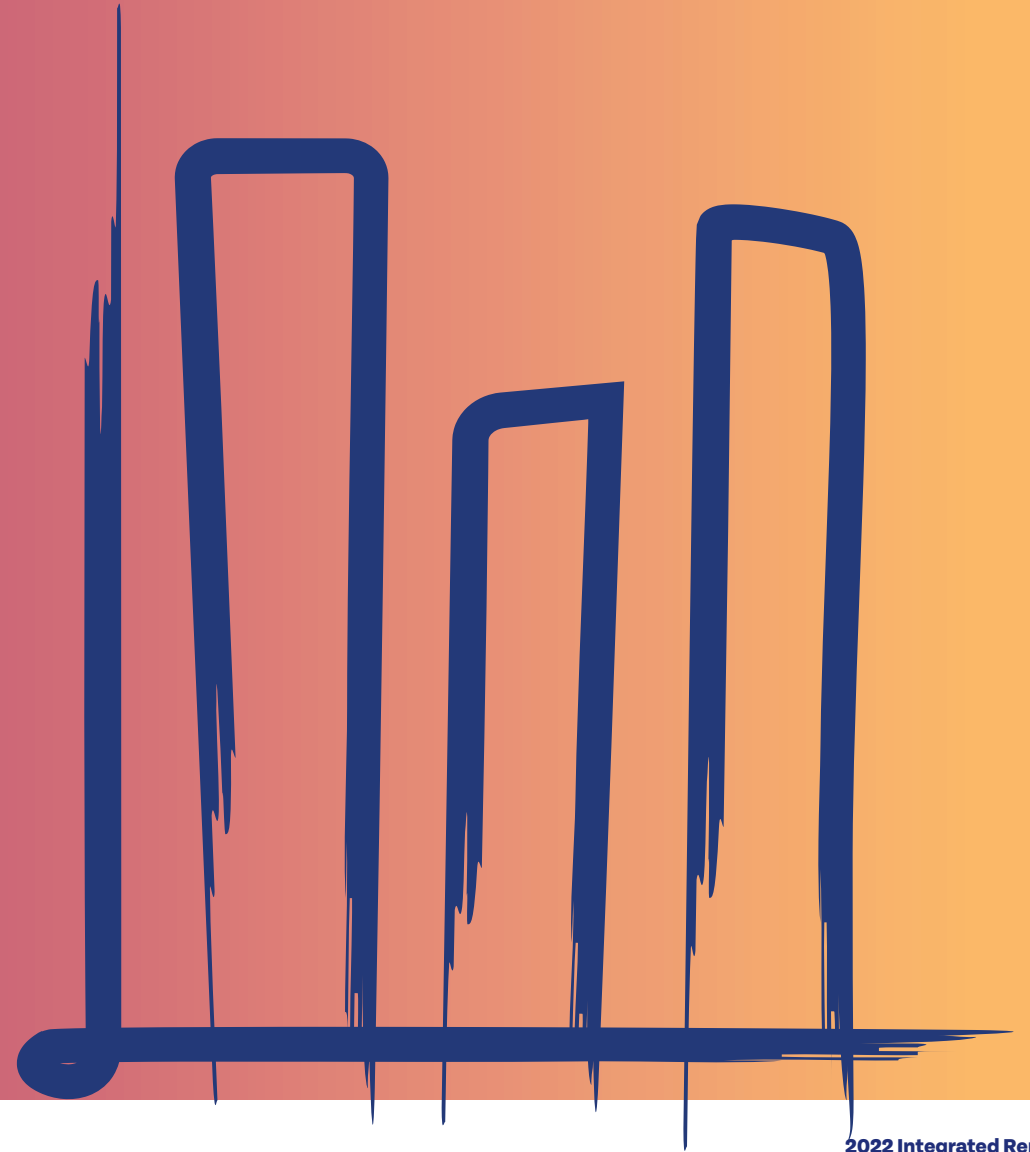


7

**Finance:  
Optimal Financing  
for the Development  
and Operation of the  
Company**



# Financial information

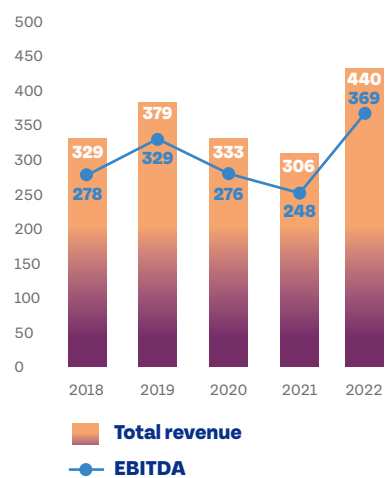
For Transelec, maintaining solid and stable financial performance is fundamental to the sustainability of our business, allowing us to provide quality service to our clients and harness opportunities for growth.

