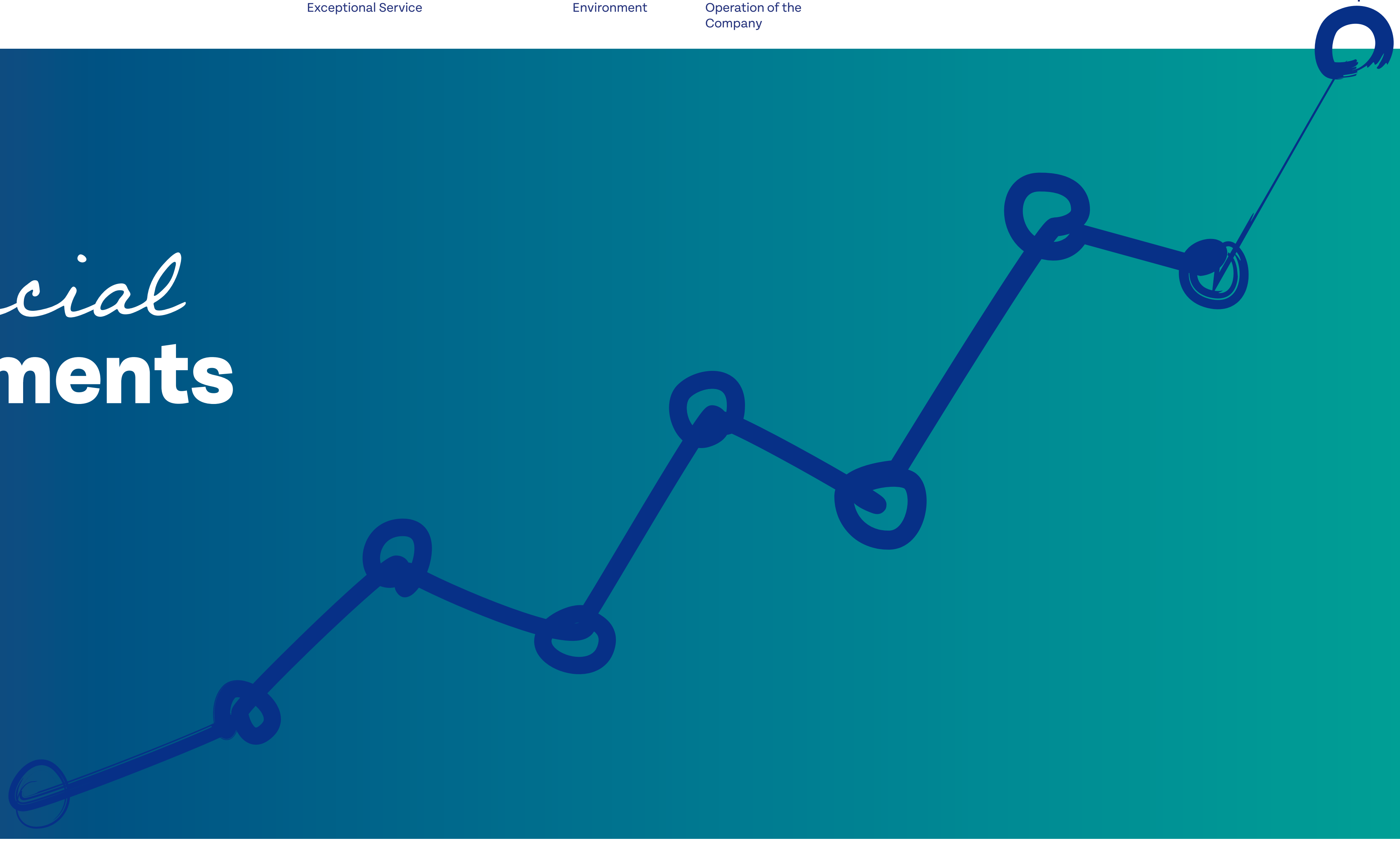
10

Financial **Statements**



CONSOLIDATED FINANCIAL STATEMENTS

TRANSELEC S.A. AND SUBSIDIARY

Santiago, Chile

December 31, 2022 and 2021

$	:	Chilean pesos
ThCh$	:	Thousands of Chilean pesos
UF	:	Unidad de Fomento or UF, is an inflation-indexed, Chilean-peso denominated monetary unit. The UF is set daily in advance based on the changes in the Chilean Consumer Price Index (CPI) of the previous months.
US$	:	US Dollars
ThUS$	:	Thousands of US Dollars

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
TRANSELEC S.A. AND SUBSIDIARY

As of December 31, 2022 and 2021
Expressed in thousands of Chilean pesos (ThCh$)
(Translation of financial statements originally issued in Spanish-See Note 2.1)

ASSETS	Note	12-31-2022 ThCh$	12-31-2021 ThCh$
CURRENT ASSETS			
Cash and cash equivalents	5	393,816,311	234,518,965
Other financial assets	9	808,338	1,649,550
Other non-financial assets	14	13,139,139	8,485,831
Trade and other receivables	6	100,005,222	83,703,176
Receivables from related parties	7	6,894,154	2,636,917
Inventory		879,458	644,500
Sub-Total Current assets		**515,542,622**	**331,638,939**
Non-current asses classified as held for sale	8	515,376	-
Total Current assets		**516,057,998**	**331,638,939**
NON-CURRENT ASSETS			
Other financial assets	9	185,771,474	233,009,180
Other non-financial assets	14	18,190,346	1,216,073
Receivables from related parties	7	248,543,924	242,500,186
Intangible assets other than goodwill	10	192,548,295	186,073,067
Goodwill	11	343,059,078	343,059,078
Property, plant and equipment, net	12	1,949,750,897	1,815,852,103
Assets for rights of use	13	2,005,711	3,039,468
Total Non-Current assets		**2,939,869,725**	**2,824,749,155**
TOTAL ASSETS		**3,455,927,723**	**3,156,388,094**

LIABILITIES	Note	12-31-2022 ThCh$	12-31-2021 ThCh$
CURRENT LIABILITIES			
Other financial liabilities	15	283,188,355	26,072,718
Liabilities for leases	16	1,067,202	1,575,598
Trade and other payables	17	274,485,028	171,695,169
Accounts payable to related entities	7	32,336,962	17,404,007
Provisions	20	6,677,736	4,716,531
Provisions for employee benefits	22	9,488,963	8,490,205
Other non-financial liabilities	14	902,078	3,606,708
Total Current Liabilities		**608,146,324**	**233,560,936**
NON-CURRENT LIABILITIES			
Other financial liabilities	15	1,574,965,163	1,704,954,466
Lease liabilities	16	752,396	1,533,445
Deferred tax liabilities	21	258,664,464	236,608,096
Provisions for employee benefits, non-current	22	3,469,920	3,468,299
Other non-financial liabilities	14	3,956,865	4,354,436
Total Non-Current Liabilities		**1,841,808,808**	**1,950,918,742**
TOTAL LIABILITIES		**2,449,955,132**	**2,184,479,678**
EQUITY			
Issued and paid-in capital	24	776,355,048	776,355,048
Retained earnings		252,336,836	175,578,953
Other reserves	24	(22,719,293)	19,974,415
Equity attributable to owners of the parent		**1,005,972,591**	**971,908,416**
Non-controlling interest		-	-
TOTAL EQUITY		**1,005,972,591**	**971,908,416**
TOTAL EQUITY AND LIABILITIES		**3,455,927,723**	**3,156,388,094**

The accompanying notes number 1 to 35 form an integral part of these Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME BY FUNCTION TRANSELEC S.A. AND SUBSIDIARY

For the years ended December 31, 2022 and 2021
Expressed in thousands of Chilean pesos (ThCh$)
(Translation of financial statements originally issued in Spanish-See Note 2.1)

STATEMENT OF COMPREHENSIVE INCOME BY FUNCTION	Note	01-01-2022 12-31-2022 ThCh$	01-01-2021 12-31-2021 ThCh$
Revenue	25	439,592,219	305,857,910
Cost of sales	26	(93,078,900)	(88,388,890)
GROSS MARGIN		**346,513,319**	**217,469,020**
Administrative expenses	26	(35,196,143)	(26,301,884)
Other gains (losses)	25	(29,515)	754,255
Financial income	26	48,641,001	10,646,541
Financial expenses	26	(75,067,697)	(70,228,788)
Exchange differences	26	(224,523)	389,325
Income by indexed units	26	(137,689,822)	(51,560,390)
Profit Before Tax		**146,946,620**	**81,168,079**
Income tax expense	27	(37,851,775)	(22,419,011)
Profit from continuing operations		109,094,845	58,749,068
Profit from discontinued operations		-	-
Profit attributable to owners of the parent		**109,094,845**	**58,749,068**
Profit attributable to non-controlling interests		-	-
Profit		**109,094,845**	**58,749,068**
Earnings Per Share			
Basic/diluted earnings per share from continuing operations ($/s)	28	109,095	58,749
Basic/diluted earnings per share from discontinued operations ($/s)	28	-	-
Basic/diluted earnings per share ($/s)		**109,095**	**58,749**

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME BY FUNCTION TRANSELEC S.A. AND SUBSIDIARY

For the years ended December 31, 2022 and 2021
Expressed in thousands of Chilean pesos (ThCh$)
(Translation of financial statements originally issued in Spanish-See Note 2.1)

STATEMENT OF COMPREHENSIVE INCOME	Note	01-01-2022 12-31-2022 ThCh$	01-01-2021 12-31-2021 ThCh$
Profit		109,094,845	58,749,068
Components of other comprehensive income that will be reclassified to income for the period, before taxes			
Exchange differences on translation			
Remeasurements of defined benefit plans	23-24	(872,488)	221,873
Cash flow hedges			
Gains (losses) on cash flow hedges	24	(57,612,043)	51,111,813
Total other comprehensive income that will be reclassified to income for the period, before taxes		**(58,484,531)**	**51,333,686**
Income taxes related to components of other comprehensive income that will be reclassified to the result of the period			
Income tax related to cash flow hedges of other comprehensive income	24	15,555,252	(13,800,190)
Income tax related to remeasurements of defined benefit plans of other comprehensive income	24	235,571	(59,905)
Total income tax related to components of other comprehensive income that will be reclassified to the result of the period		**15,790,823**	**(13,860,095)**
Total comprehensive income		**(42,693,708)**	**37,473,591**
Total comprehensive income		**66,401,137**	**96,222,659**
Comprehensive income attributable to:			
Comprehensive income attributable to owners of the parent		66,401,137	96,222,659
Comprehensive income attributable to non- controlling interests		-	-
Total comprehensive income and expense result		**66,401,137**	**96,222,659**

The accompanying notes number 1 to 35 form an integral part of these Consolidated Financial Statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
TRANSELEC S.A. AND SUBSIDIARY

For the years ended December 31, 2022 and 2021
Expressed in thousands of Chilean pesos (ThCh$)
(Translation of financial statements originally issued in Spanish-See Note 2.1)

Movements	Note	Paid-in capital	Reserves for cash flow hedges	Actuarial Losses	Total reserves	Accumulated gains (losses)	Equity attributable to owners of the parent	Non-controlling interests	Total equity
		ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Opening balance as of 01-01-2022		776,355,048	19,269,593	704,822	19,974,415	175,578,953	**971,908,416**	-	**971,908,416**
Changes in equity									
Comprehensive income									
Profit (loss)		-	-	-	-	109,094,845	**109,094,845**	-	**109,094,845**
Other comprehensive income		-	(42,056,791)	(636,917)	(42,693,708)	-	**(42,693,708)**	-	**(42,693,708)**
Total comprehensive income		-	(42,056,791)	(636,917)	(42,693,708)	109,094,845	**66,401,137**	-	**66,401,137**
Dividends	24.3	-	-	-	-	(32,336,962)	**(32,336,962)**	-	**(32,336,962)**
Total increase (decrease) in equity		-	(42,056,791)	(636,917)	(42,693,708)	76,757,883	**34,064,175**	-	**34,064,175**
Equity at the end of 12-31-2022	**24**	**776,355,048**	**(22,787,198)**	**67,905**	**(22,719,293)**	**252,336,836**	**1,005,972,591**	-	**1,005,972,591**

Movements	Note	Paid-in capital	Reserves for cash flow hedges	Actuarial Losses	Total reserves	Accumulated gains (losses)	Equity attributable to owners of the parent	Non-controlling interests	Total equity
		ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Opening balance as of 01-01-2021		776,355,048	(18,042,030)	542,854	(17,499,176)	134,234,420	**893,090,292**	-	**893,090,292**
Changes in equity									
Comprehensive income									
Profit (loss)		-		-	-	58,749,068	**58,749,068**	-	**58,749,068**
Other comprehensive income		-	37,311,623	161,968	37,473,591	-	**37,473,591**	-	**37,473,591**
Total comprehensive income		-	37,311,623	161,968	37,473,591	58,749,068	**96,222,659**	-	**96,222,659**
Dividends	24.3	-	-	-	-	(17,404,535)	**(17,404,535)**	-	**(17,404,535)**
Total increase (decrease) in equity		-	37,311,623	161,968	37,473,591	41,344,533	**78,818,124**	-	**78,818,124**
Equity at the end of 12-31-2021	**24**	**776,355,048**	**19,269,593**	**704,822**	**19,974,415**	**175,578,953**	**971,908,416**	-	**971,908,416**

