Projected: 97.0 % (-6.08 %)	Projected: 97.0 % (-0.77 %)	Projected: 19.4 % (+2.3 %)	Projected: 19.4 % (+4.28 %)

Market Situation

- Spot prices during the 2Q2022 continue the upward trend registered after February 2022, registering prices between 100 USD/MWh and 200 USD/MWh in monthly term. This trend was caused by a reduction in the generation levels from solar and wind power plants (-19%), due to the solar radiation reduction typical in autumn/winter months and lower-than-expected wind resource, as well as a lower availability of thermal generators, particularly coal (22% less than 2Q2021).
- Additionally, hydro generation had a lower production compared to 2Q2021, even though during the 2Q022, rainfalls were at a higher exceedance level (P81) than last year. This reduction was a result of the Hydro Reserve conformation, stated in the Government's rationing decree issued in 2021 and modified in March 2022, thus, the system operator limited the dams power plants dispatched to store water in order to be used in the most critical hydrology months.
- Coal power plants have had their availability reduced because of 5 years operating with a higher number of hours than their performance standard, in order to offset the reduction in the hydro production. Figure 1 depicts the reduction in renewable, and hydro dispatch during the last few months.
- The previous figure also depicts that the 2Q2022 energy demand was higher than 2021, as well as the hydro generation, which had an upward trend because of the rainfalls occurred during the period, but at a lower level than 2Q2021 despite of registering a higher hydro exceedance level than 2021.
- Nevertheless, the reduction in renewables production during the period together with the low availability of coal power plants increased the diesel dispatch, and as a result prices at the spot market were above 200 USD/MWh particularly at night hours.