The regulatory framework established in 2004, electricity industry conditions in Chile, and Transelec's solid business model are factors that influence the Company's ability to have a robust financial position with stable long-term cash flow. This context allows us to maintain access to capital markets and banks in order to finance the operation, project development, and acquisitions that enhance our growth.

Transelec finances its operation and investment plans with:

- Its own income generated through the business
- Debt (issued in the capital or bank market)
- Revolving credit facility

**Cash Flow Generation**  
(In billions of Chilean pesos)  
(T2-1 y T2-2)



Regulated revenue comes from all of the facilities in which the regulator determines the income that each owner company should receive for each transmission asset it owns. This revenue comes from the national and regional systems.

Contractual revenue is the product of transmission services provided based on bilateral contracts with other companies. These include, among others, transmission assets that form part of the dedicated system.

2022 (in billions of Chilean pesos)	
Regulated revenue	379
Contractual revenue	116
Leasing	6
Rate review	-61

## Debt

Transelec maintains a level of debt aligned with its cash generation, which allows it to meet its long-term obligations with a high level of certainty. The Company's public debt is presented below. It allowed us to operate, grow, and strengthen the national electric system:

Debt	Placement date	Interest rate	Maturity	Current amount	Currency
Series D Bond	14 DEC 06	4.25%	15 DEC 27	13,500,000	UF
Series H Bond	13 AUG 09	4.80%	01 AUG 31	3,000,000	UF
Series K Bond	04 DEC 09	4.60%	01 SEPT 31	1,600,000	UF
Series M Bond	19 JAN 11	4.05%	15 JUNE 32	3,400,000	UF
Series N Bond	19 JAN 11	3.95%	15 JUNE 38	3,000,000	UF
Series Q Bond	03 MAY 13	3.95%	08 OCT 42	3,100,000	UF
US\$ Bond	26 JUL 13	4.63%	26 JUL 23	300,000,000	US\$
US\$ Bond	09 JUL 14	4.25%	14 JAN 25	375,000,000	US\$
US\$ Bond	12 JUL 16	3.88%	12 JAN 29	350,000,000	US\$

UF: Unidad de Fomento (adjustable unit set by the Chilean Central Bank, Law 18.840)

All bonds are bullet type (payment of principal at maturity of the last coupon).

The Company will face a debt maturation in 2023. Transelec began the process of refinancing it in 2022.



## Risk Ratings

Transec maintains risk ratings with local and international institutions. Most of these ratings were ratified in 2022 based on the solid results reported over the past few years and Transec’s financial solvency.

The Feller Rate Risk Rating Agency improved our credit rating in 2022 from AA- to AA. This recognition of our solid and stable financial performance and resiliency in the face of a challenging environment, showing stable and long-term flows even during a period shaped by the protests in Chile, the pandemic, and the entry into force of the transmission law, places us in a favorable position. It enhances our ability to secure financing that will allow us to continue to grow through new projects and to implement the Company’s new strategy

### Available Revolving Credit Line

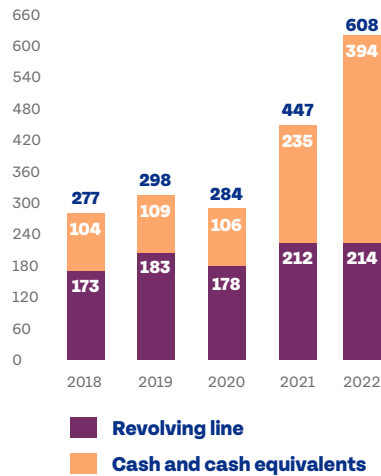
The Company has an unsecured revolving credit line of US\$ 250 million. Its purpose is to ensure the availability of the funds necessary to cover working capital, fixed capital investment project financing (developing and potential), the acquisition of transmission lines, and possible debt refinancing.

### Relationship with Investors and Risk Rating Agencies

It is fundamental for Transec to maintain a close, lasting relationship with investors that invest in Company bonds and the agencies that rate us. We deliver information regularly through our website (<https://www.transec.cl/inversionistas/>), publishing financial statements, reasoned analysis, and quarterly results. We also provide updated information on our debt, rating, corporate governance, regulatory matters, and other information of interest. Our goal is to maintain fluid and transparent communication so that these stakeholders can properly evaluate the Company’s performance.