The accompanying notes number 1 to 35 form an integral part of these Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF CASH FLOWS
TRANSELEC S.A. AND SUBSIDIARY

For the years ended December 31, 2022 and 2021
Expressed in thousands of Chilean pesos (ThCh$)
(Translation of financial statements originally issued in Spanish-See Note 2.1)

DIRECT METHOD CASH FLOW STATEMENT	Note	12-31-2022 M$	12-31-2021 M$
Cash flows provided by (used in) operating activities			
Classes of receipts from operating activities:			
Cash receipts from sales of goods and services		607,286,207	562,766,663
Cash receipts from related party for services rendered	7	5,552,551	6,897,521
Cash receipts from related parties for interest	7	9,974,970	8,954,870
Other proceeds from operating activities		320,718	571,476
Types of payments for operating activities:			
Payments to suppliers for goods and services		(12,687,006)	(18,891,240)
Payments of interest for rights of use		(60,314)	(88,469)
Other payments for operating activities		(91,748,615)	(90,587,975)
Payments to and on behalf of employees		(22,482,385)	(20,735,073)
Interest paid		(74,372,444)	(75,390,145)
Net cash flows provided by operating activities		**421,783,682**	**373,497,628**
Cash Flows Provided by (Used in) Investing Activities			
Additions of property, plant and equipment and Intangibles		(238,906,464)	(213,729,214)
Amounts from the sale of property, plant and equipment		52,898	-
Collections received from related entities	7	-	29,192,846
Payments made to related entities	7	(4,402,310)	(31,120,742)
Net cash flows used in investing activities		**(243,255,876)**	**(215,657,110)**
Cash Flows Provided by (Used in) Financing Activities			
Payments of lease liabilities		(1,905,445)	(1,455,982)
Dividends paid	24.3	(17,404,007)	(28,723,000)
Net cash flows used in financing activities		**(19.309.452)**	**(30.178.982)**
Net increase in cash and cash equivalents, before the effect of changes in the exchange rate		**159,218,354**	**127,661,536**
Effects of changes in the exchange rate on cash and cash equivalents		78,992	1,017,279
Net increase in cash and cash equivalents		159,297,346	128,678,815
Cash and cash equivalents at the beginning of the period	**5**	**234,518,965**	**105,840,150**
Cash and cash equivalents at the ending of the period	**5**	**393,816,311**	**234,518,965)**

The accompanying notes number 1 to 35 form an integral part of these Consolidated Financial Statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
TRANSELEC S.A. AND SUBSIDIARY

As of December 31, 2022 and 2021
Expressed in thousands of Chilean pesos (ThCh$)
(Translation of financial statements originally issued in Spanish-See Note 2.1)

1- GENERAL INFORMATION

Rentas Eléctricas III Limitada was formed as a limited liability company by public deed on June 6, 2006. According to public deed dated May 9, 2007, the Company acquired 100 shares owned by Transelec Holdings Rentas Limitada, corresponding to 0.01% of the share capital of Transelec S.A. (formerly Nueva Transelec S.A.), leaving the Company with 100% ownership. Thus, the merger took place by absorption, and the assets, liabilities, rights and obligations of Transelec S.A. (formerly Nueva Transelec S.A.) passed to the Company. In this way, the Company directly assumed operation of the electricity transmission business previously conducted by the aforementioned subsidiary.

On March 26, 2007, it changed its name to Rentas Eléctricas III S.A. and became a corporation and on June 30, 2007, Rentas Eléctricas III S.A. changed its name to its current name, Transelec S.A. (here and after "the Company" or "Transelec").

On May 16, 2007, the Company was listed under number 974 in the Securities Registry of the Commission for the Financial Market (CMF in its Spanish acronym) and is subject to its supervision. Simultaneously, it registered 1,000,000 shares, which corresponds to the total number of shares issued, subscribed and fully paid.

On December 1, 2014, Transelec S.A., merged with its subsidiary Transelec Norte S.A. through an acquisition of 0.01% of the shares of Transelec Norte S.A. owned by Transelec Holdings Rentas Limitada, becoming the owner of the 100% shares.

On September 1, 2015, Transelec S.A merged with its subsidiary Inversiones Electricas Transam Chile Ltda., which on August 1, 2015, had absorbed its subsidiaries: Transmisora Huepil Ltda, Transmisora Abenor Ltda and Transmisora Araucana de Electricidad Ltda. Through the acquisition of the investment complement which completes 100% of the ownership, in the merger processes mentioned above.

On March 31, 2017, Transelec S.A acquired 100% shares of the company Transmisión Del Melado SpA.; thus, taking control of this entity during April 2017. For this reason, Transelec S.A. prepares Consolidated Financial Statements since June 30, 2017.

The corporate domicile of the Company is at Orinoco No. 90, 14th floor, Las Condes, Santiago, Chile.

The Company has the exclusive objective of operating and developing electricity systems owned by the Company or by third parties designed to transport or transmit electricity and may, for these purposes, obtain, acquire and use the respective concessions and permits and exercise all of the rights and powers that current legislation confers on electric companies. Its line of business includes commercializing the transport capacity of lines and transformation capacity of substations and equipment associated with them so that generating plants, both Chilean and foreign, may transmit the electricity they produce to their consumption centers; providing engineering or management consulting services related to the company's line of business; and developing other business and industrial activities to use electricity transmission facilities. The Company may act directly or through subsidiaries or affiliates, both in Chile and abroad.

The Company is controlled directly by Transelec Holdings Rentas Limitada and indirectly by ETC Transmission Holdings S.L.

The Consolidated Financial Statements of the Company for the year ended December 31, 2022, were approved by the Board of Directors at its meeting N°239 held on March 30, 2023.

2- SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

The main accounting policies applied in preparing the Consolidated Financial Statements are detailed below. These policies have been based on IFRS in effect as of December 31, 2022 and applied uniformly for the periods presented.

2.1 Basis of preparation of the Consolidated Financial Statements

These Consolidated Financial Statements comprise the Statement of Financial Position as of December 31, 2022 and 2021, the Comprehensive Income of its operations, the Changes in Stockholders' Equity and Cash Flows for the years ended December 31, 2022 and 2021 and have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), considering the disclosure regulations of the CMF, which are not in conflict with IFRS.

These Consolidated Financial Statements have been prepared from the accounting records maintained by the Company. The figures in these Consolidated Financial Statements and their notes are expressed in thousands of Chilean pesos.

In preparing these Consolidated Financial Statements, certain critical accounting estimates have been used to quantify some assets, liabilities, income and expenses. IFRS also requires management to exercise its judgment in the process of applying Transelec's accounting policies. Areas involving a greater degree of judgment or complexity or areas in which assumptions and estimates are significant for these Consolidated Financial Statements are described in Note 4.

The information contained in these Consolidated Financial Statements is the responsibility of the Company's management.

The accounting policies adopted in the preparation of the Consolidated Financial Statements are consistent with those applied in the preparation of the annual Consolidated Financial Statements of the Company for the year ended December 31, 2021.

During the year ended December 31, 2022, no accounting changes were recorded that affect the Consolidated Financial Statements.

For the convenience of the readers outside of Chile, the financial statements and their accompanying notes have been translated from Spanish into English.

As of December 31, 2022, the company has made the following reclassifications to the Consolidated Financial Statements with respect to December 31, 2021:

Disclosure of Provisions item

As of December 31, 2022, the Provisions item is presented, which includes the balances provisioned by the administration corresponding to fines and trials. This balance was presented in the Audited Consolidated Financial Statement as of December 31, 2021 in Trade and other payable.

Financial Statement Item	Disclosed in Consolidated Financial Statement as of 12-31-2021 M$	Disclosed in this Consolidated Financial Statement as of 12-31-2021 M$
Statements of Financial Position, item "Trade and other payable" in Current Liabilities	176,411,700	171,695,169
Statements of Financial Position, item "Provisions" in Current Liabilities. New item in this Financial Statement	-	4,716,531

Reclassification of financial lease

As of December 31, 2022, the book value of a portion of the financial lease with the client Metro S.A. was classified under Other financial assets non-current, which was presented in the Consolidated Financial Statement as of December 31, 2021 under Other non-financial assets non-current.

Financial Statement Item	Disclosed in Consolidated Financial Statement as of 12-31-2021 M$	Disclosed in this Consolidated Financial Statement as of 12-31-2021 M$
Statements of Financial Position, item "Other non financial assets" in Non-current assets	8,193,431	1,216,073
Statements of Financial Position, item "Other financial assets" in Non-current assets	226,031,822	233,009,180

2.2 Basis of Consolidation

The Consolidated Financial Statements comprise the financial statements of the Parent Company and its subsidiary, including all its assets, liabilities, revenue, expenses and cash flows after carrying out the adjustments and eliminations related to the transactions between the companies that form part of the consolidation.

A subsidiary is a company over which Transelec S.A. exercises control in accordance with IFRS 10. In order to comply with the definition of control according to IFRS 10, three criteria must be complied with, namely: (a) an investor has the power over the relevant activities of the investee, (b) the investor is exposed, or has rights to, variable returns from the share in the investee, (c) the investor has the ability to use its power over the investee to exercise influence over the amount of income of the investor. Non- controlling interest represents the amount of net assets and profit or loss that are not property of the Parent Company, which is presented separately in the comprehensive income statement and within equity in the consolidated statement of financial situation.

Acquisition of a subsidiary is recorded in accordance with IFRS 3 “Business Combinations”, using the equity method. This method requires the recognition of identifiable assets (including intangible assets previously unrecognized and goodwill) and liabilities acquired at fair value on the acquisition date. Non- controlling interest is recognized by the portion owned by minority shareholders on the value of recognized assets and liabilities.

The excess of acquisition cost on the fair value of the share of the Company in the acquired identifiable net assets is recognized as goodwill. If the acquisition cost is less than the fair value of the net assets of the acquired subsidiary, the difference is recognized directly in the income statement.

The financial statements of the subsidiary have been prepared on the same date as those of the Parent Company and the accounting policies have been applied uniformly, considering the specific nature of each business unit.

The information regarding the entity in which the Company has control and that forms part of the consolidation is detailed as follows:

Tax ID #	Subsidiary	Participation share		Country of origin	Functional currency
		12-31- 2022	12-31-2021		
76.538.831-7	Transmisión del Melado SpA	100%	100%	Chile	Ch$

2.3 New standards and interpretations accounting

The following new standards, amendments and interpretations has been considered in this Consolidated Financial Statements:

IFRS	New standards, amendments and interpretations	Mandatory Effective Date
IFRS 3	Reference to the Conceptual Framework	January 01, 2022
IAS 16	Property, Plant and Equipment – Proceeds before Intended Used	January 01, 2022
IAS 37	Onerous Contracts – Costs of Fulfilling a Contract	January 01, 2022
IFRS 1, IFRS 9, IFRS 16 and IAS 41	Annual Improvements to IFRS Standards 2018-2020	January 01, 2022

The Company has evaluated that the application of these amendments does not have a significant effect on the amounts reported in these Consolidated Financial Statements and will evaluate their impact on future transactions or contracts.

The standards and interpretations, as well as the improvements and amendments to IFRS, which have been issued but are not yet effective at the date of these Consolidated Financial Statements, are detailed below:

2.3.1 New standards

The Company has not applied these standards in advance:

IFRS	New standards	Mandatory Effective Date
IFRS 17	Insurance Contracts	January 01, 2023

IFRS 17 Insurance Contracts

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance contracts.

IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the Variable Fee Approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the Premium Allocation Approach.

The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty; it takes into account market interest rates and the impact of policyholders’ options and guarantees.

In June 2020, the IASB issued Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after January 1, 2023. At the same time, the IASB issued Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) that extends the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after January 1, 2023.

IFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.

For the purpose of the transition requirements, the date of initial application is the start if the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

The Company’s management does not anticipate that the application of these regulations will have a significant impact in the Consolidated Financial Statements.

2.3.2 Enhancements and modifications

The enhancements and modifications, which have been issued but are not yet effective at the date of these Consolidated Financial Statements, are detailed below:

Amendments	Enhancements and Modifications	Mandatory Effective Date
IAS 1	Classification of Liabilities as Current or Non-Current	January 1 2024
IAS 1 and IFRS-Practice Statement 2	Disclosure of Accounting Policies	January 1 2023
IAS 8	Definition of Accounting Estimates	January 1, 2023
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	January 1, 2023
IFRS16	Lease Liability in a Sale and Leaseback	January 1, 2024
IAS 1	Non-current Liabilities with Covenants	January 1, 2024

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after January 1, 2023. Early application is permitted.

