



ORAZUL ENERGY PERU S.A. AND SUBSIDIARIES

US\$ 363,198,000 – 5.625% Senior Notes due 2027

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

September 30, 2021 and 2020

ORAZUL ENERGY PERU AND SUBSIDIARIES S.A.

About the Company

We are a Peruvian company, and our business is composed of two hydroelectric power plants in northern Peru with a combined capacity of 376 MW, being the 4th largest hydroelectric complex within the Peruvian system. Orazul’ s 376MW are diversified in 2 geographic power plants with a total of 11 turbines. We generate and sell non-carbon, efficient and reliable electricity to regulated and non-regulated customers under power purchase agreements (“PPAs”) and to the spot market. Our contracting level under PPAs is 86%¹ with an average life of approximately 7.3 years, beyond our senior notes’ average remaining life, reducing the risk related to the fluctuation of spot market prices.

Our hydroelectric business is summarized in the following table:

Location		Type	Capacity	Availability ²	
Orazul	Cañón del Pato		Hydro generation/ Run-of-river	266MW	94%
	Carhuaquero		Hydro generation/ Run-of-river	110mw	88%

OEP is indirectly owned by certain funds managed by I Squared Capital Advisors (US) LLC and co-investors (collectively, the “Sponsor”). On December 31, 2017, the Sponsor through Nautilus Inkia Holdings LLC (“Inkia”), acquired substantially all the Latin American and Caribbean business held by Inkia Energy Limited, an international company focused on the electric power sector, specifically on generation and distribution, with operations in Peru and other countries in Latin America. On April 30, 2018, the Instituto Nacional de Defensa de la Competencia y de la Protección de la Propiedad Intelectual, INDECOPI, the Peruvian antitrust authority, approved the acquisition by the Sponsor. Since then, the related parties of OEP include Kallpa Generación S.A. (“Kallpa”) and Samay I S.A. Since January 1, 2019, as part of a strategy to optimize operations and maximize benefits from having the same shareholders, Kallpa and OEP have integrated and streamlined their management teams, implementing a single management organization, with no legal mergers between the companies.

Management has extensive experience in the power generation business. Our executive officers have an average of approximately 18 years of experience in the power generation industry and have previously held senior positions in leading power generation companies, financial institutions, and the Peruvian government. Our management team provides in-depth market knowledge and power industry experience, with significant experience in the Peruvian energy industry and government regulators. We believe that this overall level of experience allows our management team to lead the Company in the effective operation and maintenance of our facilities.

¹ Estimated for the following 3 years (2021-2023). Calculated based on the total firm energy.

² YTD 2021 average availability.

Our Notes

On April 25, 2017, OEP issued senior unsecured notes for an aggregate principal amount of US\$550 million in the international capital markets under Rule 144A and Regulation S of the Securities Market Law of the United States of America (the “Notes”). These Notes accrue interest at a rate of 5.625% payable semi-annually and have final maturity in April 2027. The proceeds from this issuance were used to: (i) prepay the outstanding senior debt incurred in connection with our acquisition under a US\$450 million senior secured loan facility, and (ii) prepay US\$35 million and US\$40 million, in aggregate outstanding principal amount of local corporate bonds. The Notes are rated BB by Fitch Ratings and BB- by Standard & Poor’s³. As explained in the following sections, after the sale of the Transmission and Gas to Power businesses and consequent cash tender offers, our Notes amount to US\$ 363.2 million

³ On November 23, 2021, Standard & Poor’s downgraded OEP Notes to BB- from BB.

Transmission Business Companies

i. Sale of Transmission Business Companies

On March 10, 2020, OEP and Orazul Energía (UK) Holdings LTD signed a purchase agreement with Interconexión Eléctrica – ISA Peru (“ISA Peru”), part of the ISA group, to sell its 100% ownership in Orazul Energy Group S.A.C. (“OEG”). OEG was a subsidiary of OEP and the owner of 99.99% of the shares of the transmission business companies, Etenorte S.R.L. and Eteselva S.R.L. The closing of the sale agreement was subject to the approval from Peruvian authorities.