Figure 1

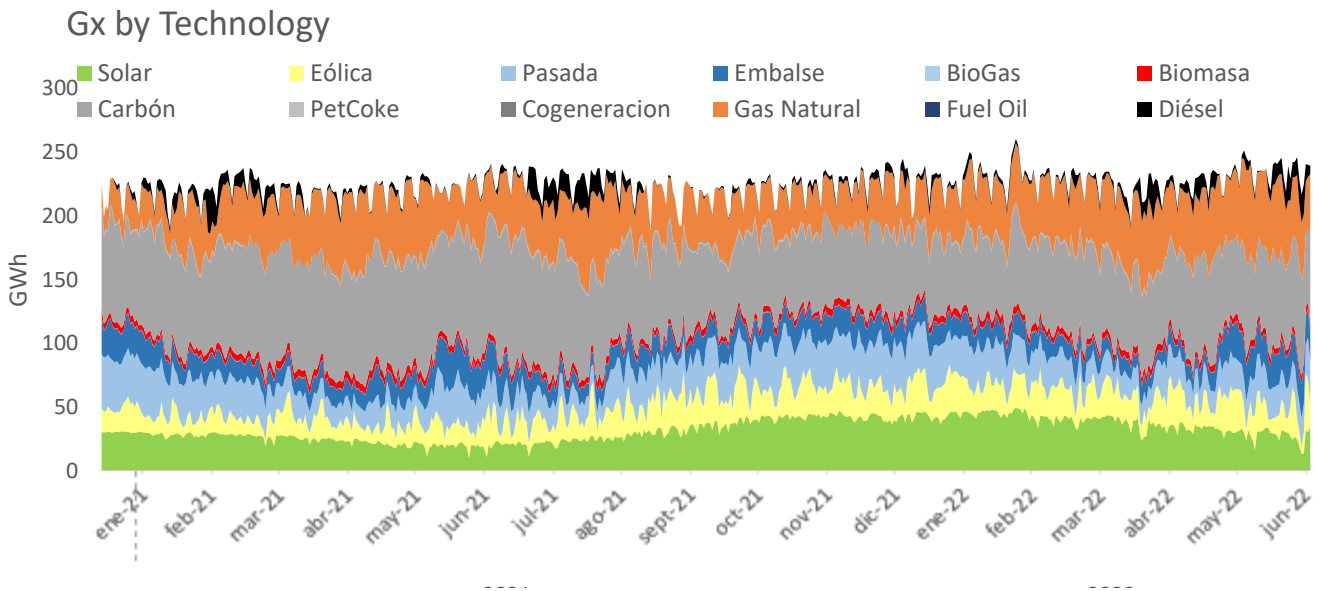
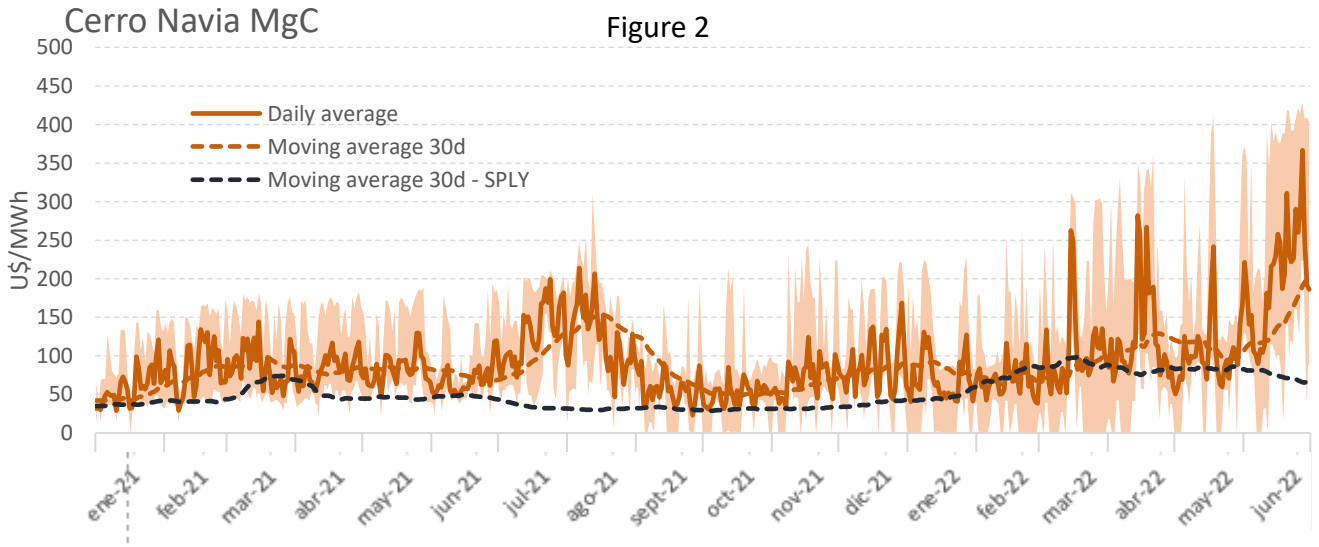


Figure 2



Energy generation and economic energy balance

- ILAP´s spot balance relies on the spot prices and the generation levels of its power plants. For instance, if ILAP´s power plants register low generation levels it must purchase the energy shortages in the spot market, producing high purchases levels when the spot prices present high values. Such situation occurred during 2Q2022, as can be seen in figure 2 and 3.

- The last figure also shows ILAP´s wind farms registered generation levels below P50, therefore, they could not comply their commitments in the spot market in order to supply their PPA contracts. Accordingly, ILAP had to buy energy in the spot market at high prices to deliver all its contracted energy, considerably increasing its commercial costs during the period.