The Company's Management anticipates that the application of this regulation will not have a significant impact in the Consolidated Financial Statements.

Disclosure of accounting policies (amendments to IAS 1 and IFRS Practice Statement 2)

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

The amendments to IAS 1 are effective for annual periods beginning on or after January 1, 2023, with earlier application permitted and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.

The Company's Management anticipates that the application of this regulation will not have a significant impact in the Consolidated Financial Statements.

Definition of accounting estimates (amendments to IAS 8)

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

The IASB added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The Board has deleted one example (Example 3) as it could cause confusion in light of the amendments.

The amendments are effective for annual periods beginning on or after January 1, 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.

The Company's Management anticipates that the application of this regulation will not have a significant impact in the Consolidated Financial Statements.

Deferred tax related to assets and liabilities arising from a single transaction (amendments to IAS 12)

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

Following the amendments to IAS 12, an entity is required to recognize the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

The Board also adds an illustrative example to IAS 12 that explains how the amendments are applied.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognizes:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with:
  - Right-of-use assets and lease liabilities
  - Decommissioning, restoration and similar liabilities and the corresponding amounts recognized as part of the cost of the related asset
- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted.

The Company's Management anticipates that the application of this regulation will not have a significant impact in the Consolidated Financial Statements.

Lease liability in a sale and leaseback (amendments to IFRS 16)

The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.

The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognize a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date. The amendments do not affect the gain or loss recognized by the seller-lessee relating to the partial or full termination of a lease. The amendments are effective for annual reporting periods beginning on or after January 1, 2024. Earlier application is permitted. If a seller-lessee applies the amendments for an earlier period, it is required to disclose that fact. A seller-lessee applies the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied IFRS 16.

The Company's Management anticipates that the application of this regulation will not have a significant impact in the Consolidated Financial Statements.

Non-current Liabilities with covenants (amendments to IAS 1)

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

The amendments are applied retrospectively in accordance with IAS 8 for annual reporting periods beginning on or after January 1, 2024. Earlier application is permitted.

The Company's Management anticipates that the application of this regulation will not have a significant impact in the Consolidated Financial Statements.

2.4 Foreign currency translation

2.4.1 Functional and presentation currency

The Company's functional currency is the Chilean peso. These Consolidated Financial Statements are presented in Chilean pesos.

2.4.2 Transactions and balances

Transactions carried out by each company in a currency other than its functional currency are recorded using the exchange rates in effect as of the date of each transaction. During the period, any differences that arise between the exchange rate recorded in accounting and the rate prevailing as of the date of collection or payment are recorded as exchange differences in the income statement. Likewise, as of each period end, balances receivable or payable in a currency other than each company's functional currency are converted using the period-end exchange rate. Losses and gains in foreign currency arising from settling these transactions and from converting monetary assets and liabilities denominated in foreign currency using period-end exchange rates are recorded in the income statement, except when they should be deferred in equity, such as the case of cash flow.

2.4.3 Exchange rates

As of each year end, assets and liabilities in foreign currency and UF have been converted to Chilean pesos using the following exchange rates:

Currency or indexing unit	Chilean pesos per unit	
	12-31-2022	12-31-2021
Unidad de fomento	35,110.98	30,991.74
US$	855.86	844.69
Euro	915.95	955.64

2.5 Financial reporting by operating segments

The Company manages its operations and presents information in the Consolidated Financial Statements based on a single operating segment: Electricity transmission.

The source of the revenues that generates the company and its assets are located in Chile.

2.6 Property, plant and equipment

Property, plant and equipment are valued at acquisition cost, net of its corresponding accumulated depreciation and any impairment losses it may have experienced. In addition to the price paid to acquire each item, the cost also includes, where appropriate, the following items:

(a) All costs directly related placing the asset in the location and condition that enables it to be used in the manner intended by management.

(b) Borrowing costs incurred during the construction period that are directly attributable to the acquisition, construction or production of qualified assets, which require a substantial period of time before being ready for use are capitalized. The interest rate used is that of the specific financing or, if none exists, the average financing rate of the company carrying out the investment.

(c) Future disbursements that Transelec S.A. and its subsidiary must make to close their facilities are incorporated into the value of the asset at present value, recording the corresponding provision. On an annual basis both existences of such obligations as well as estimate of future disbursements are reviewed, increasing or decreasing the value of the asset based on the results of this estimate.

Assets under construction are transferred to operating assets once the testing period has been completed when they are available for use, at which time depreciation begins.

Expansion, modernization and improvement costs that represent an increase in productivity, capacity or efficiency or an extension of useful life are capitalized as a greater cost of the corresponding assets. Replacement or overhauls of whole components that increase the asset's useful life, or its economic capacity, are recorded as an increase in value for the respective assets, derecognizing the replaced or overhauled components. Periodic maintenance, conservation and repair expenses are recorded directly in income as an expense for the period in which they are incurred.

Property, plant and equipment, net of its residual value, is depreciated by distributing the cost of its different components on a straight-line basis over its estimated useful life, which is the period during which the companies expect to use them. The useful lives and residual values of fixed assets are reviewed on a yearly basis. The land has an indefinite useful life and is not depreciated.

The following table details the ranges of useful lives periods applied to principal classes of assets and used to determine depreciation expense:

Items	Range of estimated useful life	
	Minimum	Maximum
Buildings and infrastructure	20	50
Machinery and equipment	15	40
Other assets	3	15

The depreciation of these assets is recorded in the Statement of Income under the categories of Cost of Sales and Administrative.

2.7 Intangible assets

2.7.1 Goodwill

Goodwill represents the excess of acquisition cost on the fair value of net assets acquired in a business combination. Goodwill is not amortized, it is annually tested for impairment, regardless of the existence of any indication of impairment.

For impairment testing, goodwill acquired in a business combination is allocated from the acquisition date to the cash-generating units expected to benefit from such combination.

During the periods covered by these Consolidated Financial Statements, there were no impairment losses of goodwill.

2.7.2 Easements

Easements are presented at historical cost. These rights have no defined useful life and, therefore, are not amortized. However, these indefinite useful lives are reviewed during each reporting year to determine if they remain indefinite. These assets are tested for impairment at each year end and if there are indicator of impairment.

2.7.3 Computer software

Purchased software licenses are capitalized based on the costs incurred to purchase them and prepare them for use. These costs are amortized on a straight-line basis over their estimated useful lives that range from three to five years.

Expenses for developing or maintaining computer software are expensed when incurred. Costs directly related to creating unique, identifiable computer software controlled by the Company that is likely to generate economic benefits in excess of its costs during more than one year are recognized as intangible assets, and its amortization is included in the income statement under costs of sales and administrative expenses.

2.8 Impairment of non-financial assets

Assets with an indefinite useful life, such as easements, are not amortized and are tested annually for impairment. Amortized assets are tested for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable.

An impairment loss is recognized for the difference between the asset's carrying amount and its recoverable amount.

The recoverable amount is the higher of its fair value less costs to sell and its value in use this being the present value of the expected future cash flows.

The Company has defined its only operating segment the Transmission of Electricity as a Cash Generating Unit (CGU) for the purposes of impairment tests and, therefore, both goodwill and intangible assets with an indefinite useful life existing at the date of the impairment test are completely assigned to this CGU.

The variable to which the value in use model is most sensitive is the discount rate. The main variables considered in the impairment test are:

Variable	12-31-2022	12-31-2021	Description
Discount rate	7.40%	8.49%	The discount rate used is the weighted average cost of capital (WACC) of the Company, measured before taxes.
Growth rate	3.00%	3.00%	The growth rate is applied to the perpetuity and is based on the estimation of the long-term inflation expectation established by the Central Bank of Chile.
Cash Flow estimation period	5 years	5 years	The estimation period is 5 years, based on the Company's internal business plan plus perpetuity.

Impairment losses from continuing operations are recognized in the income statement in the expenses categories in accordance with the function of the impaired assets. In the case of goodwill see Note 2.7.1.

Non-financial assets other than goodwill that suffered an impairment loss are reviewed at each reporting date for possible reversal of the impairment, in which case the reversal may not exceed the amount originally impaired less accumulated depreciation.

2.9 Financial instruments

A financial instrument is any contract that generates, at the same time, a financial asset in an Entity and a financial liability or an equity instrument in other Entity.

1) Non-derivatives financial assets

The Company classifies its non-derivatives financial assets into the following categories:

a) Amortized Cost

In this category are classified the financial assets within the Business Model of the Company whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Non-derivatives financial assets that that accomplish with the conditions stated in IFRS 9 to be classified at amortized cost are: account receivables, loans granted and cash equivalents. These assets are recorded at amortized cost, which is its initial fair value, minus the payments of principal, plus the non-collected accrued interests calculated according to the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortized cost of a financial liability.

b) Fair value through other comprehensive income (Equity):

In this category are classified the financial assets within the Business Model of the Company whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These financial assets are recognized into the Consolidated Financial Statement at its fair value when it can be feasible determined. Changes in its fair value, net of tax effect, are recorded into the Other Comprehensive Income Statement until those financial assets are derecognized which is the moment when the accumulated effect is recycle into the Profit or Loss of the period. If the fair value of the financial assets is lower than the acquisition cost, and if there is objective evidence that the financial assets have an impairment that is not reversible, the difference has to be recorded as a loss of the period.

c) Fair value through profit or loss

For financial assets that were defined as such at the moment of their initial recognition and those that are not measured at amortized cost or fair value through other comprehensive income.

These financial assets are measured in the Consolidated Financial Statement at its fair value and the changes on its fair value are recorded directly in profit or loss at the moment when they occurred. Purchases or sales of financial assets are recorded at the date of the transaction.

2) Cash and Cash Equivalent

Cash and cash equivalents include cash, bank balances, time deposits and other short-term investments whose term is equal to or less than 180 days from the investment date, highly liquid investments that are easily convertible into known amounts of cash and that they are subject to negligible risk of changes in value. The balance of this account does not differ from that presented in the statement of cash flows. There is no restricted cash.

3) Impairment of financial assets

According to IFRS 9, the Company the impairment model based of expected credit losses. This model is used on the financial assets measured at amortized cost or fair value through other comprehensive income, except for the investments in equity instruments. The Company uses a simplify scope for account receivables, contractual assets and account receivables for leasing in order to ensure that any impairment recorded is made in reference to the expected losses for all the life of the asset.

4) Non-derivatives financial liabilities

Financial liabilities are initially recognized at its fair value, net of the transaction's costs. For its subsequent measurement, these liabilities are measured at amortized cost using the effective interest rate method. For the fair value of debt calculation, it has been performed using the discounted cash flows method according to the interest rate curves available in the market depending on the payment currency.

5) Derivatives and Hedge activities

The Company selectively uses derivative and non-derivative instruments, to manage its exposure to exchange rate risk (See Note 18).

Derivatives instrument used by the Company are mainly related to hedge the interest rate/exchange rate risks. Derivatives instruments are recorded at its fair value at the date of the statement of financial position. If the fair value of the derivative instrument is positive, it is recorded into the "Other financial assets" item and in case that the fair value of the derivative instrument is negative it is recorded into the "Other financial liabilities" item. Changes in the fair value of the derivative instruments are recorded into profit or loss unless the derivative had been designated as a hedge instrument and comply with all the requirement stated in IFRS in order to use Hedge Accounting. Regarding to hedge accounting, the Company is still under the IAS 39 scope. The different types of hedge accounting that the Company perform are:

5.1) Fair value Hedge: Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, along with any change in the fair value of the hedged asset or liability that is attributable to the hedged risk. The Company has not used fair value hedges during the years presented.

5.2) Cash Flow Hedge: Changes in the fair value of the effective portion of derivatives are recorded in equity account "Reserve for cash flow hedges". The cumulative loss or gain in this account is transferred to the income statement to the extent that the underlying item impacts the income statement because of the hedged risk, netting the effect in the same income statement account. Gains or losses from the ineffective portion of the hedge are recorded directly in the income statement. A hedge is considered highly effective when changes in the fair value or the cash flows of the underlying item directly attributable to the hedged risk are offset by changes in the fair value or the cash flows of the hedging instrument, with effectiveness ranging from 80% to 125%.

Hedge accounting is discontinued when the Company revokes the hedging relationship, the hedged item expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss deferred in equity is retained and is recognized when the forecasted transaction is ultimately recognized in the income statement.

5.3) Hedge of a net investment in a foreign operation (hedge of a net investment): Hedges of net investments in foreign operations are accounted for to similarly to cash flow hedges. The exchange differences originated by a net investment in a foreign entity and those derived from the hedging operation must be recorded in a reserve of the Equity, under the item Other reserves until the disposal of the investment occurs.

Gains or losses relating to the ineffective portion are recognized immediately in the income statement in the line item "Other gains (losses)".

The Company has not used hedges of a net investment in foreign operation for the periods presented.