On August 11, 2020, INDECOPI, the Peruvian antitrust authority, approved the acquisition by ISA Peru without any conditions.

On August 24, 2020, OEP sold to ISA Peru its ownership in OEG for US\$158.3 million total consideration after working capital adjustments.

Under the obligations of our Notes, Net Cash Proceeds from the sale of assets may be used within 1 year since the closing date to (i) purchase any Notes or repay other Senior Indebtedness, (ii) make capital expenditures in a Permitted Business (iii) reinvest in or purchase Additional Assets; or (iv) any combination of items (i); (ii) and (iii). On, or at any time prior to, the first anniversary of the closing date, OEP may make an Asset Sale Offer to purchase the Notes, at par, with any Excess Net Cash Proceeds. OEP complied with this obligation with the tender described in the following Offer to Purchase section.

The sale of these companies has no impact in the normal operation of OEP’s hydro power business.

ii. Offer to Purchase

On June 25, 2021, OEP announced the commencement of a cash tender offer (the “Transmission Tender Offer”) for up to an amount of its outstanding Senior Notes that would not result in the aggregate purchase price exceeding US\$150.4 million (the Maximum Transmission Tender Amount).

The Transmission Tender Offer constituted an Asset Sale Offer pursuant to the requirements of the indenture governing the Notes, in connection with OEP’s sale in August 2020 of its indirect ownership in the transmission business companies, Etenorte S.R.L. and Eteselva S.R.L.

On August 12, 2021, OEP announced the final tender results for its Transmission Tender Offer. OEP informed that a total of US\$362.5 million aggregate principal amount of the Notes was validly tendered. Since the aggregate principal amount of the Notes validly tendered resulted in an aggregate purchase price that exceeded the Maximum Transmission Tender Amount of US\$150.4 million, OEP accepted for purchase US\$145.3 million aggregate principal amount of the Notes, using a proration factor of approximately 40.1%.

The total consideration for the Notes validly tendered and accepted pursuant to the Transmission Tender Offer was US\$1,035 per US\$1,000 principal amount of Notes. In addition to the total consideration, holders received accrued and unpaid interest on all Notes tendered and accepted for payment from the last interest payment date up to, but not including, August 13, 2021, together with additional amounts thereon.

After the Transmission Tender Offer was completed, our Notes amounted to US\$404.7 million..

Gas-to-Power Businesses Companies

i. Sale of Gas-to-Power Businesses Companies

On October 1, 2021, OEP signed a Stock Purchase Agreement with Nautilus Partners III Perú S.A.C., a special purpose vehicle of Nautilus Energy Partners LLC, to sell its 100% ownership in Orazul Energy Group II S.A.C. ("OEG II"). OEG II was a subsidiary of OEP and the owner of 99.99% of the shares of the Gas-to-Power businesses companies, Aguaytía Energy del Perú S.R.L. ("Aguaytía"), and Termoselva S.R.L. ("Termoselva"), for a total consideration of US\$41.8 million, which was fully paid on October 4, 2021. The sale was compliant with the requirements of the Notes' indenture and all requirements for related party transactions.

Aguaytía produces natural gas and natural gas liquids ("NGLs"), mainly liquefied petroleum gas ("LPG") and natural gasoline. Natural gas is transported using company-owned pipelines and sold to Termoselva for the production of electricity at the Aguaytía thermal plant ("CTA"). Whenever CTA is not operating, extracted natural gas is reinjected into the wells to allow for the continued supply of NGLs. Termoselva, which operates CTA, is comprised of two single-cycle gas turbines, with a total installed capacity of 192MW.

Aguaytía and Termoselva consolidated represented approximately US\$51 million in revenues and US\$27 million in EBITDA based on 2020 consolidated audited financial statements. For the 9-month period ended September 30, 2021, they represent approximately US\$38 million in revenues and US\$18 million in EBITDA based on the condensed consolidated interim financial statements.