### Liquidity

(in billions of Chilean pesos) (T2-4)



**Transec presents a solid level of liquidity that allows it to finance its regular operations, future investment plans, and reassessments through the rate review process for 2022-2023.**

#### International Rating

MOODY'S  
INVESTORS SERVICE

**Baa1**  
Ratified in  
november 2022

STANDARD  
& POOR'S

**BBB**  
Ratified in  
november 2022

FitchRatings

**BBB**  
Ratified in  
december 2022

#### Local Rating

FellerRate  
Clasificadora  
de Riesgo

**AA**  
Increased in  
december 2022

Humphreys  
CLASIFICADORA DE RIESGO

**AA**  
Ratified in  
december 2022

FitchRatings

**AA-**  
Ratified in  
december 2022



## Dividend Policy

(CMF 2.3.4 ii)

The Dividend Policy establishes that dividends for up to 100% of the net income reported by the Company will be distributed. This includes acquisitions and investment opportunities, the Company's financial situation, obligations assumed by the Company, commitments acquired through the placement of bonds, the emission of any debt instrument, and the impacts associated with the adoption of new IFRS standards. The Board will determine the amount to be distributed as provisional dividends on a quarterly basis if applicable based on the conditions established in advance.

## Dividends Distributed

(CMF 2.3.4 iii a)

Over the past few years, Transelec has distributed the following amounts to its shareholders:

Dividends paid each year (*) (Provisional, potential, and definitive)		Profits distributed (Charged to each year)		
Year	Historic value (millions of Chilean pesos)	Year	Millions of Chilean pesos (*)	% of revenue from the period
2018	58,599	2018	39,887	38%
2019	96,218	2019	140,070	100%
2020	43,852	2020	28,723	30%
2021	28,723	2021	17,404	30%
2022	17,404	2022(**)	0	0%

(\*) Through December of each year.

(\*\*) Corresponds only to interim dividends paid in 2022, since as of December 31 the final dividends to be charged to 2022 were not yet known. These will be determined at the Ordinary Shareholders' Meeting to be held in the course of 2023.



# Value Footprint

## Recurring Financial Challenges

Our access to financing is based on the stability of Chilean regulations and conditions that are favorable for investors. In this regard, we are committed to maintaining investors' trust through ongoing contact, making information about our financial situation available to them.

Transelec is currently in a situation of financial solvency that makes it attractive in the search for capital. We have been able to maintain access to capital markets and banks based on our robust financial position and consistent business model. The challenge that we currently face involves securing financing that will allow us to make acquisitions to drive the growth of our business and project development.

## Transelec S.A.'s Economic Performance

(GRI-201-1)

In 2022, Transelec generated an economic value of \$440 billions of Chilean pesos, which was distributed among its stakeholders as follows:

Item	Billions of Chilean pesos
Economic value generated	440
Economic value retained	39
Economic value distributed	400
State (taxes)	-
Employees (compensation and benefits)	46
Service providers (payments to providers)	34
Shareholders	32
Funders	66
Reinvestment	218
Community and environment (environmental and social projects, donations)	4

## Insurance

In an effort to transfer part of our risks, the Company insures operations and construction of its projects. All of its insurance policies remained current in 2022. A general list is provided below:

- Insurance policies that cover the Company's fixed assets (property). This includes equipment and parts in Transelec and third-party substations. Transelec has an industrial policy that covers physical damage caused by fires, machinery failures, earthquakes, and natural risks. As was the case in previous years, we did not find it necessary to cover physical damage to transmission lines and towers thanks to the best international construction practices, their dispersion, and demanding Chilean standards with the exception of facilities that have been insured because they are considered strategic or based on the requirements set out in contracts with customers.
- We maintained and renewed the terrorism policy, which covers events considered terrorist acts, strikes, riots, civil unrest, and acts of vandalism.
- We maintained civil liability and professional civil liability insurance coverage. The latter covers possible incidents deriving from the actions of executives and Board members.
- Vehicles and mobile equipment remained insured, and we engaged coverage for cabotage and international equipment and materials transport operations.
- In regard to engineering projects, Transelec purchases coverage for all construction and assembly risks, civil liability, and transportation when necessary.
- The Company maintained personal accident insurance contracts for its workers. These include supplemental health insurance, travel assistance, and service commission.

In addition to the aforementioned policies, this year we engaged a cybersecurity insurance policy for the first time in order to reinforce our capacity to respond to incidents that place our operations at risk.