At the inception of the transaction, the Company documents the relationship existing between the hedge instruments and the hedged items, as well as its risk management objectives and its strategy for handling various hedge transactions. The Company also documents its assessment, both at inception and subsequently on an ongoing basis, of the effectiveness of the hedge instruments in offsetting movements in the fair values or cash flows of the hedged items. A derivative is presented as a non-current asset or liability if its maturity is greater than 12 months and it is not expected to be realized within 12 months. Other derivatives are presented as current assets or liabilities.

6) Embedded derivatives

Derivatives embedded in other financial instruments or other contracts are treated as derivatives when their risks and characteristics are not closely related to the principal contracts and the principal contracts are not measured at fair value through profit and loss. In the case that they are not closely related, they are recorded separately, and any changes in value are recognized in the income statement. In the periods presented in these Consolidated Financial Statements, the Company did not identify any contracts that met the conditions for embedded derivatives.

7) Derecognition of financial assets and liabilities

Financial assets are derecognized when, and only when:

a) The contractual rights to the cash flows from the financial asset expire or, the Company retains the contractual rights to receive the cash flows but assumes a contractual obligation to pay those cash flows to one or more entities.
b) The Company has substantially transferred the risks and benefits derived from its ownership or, if it has not substantially transferred or retained them, when it does not retain control of the assets.

Financial liabilities are derecognized when the company's obligations are fulfilled, canceled or have expired. The difference between the book value of the derecognized financial liability and the consideration paid and payable, including any asset transferred other than cash or liability assumed, is recognized in income.

8) Compensation of financial assets and liabilities

The Company compensate financial assets and liabilities, presenting the net amount in its Consolidated Financial Statements, only when:

a) There is a legal right to compensated both amounts; and

b) There is an intention of settle the transaction on a net basis, or to collect the asset and pay the liability simultaneously.

These rights can only be legally enforceable during the normal course of the business, or in case insolvency, payment problems or bankruptcy, of any one or all the parties involved in the transaction.

2.10 Inventory

Inventory is valued at acquisition cost using the weighted average price or net realizable value if this is lower.

2.11 Paid-in capital

Paid-in capital is represented by one class of ordinary shares with one vote per share. Incremental costs directly attributable to new share issuances are presented in equity as a deduction, net of taxes, from issuance proceeds.

2.12 Income tax and deferred taxes

The result for income tax for the year is determined as the sum of the current tax arising from the application of the tax rate on taxable income, after allowed deductions, plus the change in assets and liabilities for deferred tax and tax credits, both for tax losses and other deductions.

Differences between the book value and tax base of assets and liabilities generate deferred tax asset and liability balances, which are calculated using tax rates expected to be in effect when assets are realized, and liabilities are settled.

Current taxes and changes in deferred tax assets and liabilities not from business combinations are recorded in income or in equity accounts in the statement of financial position, depending on where the gains or losses originating them were recorded.

Deferred tax assets and tax credits are recognized only when it is likely that there are future taxable profits sufficient enough against which the deductible temporary differences and the carry forward of unused tax credit can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date consolidated financial statement and written off to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities are recognized for all temporary differences, except those derived from the initial recognition of goodwill and those that arose from valuing investments in subsidiaries, associates and jointly-controlled companies in which Transelec can control their reversal and where it is likely that they are not reversed in the foreseeable future.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

2.13 Employee benefits

2.13.1 Vacation

The Company recognize the vacation expense of employees by using the accrual method. This benefit is for all staff and is equivalent to a fixed amount accordingly with individual contracts.

This benefit is recorded at nominal value.

2.13.2 Severance indemnity

The Company recognize liabilities for severance indemnities for their employees, based on the benefits that are contained in collective and individual contracts with staff. If this benefit is contractual, the obligation is treated in the same way as defined benefit plans in accordance with IAS 19 and is recorded using the projected credit unit method.

Defined benefit plans define the amount of the benefit that an employee will receive upon termination of employment, which usually depends on one or more factors such as the employee's age, rotation, years of service and compensation.

The liability recognized in the statement of financial position represents the present value of the defined benefit obligation plus/ minus adjustments for unrecorded actuarial gains or losses and past service costs. The present value of the defined benefit obligation is determined by discounting the estimated cash outflows using the BCU interest rates (Central Bank of Chile bond rate in Unidades de Fomento) denominated in the same currency in which the benefits will be paid, and which have terms that approximate the maturity terms of the severance indemnities obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in other comprehensive income.

2.13.3 Profit sharing

The Company recognizes a liability and an expense for profit sharing arrangements based on respective collective and individual contracts with its employees and executives, using a formula that considers the net income attributable to the Company's shareholders after certain adjustments. Transelec recognizes a provision when it has a contractual obligation or when a past practice has created a constructive obligation of agreement to IAS 19.

2.14 Provisions

Provisions for environmental restoration, asset retirement, restructuring costs, onerous contracts, lawsuits and other contingencies are recognized when:

- The Company has a present obligation, whether legal or implicit, as a result of past events;
- It is more likely than not that an outflow of resources will be required to settle the obligation;
- The amount can be reliably estimated.

Provisions are measured at the present value of management's best estimate of the expenditures required to settle the obligation. The discount rate used to determine the present value reflects current market assessments, as of the reporting date, of the time value of money, as well as the specific risk related to the particular liability, if appropriate. Increases in provisions due to the passage of time are recognized in interest expense.

As of the date of issuance of these Consolidated Financial Statements, Transelec have no obligation to establish provision for environmental restoration and similar expenses.

2.15 Classification of current and non-current balances

In the statement of financial position, balances are classified based on maturity i.e., current balances mature in no more than twelve months and non-current balances in more than twelve months.

In the case that the Company have any obligations that mature in less than twelve months but can be refinanced over the long term at the Company's discretion, through unconditionally available credit agreements with long-term maturities, such obligations may be classified as non-current liabilities.

2.16 Revenue recognition

The legal framework that governs the electrical transmission activity in Chile is regulated by DFL No. 4/2006, which establishes the Consolidated, Coordinated and Systematized Text of the Decree with Force of Law No. 1, of Mining, of 1982, General Law of Electric Services (DFL(M) No. 1/1982) and its subsequent amendments thereto, including Law 19,940 (call also the "Short Law I"), enacted on March 13, 2004, Law 20,018 ("Short Law II"), enacted on 19 May 2005, Law 20,257 (Generation with Non-Conventional Renewable Sources of Energy) enacted on April 1, 2008 and Law 20,936 (Transmission Law) enacted on July 11, 2016.

These rules are complemented by the various regulations defined in the Law, among them: the General Law of Electric Services of 1997 (Supreme Decree No. 327/1997 of the Ministry of Mining), the Coordination and Operation of the Electric System regulation (Supreme Decree No. 125/2017 of the Ministry of Energy), the Transmission Systems and Transmission Planning regulation (Supreme Decree No. 37/2019 of the Ministry of Energy), and the Qualification, Valuation, Pricing and Remuneration of the Transmission regulation (Supreme Decree No. 10/2019 of the Ministry of Energy).

In detail, the Law 20,936 created an Independent Coordinator Body for the National Electric System to replace the previous Load Economical Dispatch Centers and establishes a new Electric Transmission System where the facilities of the Trunk system, Sub-transmission and Additional system, introduced by Short Law I, were replaced by the National Transmission System, Zonal, Dedicated Transmission System, Development Poles and International Interconnection.

The law establishes that the remuneration of the transmission works will correspond to the Annual Value of Transmission per Tranche (VATT in its Spanish acronym). Facilities of the Dedicated segment, or whose origin was by agreement between private parties, set the VATT through bilateral contracts, while for facilities of the National, Zonal and Dedicated segment used by regulated customers, the VATT is determined in a regulated manner in the law (to date there are no facilities in the Poles of Development and International Interconnection segment). In this way, the Company basically distinguishes between two types of contracts with customers, one of them of a regulated nature and the other of a contractual nature. The first one is subject to regulated rates, while the second one is related to contractual agreements with the users of the transmission facilities.

In this context, the regulated income of a work will depend on whether it is the result of a bidding process or a centralized valuation process. Thus, the revenue of the new works corresponds to the VATT awarded in the bidding process for the exploitation rights; the VATT of the expansion works of existing facilities is determined based on the value of the investment awarded in the bidding processes for the construction rights, while the VATT of the rest of the works is determined based on the efficient valuation of the facilities every four years.

The centralized valuation process determines, for all existing facilities subject to price review, the investment value (VI in its Spanish acronym) of the facilities associated with an efficient process of management, acquisition, construction, assembly and commissioning. From this VI, the Annuity of the Investment Value is determined considering a discount rate defined in the regulations whose value can vary with a minimum of 7% and a maximum of 10% after taxes. To the AVI is added the Operation, Maintenance and Administration Costs (COMA in its Spanish acronym) associated with the operation of an efficient company.

In this way, the total income generated by the use of the Company's facilities for both types of revenues, regulated and contractual, includes these two components: i) the annuity of the investment value (AVI in its Spanish acronym), plus ii) the operation, maintenance and administration costs (COMA in its Spanish acronym). Where these values are the results of bilateral contracts or regulated processes.

Finally, the revenue recognized by the company, and which it has the right to collect from its clients, corresponds to the VATT determined as the indexed values of the AVI and COMA that make up such VATT. The law establishes these charges as integral components in rendering of transmission services. Therefore, due to these services are substantially the same and they have the same pattern of transference to customers, in other words, both services are satisfied over time with a similar progress measurement, the Company has determined that there is a unique performance obligation, and it is satisfied over a period of time, therefore revenues are recognized on the same time base.

Revenues from both regulatory and contractual arrangements are recognized and billed on a monthly basis, using values stipulated in the contracts or those resulting from regulated tariffs.

The transmission service is generally billed during the months following the month in which the service was provided, and therefore the revenue recognized each month corresponds to the transmission service delivered, but not billed in such month.

2.17 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at the inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or whether or not the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

2.17.1 The Company as lessor

The assets held under a finance lease are presented in other financial assets at an amount equal to the net investment in the lease, being the aggregate of: (i) minimum lease payments receivable and (ii) any unguaranteed residual value accruing to the Company discounted at the interest rate implicit in the lease. The income (interest) is recognized on a pattern reflecting a constant periodic rate of return on the net investment in the lease; this income is presented in the statement of income in operating revenues. Lease payments relating to the period, excluding costs for any separate services, are applied against the gross investment in the lease to reduce both the principal and the unearned finance income.

Assets subject to operating leases are presented in the statement of financial position according to the nature of the asset. Lease income from operating leases is recognized in income on a straight-line basis over the lease term, unless another systematic basis is more representative to reflect time pattern in which use benefit derived from the leased asset is diminished.

2.17.2 The Company as lessee

Finance leases in which acts as lessee are recognized when the agreement begins, recording an asset based on the nature of the lease and a liability for the same amount, equal to the lesser of the fair value of the leased asset or the present value of the minimum lease payments.

Subsequently, the minimum lease payments are divided between finance expense and reducing the debt. The finance expense is recorded in the income statement and distributed over the period of the lease term so as to obtain a constant interest rate for each period over the balance of the debt pending amortization. The asset is amortized in the same terms as other similar depreciable assets, as long as there is reasonable certainty that the lessee will acquire ownership of the asset at the end of the lease. If no such certainty exists, the asset will be amortized over the lesser term between the useful life of the asset and the term of the lease.

2.17.3 Rights from use of lease

The company has lease agreements on several Property, Plant and Equipment items. Under IAS 17, the Company classified each of its assets on the date of origin as a finance lease or an operating lease. Leases were classified as finance leases if they substantially transferred to the company all the risks and rewards incidental to ownership of the leased asset; otherwise, they were classified as operating leases.

In adopting IFRS 16, the Company applied a single recognition and measurement approach to all leases (in which the Company acts as lessee), except for short-term leases and low-value assets. In addition, the standard provides specific transition requirements and practical solutions, which the Company has applied.

2.17.3.1 Leases previously classified as operating leases

The Company recognized assets for right of use and lease liabilities regarding leases previously classified as operating leases (in which the Company acts as lessee), except in the case of short-term leases and leases of low-value assets.

The right-of-use assets in the case of most leases were recognized based on book value as if the Standard had always been applied, except for the use of the passive rate on the date of initial application. In some leases, the right-of-use assets were recognized based on the amount equal to the lease liability, adjusted for the amount of any advance or accumulated (accrued) lease payment that has been previously recognized. Lease liabilities were recognized based on the present value of the remaining lease payments, discounted through the use of the increasing passive rate at the date of initial application.

The practical solutions used by the Company in the application of IFRS 16 were:

a) Single discount rate for a lease portfolio with reasonably similar characteristics.

b) Evaluation of onerous leases before the date of initial application.

c) Application of the exceptions for short-term leases (maturity less than 12 months) on the date of the initial application.

d) Exclusion of the initial direct costs of measuring the right of use asset on the date of initial application.

e) Retrospective evaluation to determine the term of the lease in those cases in which the contracts contain renewal options or termination of the lease.