Under the obligations of our Notes, Net Cash Proceeds from the sale of assets may be used within 1 year to (i) purchase any Notes or repay other senior indebtedness, (ii) make capital expenditures in a Permitted Business, (iii) reinvest in or purchase Additional Assets, or (iv) with any Excess Net Cash Proceeds after (i), (ii), (iii), make an offer to purchase the Notes, at par. OEP complied with this obligation with the tender described in the following Offer to Purchase section.

After Shareholders approved the sale of OEG II, it was classified in our financial statements as held-for-sale since September 30, 2021. Since OEG II's book value was lower than its fair market value, Asset Held for Sale includes an impairment loss provision for US\$ 117 million. In addition, the transaction generated a deferred income tax asset of US\$138 million related to the tax loss carry forward triggered by the sale. The 2020 comparative condensed consolidated statement of profit or loss and other comprehensive income has been re-presented to show the discontinued operation separately from continuing operations (for additional information see note 3 of our condensed consolidated interim financial statements).

The sale of these companies has no impact in the normal operation of OEP's hydro power business.

ii. Offer to Purchase

On October 29, 2021, OEP announced the commencement of a cash tender offer (the "Gas-to-Power Tender Offer") for up to an amount of its outstanding Senior Notes that would not result in the aggregate purchase price exceeding US\$41.8 million (the "Maximum Tender Amount").

The Gas-to-Power Tender Offer constitutes an asset sale offer pursuant to the requirements of the indenture governing the Notes, in connection with OEP's sale in October 2021 of its indirect ownership in the thermal power generation and hydrocarbon businesses, Termoselva and Aguaytía.

On November 30, 2021, OEP announced the final tender results for its Gas-to-Power Tender Offer. A total of US\$180.3 million aggregate principal amount of the Notes was validly tendered. Since the aggregate principal amount of the Notes validly tendered resulted in an aggregate purchase price that exceeded the Maximum Tender Amount of US\$41.8 million, OEP accepted for purchase US\$41.5 million aggregate principal amount of the Notes, using a proration factor of approximately 23%.

The total consideration for the Notes validly tendered and accepted pursuant to the Gas-to-Power Tender Offer was US\$1,007.5 per US\$1,000 principal amount of Notes. In addition to the Total Consideration, holders received accrued and unpaid interest on all Notes tendered and accepted for payment from the last interest payment date up to, but not including, December 1, 2021, together with additional amounts thereon.

After the Gas-to-Power Tender Offer was completed, our Notes amount to US\$363.2 million.

Gas Price Declaration – Regulatory Update

During the past few years, based on the Electricity Law, the Peruvian electricity system used the marginal cost of electricity to define the dispatch ranking of the power generators. Thus, spot prices only included the variable portion of the gas supply cost. However, because of a legal action initiated by Luz del Sur S.A.A., a distribution company, a Supreme Court resolution was published in September 2020 that:

- Declared that Supreme Decree 043-2017-EM, which regulated the gas price declaration mechanism, was illegal and void, alleging it contravened main principles of the Constitution and the Electricity Law, and that it did not solve systemic issues set forth Supreme Decree 039-2017-EM;
- Instructed the Ministry of Energy and Mines (MINEM) to issue new regulation; and,
- Questioned the nature of fixed costs of take or pay and ship or pay conditions in current gas supply, transportation and distribution contracts.

The Company considers that Supreme Court ruling is illegal because:

- i. It violated the foundations of the marginal cost system sustained by the Electricity Law;
- ii. It led MINEM to issue new regulation forcing gas plants to declare prices including fixed costs related to the provision of fuel, which is contrary to the Electricity Law; and,
- iii. The Supreme Court cannot instruct the executive branch on how to issue new regulations.

The Company filed constitutional actions, which were admitted for analysis and further resolution.