Figure 2

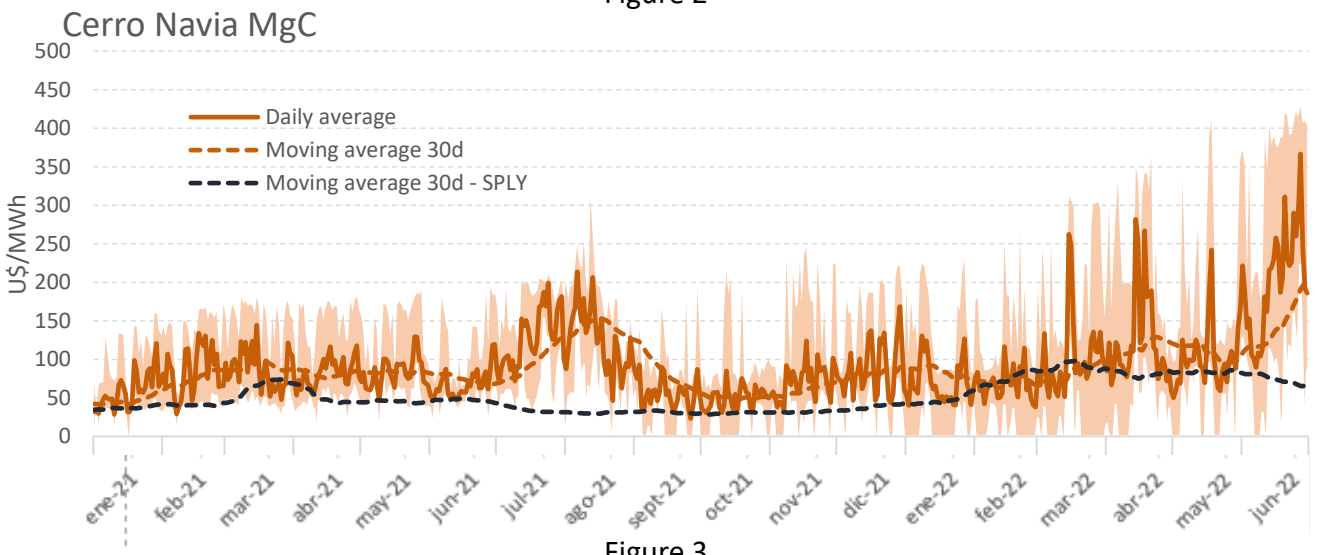
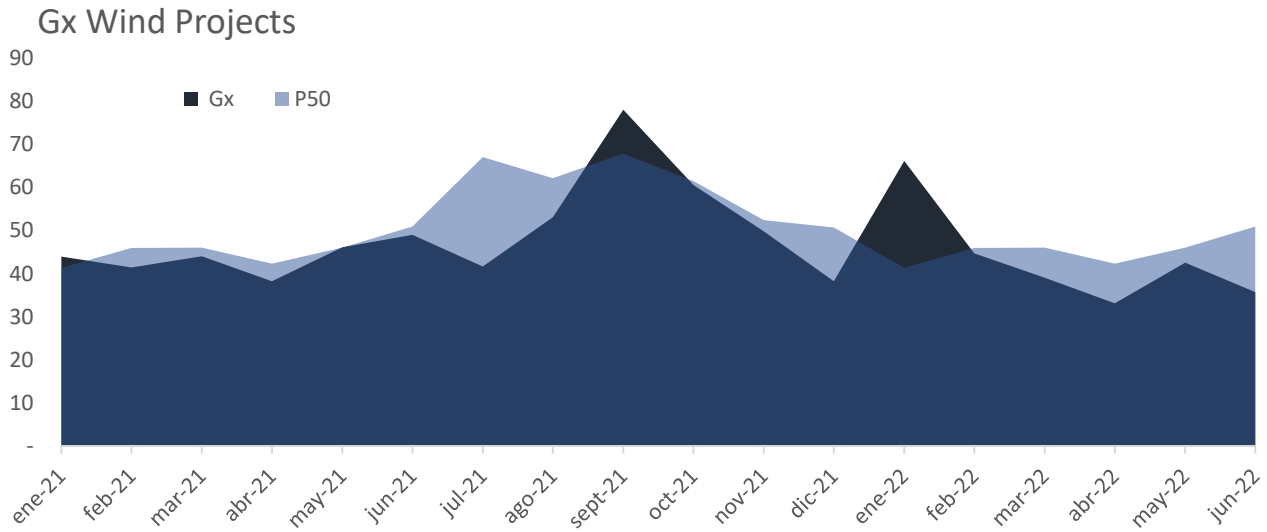