2.17.3.2 Right of use assets

The Company recognizes right of use assets at the inception date of the lease (i.e., the date on which the underlying asset is available for use). The right-of-use assets are measured at cost, less any accumulated depreciation and impairment loss, and are adjusted for any new measurement of lease liabilities. The cost of the right of use assets includes the amount of the recognized lease liabilities, the initially incurred direct costs and the lease payments on or before the inception date minus any received lease incentives.

Recognized right-of-use assets are depreciated on a straight-line basis for the shortest of their estimated useful life and the term of the lease and are subject to impairment review.

2.17.3.3 Lease liabilities

On the inception date of the lease, the Company recognizes the lease liabilities at the present value of the lease payments that must be made during the term of the lease. In calculating the present value of the lease payments, the Company uses the incremental indebtedness rate at the inception date of the lease if the interest rate implicit in the lease cannot be determined. After the inception date, the amount of lease liabilities is increased to reflect the accrued interest and is reduced as per the lease payments made. In addition, the book value of the lease liabilities is remeasured if there is a revision, a change in the term of the lease, a substantial change in the fixed lease payments or a change in the evaluation of the purchase of the underlying asset.

2.17.3.4 Short-term leases and leases of low-value assets

The Company applies the exception for recognition of short-term leases to its leases that have a term of 12 months or less from the inception date and that do not contain a renewal option. The lease recognition exception also applies for contracts that involve low value assets (less than USD 5,000). Short-term lease payments and leases of low-value assets are recognized as expenses on a straight-line basis over the term of the lease.

Significant judgment in determining the lease term for contracts with renewal options. The Company determines the lease term as the non-cancelable term of the lease, along with any period covered by an option to extend the lease if there is reasonable assurance that it will be exercised, or any period covered by an option to terminate the lease, if there is reasonable assurance that it will not be exercised.

The Company includes the renewal period as part of the term of the lease in the case of leases of assets of significant importance for its operations. These leases have a short non-cancelable period (i.e., three to five years) and there would be a significant negative effect on production if a replacement is not available.

At the time of initial recognition, right of use assets and lease liabilities (net of deferred interest) were recognized.

2.18 Distribution of dividends

Dividends payable to the Company's shareholders are recognized as a liability in the Consolidated Financial Statements in the period in which they are approved by the Company's shareholders.

Company makes a provision at the end of each year for the 30% of the profit of the year, in accordance with Law N° 18,046.

On the Company's Board meeting No. 57 held on December 31, 2010, the policy used for the determination of distributable net profit was approved. This policy does not contemplate adjustments to the "Profit (Loss) attributable to Holders of Equity Participation instruments of the Controlling Company".

The distribution of dividends as of December 31, 2022 and 2021 is reported in Note 24.3.

2.19 Non-current asses classified as held for sale

On the Company classifies as non-current assets (or group of assets for disposal) held for sale, property, plant and equipment, intangibles and groups subject to divestment (group of assets to be sold together with their directly associated liabilities), for which, on the closing date of the Statement of Financial Position, active efforts have been made for their sale, and it is estimated that it is highly probable that the operation will be materialize during the period of twelve months following such date.

Assets or groups subject to divestment classified as held for sale are valued at the lower of their book value or their fair value less costs to sell and are no longer amortized from the moment, they acquire this classification.

Assets that are no longer classified as held for sale, or no longer form part of a group of alienable items, are valued at the lower of their book value prior to their classification, less any depreciation, amortization or revaluation that would have been recognized if they had not been classified as such, and the recoverable value on the date on which they will be reclassified to Non-current assets.

Non-current assets held for sale and the components of the groups subject to divestiture classified as held for sale or as held for distribution to owners are presented in the Consolidated Statement of Financial Position as follows: Assets in a single line called Non-current assets or groups of assets for disposal classified as held for sale and liabilities also on a single line called Liabilities included in groups of assets for disposal classified as held for sale.

In turn, a discontinued operation is a component of the Group that has been sold or otherwise disposed of, or that has been classified as held for sale, and represents a line of business or a geographical area, which it is significant and can be considered separate from the rest; it is part of an individual and coordinated plan to have a line of business or a geographic area of operation that is significant and can be considered separate from the rest; or is a subsidiary entity acquired solely for the purpose of resale.

The results after taxes of discontinued operations are presented in a single line of the income statement called Profit (loss) from discontinued operations, also including the gain or loss after taxes generated by the divestment operation once it is completed.

3 - RISK MANAGEMENT POLICY

3.1 Financial risk

Transelec is exposed to the following risks as a result of the financial instruments it holds market risk stemming from interest rates, exchange rates and other prices that impact market values of financial instruments, credit risk and liquidity risk. The following paragraphs describe these risks and how they are managed.

3.1.1 Market risk

Market risk is defined for these purposes as the risk of changes in the fair value or future cash flows of a financial instrument as a result of changes in market prices. Market risk includes the risk of changes in interest and exchange rates, inflation rates and variations in market prices due to factors other than interest or exchange rates such as commodity prices or credit spread differentials, among others.

Company policy regulates investments and indebtedness, in an attempt to limit the impact of changes in the value of currencies and interest rates on the Company's net results by:

(a) Investing cash surpluses in instruments maturing within no more than 180 days.
(b) Entering into forward derivative contracts and other instruments to maintain a balanced foreign exchange position.
(c) Entering into fixed rate long-term debt indebtedness thus limiting risk from variable interest rates.

3.1.1.1 Interest rate risk

Significant changes in fair values and future cash flows of financial instruments that can be directly attributable to interest rate risks include changes in the net proceeds from financial instruments whose cash flows are determined in reference to floating interest rates and changes in the value of financial instruments with fixed cash flows.

The Company´s assets are primarily fixed and long-lived intangible assets. Consequently, financial liabilities that are used to finance such assets consist primarily of long-term liabilities at fixed rates. This debt is recorded in the balance sheet at amortized cost.

The objective of interest rate risk management is to achieve a balanced debt structure, decrease the impact on costs due to interest rate variations and, reduce volatility in the income statement.

A comparative table of the Company's debts is shown below, in which it can be seen that all of the Company's debt as of December 31, 2022 and 2021 was at a fixed rate until maturity. In addition, in the case of UF and Dollar indexed debt, variations in inflation and exchange rate could potentially impact the Company's financial expenses, which is mitigated by indexed income to inflation and exchange rate.

Debt	Currency or Index	Interest rate	Type of rate	Amount in Original Currency (thousand)	
				12-31-2022	12-31-2021
Serie D Bond	UF	4.25%	Fixed	13,500	13,500
Serie H Bond	UF	4.80%	Fixed	3,000	3,000
Serie K Bond	UF	4.60%	Fixed	1,600	1,600
Serie M Bond	UF	4.05%	Fixed	3,400	3,400
Serie N Bond	UF	3.95%	Fixed	3,000	3,000
Serie Q Bond	UF	3.95%	Fixed	3,100	3,100
Senior Notes	USD	4.625%	Fixed	300,000	300,000
Senior Notes	USD	4,250%	Fixed	375,000	375,000
Senior Notes	USD	3.875%	Fixed	350,000	350,000
Revolving Credit Facility	USD	5.7673%	Floating (*)	-	-

(*) The floating interest rate of 5.7673% of the committed line of credit is broken down into a 3-month LIBOR rate plus a margin of 1.00%. As of December 31, 2022 and 2021, the Company does not maintain amounts drawn by this line.

Although, inflation increases may have an impact on the costs of the debt denominated in UF and, therefore, on the Company's financial expenses, these impacts are slightly reduced by accounts receivable denominated in UF.

The following table shows the effects of the debt indexed to the UF on the company's financial result.

Serie	Position in UF	Annual Effect on income (MCh$)		
		Inflation (3%)	Inflation (4%)	Inflation (2%)
D Bond	(13,435,147)	(14,347)	(19,489)	(9,654)
H Bond	(3,000,630)	(3,205)	(4,353)	(2,156)
K Bond	(1,599,068)	(1,708)	(2,320)	(1,149)
M Bond	(1,476,179)	(1,576)	(2,141)	(1,061)
M1 Bond	(1,866,968)	(1,994)	(2,708)	(1,341)
N Bond	(2,886,458)	(3,082)	(4,187)	(2,074)
Q Bond	(3,075,549)	(3,284)	(4,462)	(2,210)
Total	**(27,340,001)**	**(29,196)**	**(39,660)**	**(19,646)**

3.1.1.2 Exchange rate risk

Transelec's exposure to the risk of exchange rate variations is due to the following:

- Transelec carries out several types of transactions in U.S. dollars (certain construction contracts, import purchases, etc.).
- Transelec maintains Cross Currency Swap contracts, which offset exchange rate risks of international emissions made in 2014 and 2016, for notional amounts equivalent to US$ 375 million and US$ 350 million, respectively (Long-term position).
- Maintains lease contracts that generate income indexed to US dollars.

The exposure to exchange rate risk is managed through an approved policy that includes fully covering the net balance sheet exposure, which is carried out through various instruments such as positions in US dollars, forward contracts and cross currency swaps.

The amounts of assets and liabilities denominated in dollars and Chilean pesos, in the periods indicated below, are as follows:

Concepts	Liabilities		Assets	
	12-31-2022 MCh$	12-31-2021 MCh$	12-31-2022 MCh$	12-31-2021 MCh$
U.S. dollar (amounts associated with balance sheet items)	889,100	875,783	888,932	868,719
Balance sheet items in Chilean pesos	2,560,149	2,275,571	2,560,317	2,282,636

The semi-annual indexation formulas incorporated in toll contracts and subtransmission tariffs, as well as those of monthly application for regulated trunk revenues, allow to reflect variations in the value of facilities and operational, maintenance and administration costs. In general, these indexation formulas take into account variations in international equipment prices, material prices and domestic labor.

3.1.1.2.1 Sensitivity analysis

The following chart shows the sensitivity analysis of various items to a 10% increase or decrease in exchange rates (US Dollar) and their effect on income or equity. This exchange rate sensitivity (10%) is used to internally report the Company's foreign exchange risk to key management personnel and represents management's valuation of the possible change in US Dollar exchange rate. The sensitivity analysis includes asset and liability balances in currencies other than the Company's functional currency. A positive number indicates an increase in income or other comprehensive income when the Chilean peso is weakened with respect to the foreign currency. A negative percentage implies a strengthening of the Chilean peso with respect to the foreign currency, which negatively impacts the income statement or in other comprehensive income.

Item (Currency)	Position	Net income (gain)/loss		Position	OCI	
	Long/(Short)	Change (-10%)	Change (+10%)	Long/ (Short)	Change (-10%)	Change (+10%)
Cash (US$)	17,362	(23)	23	-	-	-
Leasing (US$)	43,734	(57)	57	-	-	-
Forwards (assets) (US$)	8,864	-	-	970	(1)	1
Senior Notes (US$)	(889,100)	1,154	(1,154)	-	-	-
Swaps	615,071	(799)	799	142,430	(185)	185
Intercompany loan (US$)	221,691	(288)	288	-	-	-
Total	**17,622**	**(13)**	**13**	**143,400**	**(186)**	**186**

3.1.2 Credit risk

With respect to credit risk related to accounts receivable from the electricity transmission activity, this risk is historically very low in the industry given the nature of business of the Company's customers and the short-term period of collection of receivables from clients leads to the situation in which they do not accumulate significant amounts.

However, revenues are highly concentrated in major customers as shown in the following table:

Concept	12-31-2022 ThCh$	12-31-2021 ThCh$
Enel Group	164,025,587	106,657,350
CGE Group	54,751,163	47.700.907
AES Gener Group	47,093,841	51,178,496
Colbún Group	44,950,991	37,121,869
Engie Group (E-CL)	35,632,358	27,689,610
Others	93,138.279	35,509,678
Total	**439,592,219**	**305,857,910**
Concentration % of top customers	**78.81%**	**88.39%**

One-time charges, Tolls and tariff revenues that these companies must pay to use the transmission system will generate a significant portion of the future cash flows of Transelec and a substantial change in their assets, financial conditions and / or operational income could adversely affect to the Company.

Regarding the credit risks associated with financial assets of the Company other than accounts receivable (time deposits, mutual funds, bonds, covenants, active position derivative), the policy of the Treasury establishes limits on exposure to a particular institution, and this limit depends on the risk classification and capital of each institution. Additionally, in the case of investments in mutual funds, only the ones having risk classification qualify.

3.1.3 Liquidity risk

Liquidity risk is the risk of the Company not satisfying a need for cash or debt payment upon maturity. Liquidity risk also includes the risk of not being able to liquidate assets in a timely manner at a reasonable price.