On December 19, 2020, MINEM issued the Supreme Decree 031-2020-EM that instructed COES to propose to OSINERGMIN, the system regulator, a procedure to determine the variable cost of thermal plants using natural gas. On February 2021, COES submitted its proposal to OSINERGMIN.

On March 22, 2021, OSINERGMIN published its proposal to modify Technical Procedure N°31 for comments. Such proposal considered that variable cost of natural gas power plants should be determined using the total unitary natural gas price (supply, transportation, and distribution).

On April 5, 2021, the Company sent comments to the proposal, arguing that it is illegal and contrary to the Electric Concession Law and marginal cost principles. Comments were supported by several legal and regulatory reports issued by external advisors.

On May 3, 2021, OSINERGMIN ratified its position through Resolution 092-2021-OS/OD. Therefore, the new procedure is in force since July 1, 2021, and COES considers the total unitary gas prices of each plant to determine the merit order for dispatch.

The average system marginal cost has increased approximately from US\$10/MWh to US\$25-30/MWh. The increase in spot prices will have a positive impact in the Company's future gross margin.

COVID-19

In March 2020, the World Health Organization declared the spread of the coronavirus or COVID-19 as a global pandemic. In response, the Peruvian government ordered certain measures to contain the pandemic leading to partial lockdowns of economic activities with restriction on the mobility of people and the suspension of work activities, among others. The Company's operations required to remain open for business at the highest level to provide the vital electrical service for the country. Therefore, in general, the pandemic did not have significant effects on the Company's financial position, financial performance, and cash flows as of and for the year 2020 and the first three months of 2021.

As of September, 30, 2021, the Company's management has maintained measures adopted during 2020 related to security, continuity of operations and financial risk management, such as:

Operational:

We have taken extraordinary measures to limit or mitigate the contracting of the virus, adapting best practices from large public service and medical organizations. We ensure full compliance with legal measures adopted by the Peruvian Government.

We have developed and implemented contingency plans to face this emergency and ensure their full compliance, including:

- Implementation of personnel rotation plans in line with applicable travel restrictions and labor law.
- Secure supply of all necessary equipment and supplies to allow the work of operating teams in our plants.
- Ensure that mechanisms are implemented to communicate timely and effectively all instructions to be followed during this emergency.
- Home-office for employees and directives wherever activities allow it and curfews and mobility restrictions apply.
- Mechanisms to secure adequate and safe transportation of personnel and supplies to and from operating facilities, minimizing use of public transport.
- Periodic health-monitoring systems wherever employees are operating.
- All our contingency procedures are being shared with contractors performing essential tasks, ensuring their adequate compliance.

The Company is also coordinating to ensure adequate cash management during the current situation. Two factors to financially maintain the continuity of our business is debt management and liquidity. The following is a brief description of the status:

Debt Management:

Our total debt of US\$363 million (without transactions costs) corresponds to our Notes that only require interest payments during the next years. Debt service amounts are covered by significant cash flow from our operations. OEP is current on its debt and meets all its financial obligations. We expect to maintain such compliance throughout the current period.

Liquidity:

During this period, we manage our cash in a conservative manner and have taken several measures to protect liquidity and maintain continuity of business. Still, over the next months, we will continue to closely monitor the evolution of cash flow and to be extremely cautious with our liquidity.

OEP ensures timely payment of local obligations: suppliers, contractors, providers of services, etc. It is critical to maintain working capital flow of our suppliers and level of service. We will continue to be proactive and attentive to the evolution of the market by keeping a close and systematic communication with all financial stakeholders. We will periodically inform the evolution of the operations, debt management and liquidity as matters progress.

Finally, OEP will continue to provide electrical service to all its customers while maintaining safe its employees and service personnel.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with our consolidated financial statements as of September 30, 2021, and 2020.