Figure 3



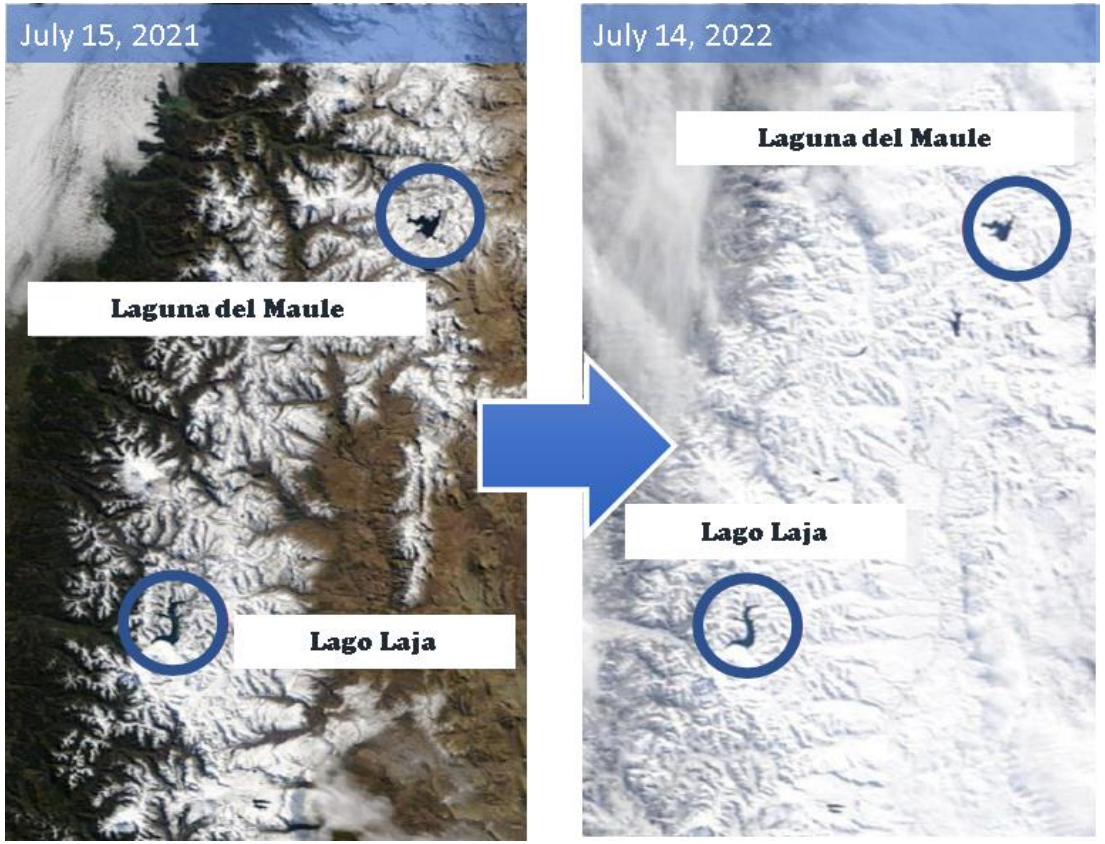
Regulatory updates and perspectives for the second half of the year

- A new stabilization mechanism has been approved by chilean congress (PEC 2). This new mechanism involves a goverment inyection of USD 1,800M to avoid regulated tariff increase to the final client. It is expected that this new law will return liquidity to the generator companies, by financial instruments guaranteed by the government to be issued in favor of the companies. Additionally, this law involves a USD 500M fund that will support the stabilization mechanism, and will be funded by final clients with higher than 350kWh/month of consumption, so unlike the initial PEC law, this one will not be financed by the generator companies.

- Perspectives for the industry during the second half of the year are more favorable than the previous year, due to significant rainfalls at low temperatures during the months of June and July that caused a strong accumulation of snow in the Andes, as can be seen in Figure 4. This greater accumulation of snow generates a good forecast for snowmelt for the spring and summer months, which together with the use of the Hydro Reserve could mean greater hydrological generation that would give stability to the system. In addition, a greater quantity of natural gas shipments from Argentina to Chile is expected during the second half of the year, which would strengthen the system and reduce the need for diesel generation.

- During the month of July, the government modified Supreme Decree No. 51, lowering the limit of the existing Hydro Reserve to the equivalent of 205 GWh, in order to minimize the probability of future discharges in seasonal reservoirs and not to compromise the security of supply of the National Electric System, implying that the reserve should start operating earlier than expected.

Figure 4



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