(a) Risk associated to Company's management

To guarantee that it is able to respond financially both the investment opportunities and to the timely payment of its obligations, Transelec has apart from its cash availabilities and short-term accounts receivable, a committed credit line of the revolving type (RC) for the use of working capital for an amount equivalent to US$250 million. This line has been in force since July 2012 and the current conditions according to the last renewal are as follows:

(a) Amount committed : MMUS$250
(b) Cost for unused amount (Commitment Fee) : 0.30% annual
(c) The margin or spread per amount used : 1.00%

This committed credit line was contracted on July 9, 2012, initially granted for a period of 3 years by Scotiabank, Bank of Tokyo-Mitsubishi and DnB NOR. It was renegotiated and extended on October 15, 2014, with a new expiration date on October 15, 2017. Subsequently, a new extension was made with the group of banks Scotiabank, Banco Estado, The bank of Nova Scotia, Bank of Tokyo-Mitsubishi, DnB Bank and Export Development Canada due on August 3, 2020. In July 2020 the line was renewed until July 31, 2021, with the group of banks The Bank of Nova Scotia, Bank of China, Santander, Bank of Tokyo- Mitsubishi, BNP Paribas, JP Morgan Bank and China Construction Bank. In May 2021, the line was renewed until May 28, 2024, with The Bank of Nova Scotia, Bank of China, Santander, Bank of Tokyo-Mitsubishi, JP Morgan Bank and Sumitomo Mitsui Banking Corporation.

The Company is exposed to risks associated with indebtedness, including refinancing risk when its debt matures. These risks are mitigated by using long-term debt and appropriately structuring maturities over time.

The following table presents the capital amortizations and estimated interest payments corresponding to the Company's financial liabilities (debt), according to their maturity date, as of December 31, 2022 and 2021.

Debt maturity (equity and interest)	Less than 1 Year ThCh$	1 to 3 Years ThCh$	3 to 5 Years ThCh$	5 to 10 Years ThCh$	More than 10 years ThCh$	Total ThCh$
December 31, 2022	303,869,478	402,253,474	475,411,488	598,111,317	230,144,575	2,009,790,332
December 31, 2021	67,424,478	360,358,375	389,692,333	923,181,181	336,558,443	2,077,214,810

The maturity of derivatives is presented Note 18.2.

(b) Risk associated with transmission payments with regulated revenues

The law establishes that transmission facilities with regulated revenues have the right to receive the VATT associated with those facilities on an annual basis. This revenue materializes according to the collection instructions issued by the National Electrical Coordinator (CEN in its Spanish Acronym), which the transmission companies must bill their customers following the regulatory rules established for that purpose.

Transmission facilities are classified into two groups based on how their VATT is allocated to users. The facilities ascribed to the permanent payment regime are all those whose origin comes from the expansion plans developed as governed by Law 20,936 and whose entry into operation is after December 31, 2018. For these facilities, the revenue from VATT is invoiced for the concept of Tariff Income and Unique Transmission Charge.

In turn, existing facilities prior to the publication of Law 20,936 or that come from expansion plans prior to the aforementioned law, and whose entry into operation is prior to December 31, 2018, are governed by a transitory payment regime, defined in transitory article 25 of the same legal body. For these works, the VATT revenue is invoiced according to the payment rules that such law repealed, that is, Tariff Revenue and Toll, incorporating to the latter, the criteria for exempting payments to generating plants and final clients that are not identified by the National Energy Commission (CNE in its Spanish Acronym) as responsible for payment. These exempt toll amounts are billed to end users for Unique Exemption Charge concepts defined by the CNE.

Tariff revenues correspond to the valuation of energy and power transfers by transmission facilities. The tolls correspond to the complement of the tariff revenue such that they allow completing the VATT and the unique transmission charges are unit amounts of $/kWh that final customers must pay based on their energy consumption.

This last component, the unique transmission charges, is defined every six months by the CNE using expected values. For these reasons, they are subject to deviation with respect to the real values of demand, macroeconomics and commissioning of facilities. That is why, regardless of the payment system of a facility, whether permanent or transitory, there is a difference between the recognition of revenues (VATT) and billing, generating surpluses or billing deficits during the semester of application of the unique charges, which are adjusted by the CNE in setting the unique charges for the following semester.

As a result of the foregoing, in the event that transmission charges are greatly deviated from the values that are actually verified, there could be a liquidity risk for the Company. However, the risks should not deepen beyond the typical deviation of a six-month estimate of charges.

4 - CRITICAL ESTIMATES, JUDGMENTS OR CRITERIA EMPLOYED BY MANAGEMENT

The estimates and criteria used by the Company are continually evaluated and are based on historical experience and other factors, including expectations of future events that are considered reasonable based on the circumstances.

The Company makes estimates and assumptions about the future. By definition, the resulting accounting estimates will rarely be equal to the real outcomes. Estimates and assumptions with a significant risk of causing an important risk to the Company during the upcoming year are detailed below:

- The estimates of recoverable values of assets and goodwill to determine potential existence of impairment losses;
- Useful lives of property, plant and equipment and intangible assets;
- The assumptions used to calculate the fair value of financial instruments;
- The actuarial assumptions used to calculate obligations with employees;
- Future tax results for the purposes of determining the recoverability of deferred tax assets.
- Contingent assets and liabilities.
- Determination of existence and classification of financial or operating leases based on the transfer of risks and rewards of the leased assets (IFRS16), considerate the following:
  - Identification of whether a contract (or part of a contract) includes a lease.
  - Estimate the lease term.
  - Determine if it is reasonably true that it is an extension or termination option will be exercised.
  - Determination of the appropriate rate to discount lease payments.

Although the estimates mentioned above were made according to the best information available at the date of issuance of these Consolidated Financial Statements, it is possible that future events oblige to modify them (upside or downside) in further periods, those modifications to each estimate will be recorded prospectively and recognized on the respective Consolidated Financial Statements.

5 - CASH AND CASH EQUIVALENTS

As of December 31, 2022 and 2021, this account is detailed as follows:

Cash and Cash Equivalents	12-31-2022 ThCh$	12-31-2021 ThCh$
Bank and cash	5,818,861	8,092,654
Short term deposits	273,451,995	140,957,540
Mutual funds	114,545,455	85,468,771
Total	**393,816,311**	**234,518,965**

Cash and cash equivalents included in the statement of financial position as of December 31, 2022 and 2021 does not differ from those presented in the statement of cash flows.

The following table details the balance of cash and cash equivalents by type of currency:

Detail	Currency	12-31-2022 ThCh$	12-31-2021 ThCh$
Cash and cash equivalents	U.S. dollars	17,448,122	478,354
Cash and cash equivalents	Euros	10,400	11,612
Cash and cash equivalents	Chilean pesos	376,357,789	234,028,999
Total		**393,816,311**	**234,518,965**

Fair values are not significantly different from book values due to the short maturity of these instruments and there are not restrictions.

6 - TRADE AND OTHER RECEIVABLES

The detail as of December 31, 2022 and 2021 is as follows:

Concept	12-31-2022 ThCh$	12-31-2021 ThCh$
Invoiced trade debtors	29,348,326	23,939,257
Provisioned trade debtors	69,764,203	59,329,306
Other accounts receivable	892,693	434,613
Total trade and other receivables	**100,005,222**	**83,703,176**

The aging analysis for non-impaired debtors as of December 31, 2022 and 2021 is as follows:

Concept	Invoiced trade debtors	Provisioned trade debtors	Other accounts receivable	12-31-2022
Non past due	7,072,879	69,764,203	892,693	77,729,775
1-30 days	17,415,333	-	-	17,415,333
31-60 days	4,291,333	-	-	4,291,333
61-90 days	102,880	-	-	102,880
91-180 days	288,492	-	-	288,492
181-365 days	177,409	-	-	177,409
365 days or more	-	-	-	-
Total	**29,348,326**	**69,764,203**	**892,693**	**100,005,222**

Fair values do not differ significantly from book values due to the short-term maturity of these instruments.

Concept	Invoiced trade debtors	Provisioned trade debtors	Other accounts receivable	12-31-2021
Non past due	1,421,108	59,329,306	434,613	61,185,027
1-30 days	18,489,143	-	-	18,489,143
31-60 days	1,448,355	-	-	1,448,355
61-90 days	218,679	-	-	218,679
91-180 days	429,055	-	-	429,055
181-365 days	79,816	-	-	79,816
365 days or more	1,853,101	-	-	1,853,101
Total	**23,939,257**	**59,329,306**	**434,613**	**83,703,176**

Fair values do not differ significantly from book values due to the short-term maturity of these instruments.

7 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES

7.1 Balances and transactions with related parties

The balances of accounts receivables and payables between the company and its unconsolidated related companies are as follows:

Account receivables from related companies

Tax ID Number	Company	Relation	Country	Description	Currency	Start Date	End date	Interest payment	Principal Payment	Interest rate	Current		Non-current	
											12-31-2022 ThCh$	12-31-2021 ThCh$	12-31-2022 ThCh$	12-31-2021 ThCh$
76.560.200-9	Transelec Holdings Rentas Ltda.	Parent Company	Chile	Loan	USD	06-30-2015	06-30-2025	Semi-annual	At maturity	3.97%	-	-	191,479,096	188,980,065
76.560.200-9	Transelec Holdings Rentas Ltda.	Parent Company	Chile	Loan	USD	11-28-2017	11-28-2027	Semi-annual	At maturity	3.82%	-	-	30,211,858	29,817,557
76.560.200-9	Transelec Holdings Rentas Ltda.	Parent Company	Chile	Loan	UF	09-21-2015	09-21-2025	Semi-annual	At maturity	3.07%	-	-	7,893,041	6,967,025
76.560.200-9	Transelec Holdings Rentas Ltda.	Parent Company	Chile	Loan	UF	11-28-2017	11-28-2027	Semi-annual	At maturity	2.50%	-	-	18,959,929	16,735,539
76.560.200-9	Transelec Holdings Rentas Ltda.	Parent Company	Chile	Accounts receivable	Ch$	-	-	-	-	-	6,120,222	1,964,559	-	-
B87674974	ETC Transmission Holdings SL	Indirect	Spain	Accounts receivable	USD	-	-	-	-	-	43,590	-	-	-
B87674974	ETC Transmission Holdings SL	Indirect	Spain	Accounts receivable	EUR	-	-	-	-	-	189,281	-	-	-
76.524.463-3	Transelec Concesiones S,A,	Indirect	Chile	Monthly services	Ch$	-	-	-	-	-	138,746	279,805	-	-
76.248.725-K	CyT Operaciones SpA	Indirect	Chile	Monthly services	Ch$	-	-	-	-	-	163,238	144,362	-	-
77.504.183-8	Gea Transmisora SpA.	Indirect	Chile	Accounts receivable	Ch$	-	-	-	-	-	13,776	-	-	-
20604938300	Conelsur SV	Indirect	Peru	Monthly services	Ch$	-	-	-	-	-	112,830	167,036	-	-
20601047005	Conelsur LT SAC	Indirect	Peru	Monthly services	Ch$	-	-	-	-	-	13,239	18,725	-	-
76.920.929-8	Transmisora del Pacifico SA	Indirect	Chile	Monthly services	Ch$	-	-	-	-	-	99,232	62,430	-	-
Total											**6,894,154**	**2,636,917**	**248,543,924**	**242,500,186**

Account payable to related companies

Tax ID Numb	Company	Relation	Country	Description	Currency	Start Date	End date	Interest payment	Principal Payment	Interest rate	Current		Non-current	
											12/31/2022	12/31/2021	12/31/2022	12/31/2021
											ThCh$	ThCh$	ThCh$	ThCh$
76.560.200-9	Transelec Holdings Rentas Ltda.	Parent Company	Chile	Dividends payable	Ch$	-	-	-	-	-	32,333,728	17,402,267	-	-
76.559.580-0	Rentas Eléctricas I Limitada	Parent Company	Chile	Dividends payable	Ch$	-	-	-	-	-	3,234	1,740	-	-
Total											**32,336,962**	**17,404,007**	**-**	**-**

Most significant transactions and their effect on income

Transactions with unconsolidated related parties had the following effects on the income statement:

Tax ID Number	Company	Relation	Country	Description	12-31-2022		12-31-2021	
					Amount	Effect on income	Amount	Effect on income
					ThCh$	ThCh$	ThCh$	ThCh$
76.560.200-9	Transelec Holdings Rentas Ltda.	Parent Company	Chile	Interest earned	9,719,369	9,719,369	8,554,062	8,554,062
76.560.200-9	Transelec Holdings Rentas Ltda.	Parent Company	Chile	Interest collected	9,974,970	-	8,954,870	-
76.560.200-9	Transelec Holdings Rentas Ltda.	Parent Company	Chile	Exchange difference	3,130,464	3,130,464	35,033,300	35,033,300
76.560.200-9	Transelec Holdings Rentas Ltda.	Parent Company	Chile	UF readjustment	3,168,875	3,168,875	1,479,803	1,479,803
76.560.200-9	Transelec Holdings Rentas Ltda.	Parent Company	Chile	Commercial current account granted	4,155,663	-	30,783,546	-
76.560.200-9	Transelec Holdings Rentas Ltda.	Parent Company	Chile	Commercial current account paid	-	-	28,818,987	-
76.560.200-9	Transelec Holdings Rentas Ltda.	Parent Company	Chile	Dividend paid	17,402,267	-	28,720,128	-
76.560.200-9	Transelec Holdings Rentas Ltda.	Parent Company	Chile	Dividend payable	32,333,728	-	17,402,267	-