For the nine-month period ended September 30, 2021, and 2020

	Nine months ended September 30		% Change
<i>In millions of U.S. dollars</i>	2021	2020*	
Revenues	64	61	5%
Costs of sales of energy generation	(15)	(12)	25%
Depreciation	(10)	(10)	0%
Administrative expenses	(3)	(3)	0%
Other income, net	1	-	-
Operating profit	37	36	3%
Finance income	-	-	-
Finance costs	(32)	(29)	10%
Net foreign exchange difference	(1)	(1)	0%
Finance cost, net	(33)	(30)	10%
Profit before income tax	4	6	-33%
Income tax income	130	115	13%
Profit from continuing operations	134	121	11%
(Loss) Profit from discontinued operation, net of tax	(84)	126	-167%
Profit for the period	50	247	-80%

(*) 2020 comparative information has been restated due to discontinued operations, as detailed in section "Gas-to-Power Businesses Companies".

Results of Operations

The Company's profit for the nine-month period ended September 2021 amounted to US\$50 million compared to US\$247 million in the same period in 2020. The Company's results are mainly explained by the following:

Revenues

Revenues increased by US\$3 million, or 5%, to US\$64 million during the first nine months of 2021 from US\$61 million during the same period in 2020. This was mainly explained by:

- US\$2 million increase in net energy sales to the spot market mainly explained by higher average spot price of US\$15.0/MWh during the first nine months of 2021 compared to US\$7.9/MWh during the same period in 2020. Spot prices were affected by (i) the +12.3% y/y increase in demand during the first nine months of 2021, from -9.3% y/y during the same period in 2020 due to the quarantine decreed by the Peruvian government from March 15 to June 30, 2020; and (ii) regulatory changes in gas price declaration⁴.

⁴ For further detail see "Gas Price Declaration – Regulatory Update" section.

- US\$1 million higher energy sales under PPAs mainly due to 5% higher prices to an average of US\$36.3/MWh during the first nine months of 2021 from an average of US\$34.7/MWh during the same period in 2020.

Costs of sales (excluding depreciation)

Costs of sales (excluding depreciation) increased by US\$3 million, or 25%, to US\$15 million during the first nine months of 2021 from US\$12 million during the same period in 2020, primarily due to (i) US\$1 million higher property and business interruption insurance costs; (ii) US\$1 million higher energy purchases in the spot market mainly explained by higher average spot price of US\$15.0/MWh during the first nine months of 2021 compared to US\$7.9/MWh during the same period in 2020; among others.

Depreciation

Depreciation amounted to US\$10 million during the first nine months of 2021, unchanged from the same period in 2020.

Administrative expenses

Administrative expenses amounted to US\$3 million during the first nine months of 2021, unchanged from the same period in 2020.

Finance cost, net

Finance cost, net increased by US\$3 million, or 10%, to US\$33 million during the first nine months of 2021 from US\$30 million during the same period in 2020. This was explained by (i) US\$5 million higher financial cost related to the premium paid to the bondholders in connection with the Transmission Tender Offer⁵; partially offset by (ii) US\$2 million lower financial cost related to a US\$64 million amortization of the subordinated shareholder loan during 2020.

Income tax income

Income tax income increased by US\$15 million, or 13%, to US\$130 million during the first nine months of 2021 from US\$115 million during the same period in 2020. The tax income during the first nine months of 2021 and 2020 corresponds primarily to the deferred income tax asset related to the tax loss carry forward triggered by the sale of our Gas-to-Power businesses companies and Transmission business companies in October 2021 and August 2020, respectively.

Net (loss) profit from discontinued operations

Net (loss) profit from discontinued operations increased by US\$210 million, to US\$84 million loss during the first nine months of 2021 from US\$126 million profit during the same period in 2020. During the first nine months of 2021, US\$84 million corresponds to the net loss from the sale of our Gas-to-Power businesses. During the first nine months of 2020, US\$126 million profit corresponds to the net gain from the sale of our transmission business. For additional information see note 3 of our consolidated interim financial statements.

⁵ For further detail see "Transmission Business Companies – Transmission Tender Offer" section.