Most significant transactions and their effect on income (continued)

Tax ID Number	Company	Relation	Country	Description	12-31-2022 Amount ThCh$	12-31-2022 Effect on income ThCh$	12-31-2021 Amount ThCh$	12-31-2021 Effect on income ThCh$
76.559.580-0	Rentas Eléctricas I Ltda	Indirect Parent	Chile	Dividend paid	1,740	-	2,872	-
76.559.580-0	Rentas Eléctricas I Ltda	Indirect Parent	Chile	Dividend payable	3,234	-	1,740	-
76.559.580-0	Rentas Eléctricas I Ltda	Indirect Parent	Chile	Commercial current account granted	-	-	337,196	-
76.559.580-0	Rentas Eléctricas I Ltda	Indirect Parent	Chile	Commercial current account paid	-	-	373,859	-
B87674974	ETC Transmission Holdings SL	Indirect Parent	Spain	Commercial current account granted	232,871	-	-	-
77.504.183-8	Gea Transmisora SpA	Indirect	Chile	Commercial current account granted	13,776	-	-	-
76.524.463-3	Transelec Concesiones S.A.	Indirect	Chile	Monthly services	1,845,608	1,845,608	2,629,641	2,629,641
76.524.463-3	Transelec Concesiones S.A.	Indirect	Chile	Amounts charged	1,986,667	-	3,394,893	-
76.920.929-8	Transmisora del Pacífico S.A.	Indirect	Chile	Monthly services	544,074	544,074	934,917	934,917
76.920.929-8	Transmisora del Pacífico S.A.	Indirect	Chile	Amounts charged	507,272	-	840,413	-
76.248.725-K	CYT Operaciones SpA	Indirect	Chile	Monthly services	2,213,628	2,213,628	1,816,566	1,816,566
76.248.725-K	CYT Operaciones SpA	Indirect	Chile	Amounts charged	2,194,752	-	1,993,752	-
20604938300	Conelsur SV	Indirect	Peru	Monthly services	649,400	649,400	607,253	607,253
20604938300	Conelsur SV	Indirect	Peru	Amounts charged	703,606	-	598,500	-
20601047005	Conelsur LT	Indirect	Peru	Monthly services	154,768	154,768	88,688	88,688
20601047005	Conelsur LT	Indirect	Peru	Amounts charged	160,254	-	69,963	-

These operations are in accordance with the provisions of Articles No. 44 and 49 of Law No. 18.046, on Corporations.

7.2 Board of Directors and management

In accordance with the Company's by-laws, the Board of Directors is composed of nine members appointed by shareholders at the respective shareholders' meeting. They hold their positions for two years and may be re-elected. For each Board Member there is an alternate Board Member.

The current Board of Directors was elected at the Ordinary Shareholders Meeting dated April 29, 2022, which was composed as follows: Mr. Scott Lawrence as Director and Mr. Alfredo Ergas Segal as his alternate Director, Mr. Ganxiang Tang as Director and Mr. Tao He as her alternate Director, Mr. Richard Cacchione as Director and Mr. Michael Rosenfeld as his alternate Director; Mr. Jordan Anderson as Director and Mr. Jon Perry as his alternate Director, Mr. Mario Valcarce Durán as Director and Mr. José Miguel Bambach Salvatore as his alternate Director; Mr. Blas Tomic Errázuriz as Director and Mr. Patricio Reyes Infante as his alternate Director; Mr. Juan Benabarre Benaiges as Director and Mr. Roberto Munita Valdés as his alternate Director; and Mrs. Ximena Clark Núñez as Director and Mr. Claudio Campos Bierwirth as her alternate Director and Mrs. Andrea Butelmann Peisajoff as Director and Mr. Juan Agustín Laso Bambach as her alternate Director.

At the Board meeting held on May 26, 2022 was elected Mr. Scott Lawrence as a President of the Board.

At the Board meeting held on October 26, 2022, Mr Ganxiang Tang submitted his resignation from his position as Director of Transelec S.A., assuming as interim the alternate Director Mr. Tao He until the election of the Board of Directors at the next Ordinary Shareholders' Meeting.

The Board of Directors of Transelec S.A. It has a fixed monthly calendar that considers all the ordinary sessions to be held during this year. This administrative body has met systematically from January to December 2022 and has had an extraordinary session in the third quarter.

7.2.1 Board of Directors' compensation

According to Article No. 33 of Law No. 18,046 on Corporations, at the fifteenth Ordinary Shareholders' Board Meeting of Transelec S.A., held on April 29, 2022, it was agreed to maintain annual directors' allowance of US$90,000, gross value, regardless of the number of meetings actually attended or held. The allowance is paid on a quarterly basis.

The Directors, Mr. Scott Lawrence, Mr. Richard Cacchione, Mr. Jordan Anderson, and Mr. Ganxiang Tang renounced their respective diets for the years 2022 and 2021.

At the Ordinary Shareholders' Meeting for 2022, it was decided that the alternate directors would not receive an allowance.

Director	12-31-2022 ThCh$	12-31-2021 ThCh$
Scott Lawrence (President)*	-	-
Blas Tomic Errázuriz	79,312	66,880
Mario Alejandro Valcarce Durán	79,312	66,880
Patricia Angelina Nuñez Figueroa	-	43,154
Juan Ramon Benabarre Benaiges	79,312	66,880
Andrea Butelmann Peisajoff	79,312	66,880
Jordan Anderson*	-	-
Ganxiang Tang*	-	-
Richard Cacchione*	-	-
Ximena Clark Núñez	42,577	-

* Mr. Scott Lawrence (President), Ganxiang Tang, Richard Cacchione, and Jordan Anderson resigned their respective allowances for the period 2022 and 2021.

7.3 Board expenses

During December 2022, a training was carried out for the Board of Directors on cybersecurity and responsibilities of the Board related to new legislation on cybercrimes, for an amount of 150 UF. As of December 31, 2021, Transelec's board of directors received a Compliance trainning, held on October 6, 2021, amounted to 15 UF.

7.4 Audit committee

In April 2007, the Company approved creation of an Audit Committee, separate from that established in the Corporations Law. Its functions include, among others, reviewing the reports of the auditors as well as the Company's balance sheets, other Consolidated Financial Statements and internal systems.

Transelec's Audit Committee is composed of five Directors, all of whom are qualified in financial matters and apply their specialized knowledge to diverse topics of interest to the Company, Committee members are appointed by the Board of Directors. They hold their positions for two years and may be re-elected.

The Committee appoints a chairman from among its members and a Secretary, who may be one of its members or the Secretary of the Board. The Audit Committee has held four sessions during 2022.

Through a mandate from the Board, Mr. Director Mario Valcarce Durán, who is also its President, was elected as member of the

Audit Committee, and the Directors, Mr. Juan Ramón Benabarre Benaiges, Mr. Alfredo Ergas Segal, Mr. Richard Cacchione and Mr.Tao He as well as the Secretary, Mr. Arturo Le Blanc Cerda are also members of the Audit Committee.

As of the date of these Consolidated Financial Statements, the Audit Committee is maintained. At the fifteenth Ordinary Shareholders' Meeting of Transelec S.A., held on April 29, 2022, it was agreed to keep as compensation of the members of the Committee, the gross amount of US$ 10,000 per year regardless of the number of meetings that they actually attend or that are actually held.

The compensations received by members of the Audit Committee as of December 31, 2022 and 2021 are as follows:

Director	12-31-2022 ThCh$	12-31-2021 ThCh$
Mario Alejandro Valcarce Duran (President)	8,447	7,110
Patricia Angelina Nuñez Figueroa	-	7,110
Juan Ramón Benabarre Benaiges	8,447	7,110
Alfredo Ergas Segal	-	-
Richard Cacchione	-	-
Tao He	-	-

7.5 Compensation of key management that are not Directors

Members of key management

Arturo Le Blanc	Chief Executive Officer
Eduardo Tagle Gana*	Fiscal
Claudia Carrasco Arancibia*	Regulatory and Revenue Manager
Olivia Heuts Goen**	Vice-President of Business Development
Francisco Castro Crichton	Vice-President of Finance
Bernardo Canales Fuenzalida	Vice President of Engineering and Project
Claudio Aravena Vallejo	Vice-President of Human Resources
Jorge Vargas Romero***	Vice-President of Operations
Paola Basaure Barros****	Vice-President of Corporate Affairs and Environment

* At the Ordinary Board Meeting held on April 2022, Messrs. Eduardo Tagle Gana and Claudia Carrasco Arancibia were appointed as Fiscal and Regulation and Revenue Manager, respectively.

** At the Ordinary Board Meeting held on May 2022, Ms. Olivia Heuts Goen was appointed as Vice President of Business Development.

*** At the Ordinary Board Meeting held on June 2022, Mr. Jorge Vargas Romero was appointed as Vice President of Operations.

**** Mr. David Noe Scheinwald served as Vice President of Corporate Affairs and Environment until December 23, 2022, assuming the position Mrs. Paola Basaure Barros as of January 1, 2023.

The Company has established an incentive plan for its executives based on meeting certain individual goals that contribute to the Company's results, which are structured in a minimum and maximum of gross remuneration. The detail of remuneration of key management personnel for the years ended December 31, 2022 and 2021, is as follows:

Concept	12-31-2022 ThCh$	12-31-2021 ThCh$
Salaries	2,009,850	2,121,140
Short-term employee benefits	1,116,976	797,950
Long-term employee benefits	2,702,487	720,250
Total compensation received by key management personnel	**5,829,313**	**3,639,340**

8 – NON-CURRENT ASSETS OR DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

The non-current assets or disposal groups classified as held for sale as of December 31, 2022 and 2021 are as follows:

Concept	12-31-2022 ThCh$	12-31-2021 ThCh$
Land	515,376	-
Total	**515,376**	**-**

The balances are presented at the lowest of their book value and fair value less cost of sale. The fair value of the assets was determined based on valuations in active markets for a similar class of assets.

These assets were reclassified from Property, Plants and Equipment to non-current assets or disposal groups classified as held for sale.

The sale of these assets is considered highly probable and the Company's intention to sell is expected to materialize over the course of the next twelve months.

9- OTHER FINANCIAL ASSETS

As of December 31, 2022 and 2021, this account is detailed as follows:

Concept	12-31-2022 Current ThCh$	12-31-2022 Non-Current ThCh$	12-31-2021 Current ThCh$	12-31-2021 Non-Current ThCh$
Finance lease receivables	434,080	43,299,536	1,561,768	41,121,624
Swap Contracts (see note 18)	-	142,430,186	-	191,845,804
Forward Contracts (see note 18)	374,258	-	87,782	-
Other financial assets	-	41,752	-	41,752
Total Other financial assets	**808,338**	**185,771,474**	**1,649,550**	**233,009,180**

9.1 Finance lease receivables

Within current and non-current other assets receivable, the Company includes assets that have been constructed at the express request of the lessee. Therefore, substantially all risks and benefits have been transferred when the assets are commissioned. Nominal value (gross investment in the lease) and present value of the minimum lease payments to be received are presented in the following tables:

Maturities	12-31-2022 Present Value ThCh$	12-31-2022 Interest receivable ThCh$	12-31-2022 Gross investment ThCh$	12-31-2021 Present Value ThCh$	12-31-2021 Interest receivable ThCh$	12-31-2021 Gross investment ThCh$
Up to 90 days	151,911	1,062,132	1,214,043	390,755	1,012,134	1,402,889
More than 90 days up to 1 year	282,169	3,196,808	3,478,977	1,171,013	2,998,700	4,169,713
Total current	**434,080**	**4,258,940**	**4,693,020**	**1,561,768**	**4,010,834**	**5,572,602**
More than 1 year up to 2 years	1,449,746	4,260,397	5,710,143	1,552,577	3,905,263	5,457,840
More than 2 years up to 3 years	1,811,306	4,147,944	5,959,250	1,427,305	3,815,334	5,242,639
More than 3 years up to 4 years	1,944,930	4,014,320	5,959,250	1,522,860	3,719,779	5,242,639
More than 4 years up to 5 years	2,072,401	3,859,450	5,931,851	1,634,241	3,608,398	5,242,639
More than 5 years	36,021,153	39,823,612	75,844,765	34,984,641	41,745,908	76,730,549
Total non-current	**43,299,536**	**56,105,723**	**99,405,259**	**41,121,624**	**56,794,682**	**97,916,306**

Movements of financial leases:

Concept	12-31-2022 ThCh$	12-31-2021 ThCh$
Opening balance	**42,683,392**	**28,832,140**
Additions	1,464,940	2,678,127
Amortization	(1,697,056)	(1,492,458)
Translation differences	397,134	5,688,225
Other movements*	885,206	6,977,358
Final balance	**43,733,616**	**42,683,392**

*The other movements correspond to a reclassification of a balance held in other non-current non-financial assets, related to the financial lease with the client Metro S.A.