Liquidity and Capital Resources

Our principal cash requirements consist of the following:

- Working capital requirements;
- Capital expenditures related to maintenance projects; and
- Debt and interest service.

Our principal sources of liquidity have traditionally consisted of the following:

- Cash flow from operating activities; and,
- Short-term borrowings under our US\$25 million committed credit facilities and long-term borrowings.

During 2021 and 2020, cash flow generated by operations was primarily used for investment activities and to service our outstanding interest and debt obligations.

As of September 30, 2021, our cash and cash equivalents amounted to US\$25 million.

Cash Flows

	Nine months ended September 30,		% Change
<i>In millions of U.S. dollars</i>	2021	2020*	
Cash from operating activities	65	56	16%
Income tax paid	(6)	(6)	0%
Net cash from operating activities	59	50	18%
Net cash used in (from) investing activities	(13)	141	-109%
Net cash used in financing activities	(172)	(57)	202%
Net /decrease) increase in cash	(126)	134	-194%
Cash and cash equivalent as of January 1	153	41	273%
Effects of variations on exchange difference on held cash	(2)	(1)	100%
Cash as of September 30	25	174	-86%

(*) During 2021, and with the purpose of making the financial information comparable, certain reclassifications in the presentation of the of Cash Flows comparative figures as of September 30, 2020 were made.

Cash Flows from Operating Activities

Our primary source of operating funds is cash flow generated from our operations. The net cash from operating activities increased by US\$9 million, or 18%, to US\$59 million during the first nine months of 2021 from US\$50 million during the same period in 2020.

The increase was primarily driven by US\$11 million increase in collections of energy and capacity related to higher sales during the first nine months of 2021 and outstanding balances from 2020; partially offset by US\$2 million increase in payment of royalties given higher thermal generation during 2021; among others.

Cash Flows Used in (from) Investing Activities

Net cash flows used in our investing activities decreased by US\$154 million, or 109%, to US\$13 million used during the first nine months of 2021 from US\$141 million provided during the same period in 2020.

During the first nine months of 2021, cash used in investing activities was mainly for (i) US\$7 million in payments related to the option agreements signed with distribution companies to extend the contract terms of certain PPAs, recorded as intangibles; and (ii) US\$6 million in payments related to the acquisition of property, plant and equipment.

During the first nine months of 2020, cash from investing activities corresponds to US\$151 million related to the sale of our indirect ownership in the Transmission Business Companies, net of transaction costs; partially offset by (i) US\$5 million in payments related to the option agreements signed with distribution companies to extend the contract terms of certain PPAs, recorded as intangibles; and, (ii) US\$5 million in payments related to the acquisition of property, plant and equipment.

Cash Flows from Financing Activities

Net cash flows used in our financing activities increased by US\$115 million, or 202%, to US\$172 million during the first nine months of 2021 from US\$57 million during the same period in 2020.

During the first nine months of 2021, we used cash to (i) amortize US\$145 million of the Notes as a result of the Transmission Tender Offer related to the sale of our Transmission Business Companies in August 2021⁶; (ii) pay US\$21 million in interest related to the Notes and its respective withholding tax, (iii) pay US\$5 million related to the premium paid to the bondholders in connection with the Transmission Tender Offer; and (iv) amortize US\$1 million of the shareholder loan granted by Orazul Energia Partners LLC.

During the first nine months of 2020, we used cash to (i) amortize US\$39 million of the shareholder loan granted by Orazul Energia Partners LLC; (ii) pay US\$16 million in interest related to the Notes; among others.

⁶ For further detail see "Transmission Business Companies" section.

For the three-month period ended September 30, 2021 and 2020

	Three months ended September 30		% Change
<i>In millions of U.S. dollars</i>	2021	2020*	
Revenues	20	20	0%
Costs of sales of energy generation	(6)	(5)	20%
Depreciation	(3)	(3)	0%
Administrative expenses	(1)	(1)	0%
Other income, net	-	-	-
Operating profit	10	11	-9%
Finance income	-	-	-
Finance costs	(15)	(9)	67%
Net foreign exchange difference	(1)	-	-
Finance cost, net	(16)	(9)	78%
Loss (Profit) before income tax	(6)	2	-400%
Income tax income	133	106	25%
Profit from continuing operations	127	108	18%
(Loss) Profit from discontinued operation, net of tax	(86)	119	-172%
Profit for the period	41	227	-82%

(*) 2020 comparative information has been restated due to discontinued operations, as detailed in section ""Gas-to-Power Businesses Companies".

Results of Operations

The Company's profit for the for the three-month period ended September 30, 2021, amounted to US\$41 million compared to US\$227 million in the same period in 2020. The Company's results are mainly explained by the following:

Revenues

Revenues amounted to US\$20 million during the third quarter of 2021, unchanged from the same period in 2020.

Costs of sales (excluding depreciation)

Costs of sales (excluding depreciation) increased by US\$1 million, or 20%, to US\$6 million during the third quarter of 2021 from US\$5 million during the same period in 2020, primarily due to higher energy purchases in the spot market explained by an increase in average spot price to US\$26.3/MWh during the third quarter of 2021 compared to US\$11.1/MWh during the same period in 2020 due to changes in the regulation of the gas price declaration⁷.

Depreciation

Depreciation amounted to US\$3 million during the third quarter of 2021, unchanged from the same period in 2020.

Administrative expenses

Administrative expenses amounted to US\$1 million during the third quarter of 2021, unchanged from the same period in 2020.

⁷ For further detail see "Gas Price Declaration – Regulatory Update" section.

Finance cost, net

Finance cost, net increased by US\$7 million, or 78%, to US\$16 million during the third quarter of 2021 from US\$9 million during the same period in 2020. This was explained by (i) US\$6 million higher financial cost mainly related to the premium paid to the bondholders in connection with the Transmission Tender Offer⁸; and (ii) US\$1 million higher foreign exchange loss due to the devaluation of the Peruvian sol against the U.S. dollar during 2021.

Income tax income

Income tax income increased by US\$27 million, or 25%, to US\$133 million during the third quarter of 2021 from US\$106 million during the same period in 2020. The tax income during the third quarter of 2021 and 2020 corresponds primarily to the deferred income tax asset related to the tax loss carry forward triggered by the sale of our Gas-to-Power businesses companies and Transmission business companies in October 2021 and August 2020, respectively.

Subsequent events

On December 1, 2021, OEP amortized US\$41.5 million of the Notes as a result of the Gas to Power Tender Offer related to the sale of our Gas-to-Power businesses in November 2021.

⁸ For further detail see “Transmission Business Companies – Transmission Tender Offer” section.

Appendixes

EBITDA reconciliation

<i>In millions of U.S. dollars</i>	YTD September				Q3			
	Nine months ended		Discontinued	As previously	Three months ended		Discontinued	As previously
	September 30,		operations	reported	September 30,		operations	reported
	2021	2020	2020	2020	2021	2020	2020	2020
Operating profit	37	36	12	48	10	11	3	14
Depreciation	10	10	10	20	3	3	4	7
Total EBITDA	US\$47	US\$46	US\$22	US\$68	US\$13	US\$14	US\$7	US\$21

Material Indebtedness

<i>In millions of U.S. dollars</i>	Outstanding Principal Amount as of December 1, 2021 ⁹	Interest Rate	Final Maturity	Amortization
Long-term debt:				
Unsecured:				
5.625% Notes due 2027	358	5.625%	April 2027	Principal due at maturity with semi-annual interest payments.
Total	US\$358			

Note: values net of transaction costs

⁹ Outstanding Principal Amount as of September 30, 2021, was US\$400 million (net of transaction costs). However, on December 1, 2021, OEP amortized US\$41.5 million of the Notes as a result of the Tender Offer related to the sale of our Gas-to-Power businesses companies. For further information refer to section "Gas-to-Power Businesses Companies - Offer to Purchase".