10- INTANGIBLE ASSETS OTHER THAN GOODWILL

The following tables detail the balances within this account as of December 31, 2022 and 2021:

Intangible assets, net	12-31-2022 ThCh$	12-31-2021 ThCh$
Easements	184,449,744	181,321,476
Software	8,098,551	4,751,591
Total identified intangible assets	**192,548,295**	**186,073,067**

Gross intangible assets	12-31-2022 ThCh$	12-31-2021 ThCh$
Easements	184,449,744	181,321,476
Software	28,031,208	22,925,698
Total intangible assets	**212,480,952**	**204,247,174**

Accumulated amortization and impairment	12-31-2022 ThCh$	12-31-2021 ThCh$
Software	(19,932,657)	(18,174,107)
Total accumulated amortization	**(19,932,657)**	**(18,174,107)**

The easements of Transelec S.A. represent intangible assets with an indefinite useful life.

The movements of intangible assets as of December 31, 2022 and 2021 are as follow:

Movements in intangible assets	Easements ThCh$	Software ThCh$	Net intangible assets ThCh$
Opening balance as of 01-01-2022	**181,321,476**	**4,751,591**	**186,073,067**
Additions	3,128,268	5,105,509	8,233,777
Withdrawals	-	-	-
Amortization	-	(1,758,549)	(1,758,549)
Final balance as of 12-31-2022	**184,449,744**	**8,098,551**	**192,548,295**

Movements in intangible assets	Easements ThCh$	Software ThCh$	Net intangible assets ThCh$
Opening balance as of 01-01-2021	**179,394,850**	**3,748.653**	**183.143.503**
Additions	2,105,465	2,765,116	4,870,581
Withdrawals	(178,839)	-	(178,839)
Amortization	-	(1,762,178)	(1,762,178)
Final balance as of 12-31-2021	**181,321,476**	**4,751,591**	**186,073,067**

Based on estimates made by Management, projections of cash flows attributable to intangible assets allow the carrying value of these assets recorded as of December 31, 2022 and 2021 to be recovered.

The balance of items fully amortized and in use as of December 31, 2022 and 2021 amounts to:

Intangible assets concept	12-31-2022 ThCh$	12-31-2021 ThCh$
Total gross value	**14,458,343**	**11,903,333**

11- GOODWILL

Goodwill represents the excess of the acquisition cost over the fair value of the group's identifiable net assets acquired.

The Company has defined its only operating segment of Electric Power Transmission as the Cash Generating Unit (CGU) for the purpose of performing the impairment tests and therefore the surplus value at the date of the impairment test is fully assigned to this CGU.

11.1 Measurement of the recoverable value of goodwill

The breakdown of this item as of December 31, 2022 and 2021 is as follows:

Detail	12-31-2022 ThCh$	12-31-2021 ThCh$
Goodwill	343,059,078	343,059,078
Total	**343,059,078**	**343,059,078**

11.2 Movement of goodwill in the Consolidated Financial Statements

The goodwill movements as of December 31, 2022 and 2021 are as follow:

Concept	12-31-2022 ThCh$
Opening balance as of 01-01-2022	343,059,078
Final balance as of 12-31-2022	**343,059,078**

Concept	12-31-2021 ThCh$
Opening balance as of 01-01-2021	343,059,078
Final balance as of 12-31-2021	**343,059,078**

11. 3 Impairment test

Management considers that the value in use approach, determined by the discounted cash flow model, is the most reliable method for determining the recoverable values of the CGU. (The variables used by the Company are found in Note 2.8 Impairment of non-financial assets).

The result of the impairment test which includes a sensitivity analysis of its main variables, showed that the calculated recoverable values exceed the book value of the net assets of the respective cash- generating unit, and therefore no impairment was detected.

12- PROPERTY, PLANT AND EQUIPMENT

12.1 Detail of accounts

The composition corresponds to the following detail:

Property, plant and equipment, net	12-31-2022 ThCh$	12-31-2021 ThCh$
Land	21,555,525	22,070,900
Buildings and infrastructure	891,752,106	906,740,407
Work in progress	533,291,165	402,151,009
Machinery and equipment	496,975,958	479,078,128
Other property, plant and equipment	6,176,143	5,811,659
Total Property, plant and equipment	**1,949,750,897**	**1,815,852,103**

Property, plant and equipment, gross	12-31-2022 ThCh$	12-31-2021 ThCh$
Land	21,555,525	22,070,900
Buildings and infrastructure	1,281,376,768	1,270,051,622
Work in progress	533,291,165	402,151,009
Machinery and equipment	809,715,879	769,601,252
Other property, plant and equipment	6,176,143	5,811,659
Total property, plant and equipment, gross	**2,652,115,480**	**2,469,686,442**

Accumulated depreciation of property, plant and equipment	12-31-2022 ThCh$	12-31-2021 ThCh$
Buildings and infrastructure	(389,624,662)	(363,311,215)
Machinery and equipment	(312,739,921)	(290,523,124)
Total accumulated depreciation of property, plant and equipment	**(702,364,583)**	**(653,834,339)**

12.2 Reconciliation of changes in property, plant and equipment

The following table details the reconciliation of changes in property, plant and equipment by class as of December 31, 2022 and 2021:

Movement period 2022	Land ThCh$	Buildings and infrastructure ThCh$	Machinery and equipment ThCh$	Work in progress ThCh$	Other property, plant and equipment ThCh$	Property, plant and equipment, net ThCh$
Opening balance 01-01-2022	**22,070,900**	**906,740,407**	**479,078,128**	**402,151,009**	**5,811,659**	**1,815,852,103**
Additions	-	-	-	212,809,401	390,096	213,199,497
Withdrawals	-	(411,715)	(521,140)	(155,722)	-	(1,088,577)
Transfers	-	13,070,955	41,912,393	(54,957,736)	(25,612)	-
Depreciation expense	-	(26,631,941)	(23,469,199)	-	-	(50,101,140)
Other decrements	(515,375)	(1,015,600)	(24,224)	(26,555,787)	-	(28,110,986)
Closing balance as of 12-31-2022	**21,555,525**	**891,752,106**	**496,975,958**	**533,291,165**	**6,176,143**	**1,949,750,897**

Movement period 2021	Land ThCh$	Buildings and infrastructure ThCh$	Machinery and equipment ThCh$	Work in progress ThCh$	Other property, plant and equipment ThCh$	Property, plant and equipment, net ThCh$
Opening balance 01-01-2021	**20,998,917**	**899,288,460**	**508,949,881**	**252,585,609**	**5,834,252**	**1,687,657,119**
Additions	-	-	-	183,358,967	121,589	183,480,556
Withdrawals	-	(1,159,232)	(715,177)	(114,770)	-	(1,989,179)
Transfer	1,071,983	34,424,024	(3,637,588)	(31,714,237)	(144,182)	-
Depreciation expense	-	(25,450,456)	(23,740,568)	-	-	(49,191,024)
Other decrements	-	(362,389)	(1,778,420)	(1,964,560)	-	(4,105,369)
Closing balance as of 12-31-2021	**22,070,900**	**906,740,407**	**479,078,128**	**402,151,009**	**5,811,659**	**1,815,852,103**

12.3 Additional information on property, plant and equipment

Transelec has insurance policies to cover possible risks subject to various items of property, plant and equipment and possible claims that might be filed by exercising its activities, understanding that such policies cover sufficiently the risks to which they are taken.

The Company held as of December 31, 2022 and 2021 commitments to purchase items of property, plant and equipment arising from construction contracts under EPC (Engineering-Procurement- Construction) in the amount of ThCh$198,643,165 and ThCh$145,306,082, at the end of each period, respectively

The following table details capitalized interest costs in property, plant and equipment:

Concepts	12-31-2022	12-31-2021
Capitalization rate (Annual basis)	4.99%	4.82%
Capitalized interest costs (ThCh$)	15,227,754	11,392,079

Work in progress balances as of December 31, 2022 and 2021, amounts to ThCh$533,291,165 and ThCh$402,151,009, respectively.

The balances of fully depreciated items in use as of December 31, 2022 and 2021 are as follows:

Property, plant and equipment concept	12-31-2022 ThCh$	12-31-2021 ThCh$
Total gross value	**74,893,126**	**63,095,405**

13 - ASSETS FOR RIGHT OF USE

The composition of assets for rights of use as of December 31, 2022 and 2021, corresponds to the following detail

Assets for right of use	12-31-2022 ThCh$	12-31-2021 ThCh$
Right of use Land	41,222	55,296
Right of use Buildings	1,869,853	2,510,990
Right to use Vehicles	94,636	473,182
Total assets for right of use	**2,005,711**	**3,039,468**

Assets for right of use, gross	12-31-2022 ThCh$	12-31-2021 ThCh$
Right of use Land	101,788	101,788
Right of use Buildings	6,618,844	6,010,917
Right to use Vehicles	1,744,202	1,744,202
Total Assets for right of use, gross	**8,464,834**	**7,856,907**

Accumulated depreciation of assets for rights of use	12-31-2022 ThCh$	12-31-2021 ThCh$
Right of use Land	(60,566)	(46,492)
Right of use Buildings	(4,748,991)	(3,499,927)
Right to use Vehicles	(1,649,566)	(1,271,020)
Total Accumulated depreciation of assets for rights of use	**(6,459,123)**	**(4,817,439)**

13.1 Movements in Assets for rights of use

The book values of assets for right-of-use and their movements as of December 31, 2022 and 2021 are detailed below:

Movement period 2022	Right of use Land ThCh$	Right of use Buildings ThCh$	Right of use Vehicles ThCh$	Assets for right of use ThCh$
Opening balance 01-01-2022	**55,296**	**2,510,990**	**473,182**	**3,039,468**
Additions	-	607,927	-	607,927
Depreciation expense	(14,074)	(1,249,064)	(378,546)	(1,641,684)
Closing balance as of 12-31-2022	**41,222**	**1,869,853**	**94,636**	**2,005,711**

Movement period 2021	Right of use Land ThCh$	Right of use Buildings ThCh$	Right of use Vehicles ThCh$	Assets for right of use ThCh$
Opening balance 01-01-2021	**70,535**	**3,696,729**	**851,728**	**4,618,992**
Additions	-	-	-	-
Depreciation expense	(15,239)	(1,185,739)	(378,546)	(1,579,524)
Closing balance as of 12-31-2021	**55,296**	**2,510,990**	**473,182**	**3,039,468**

As of December 31, 2022 and 2021 one of the main assets for rights of use and liabilities for leases (Note 16), comes from the contract between Seguros Vida Security Previsión S.A and Transelec S.A. This contract has a duration of 5 years from January 2019 and accrues interest at an annual rate of 2.3%.

14 - OTHER NON-FINANCIAL ASSETS AND LIABILITIES

14.1 Other non-financial assets

The composition of the Other non-financial assets as of December 31, 2022 and 2021 is as follows:

Concept	Current		Non-Current	
	12-31-2022 ThCh$	12-31-2021 ThCh$	12-31-2022 ThCh$	12-31-2021 ThCh$
Funds for yielding easements and land	1,107,419	2,479,899	-	-
Advances to suppliers	6,093,459	2,054,195	17,299,348	-
Advance insurance	2,977,295	636,300	-	-
Consignments and guarantees	2,318,370	1,553,428	-	-
Other non-financial assets	642,596	1,762,009	890,998	1,216,073
Total other non-financial assets	**13,139,139**	**8,485,831**	**18,190,346**	**1,216,073**

14.2 Other non-financial liabilities

The composition of the Other non-financial liabilities as of December 31, 2022 and 2021 is as follows:

Concept	Current		Non-Current	
	12-31-2022 ThCh$	12-31-2021 ThCh$	12-31-2022 ThCh$	12-31-2021 ThCh$
VAT payable	584,895	2,726,415	-	-
Deferred income	-	412,589	3,742,233	4,139,804
Other non-financial liabilities	317,183	467,704	214,632	214,632
Total other non-financial liabilities	**902,078**	**3,606,708**	**3,956,865**	**4,354,436**

15- OTHER FINANCIAL LIABILITIES

The detail of current and non-current financial liabilities as of December 31, 2022 and 2021 is as follows:

Concept	12-31-2022		12-31-2021	
	Current ThCh$	Non-Current ThCh$	Current ThCh$	Non-Current ThCh$
Bonds payable	279,117,868	1,574,965,163	22,002,230	1,704,954,466
Swap contract (see note 18)	4,070,487	-	4,070,488	-
Total Other financial liabilities	**283,188,355**	**1,574,965,163**	**26,072,718**	**1,704,954,466**

15.1 Bonds payable

The obligations with the public by series, currency, effective rate and expiration date as of December 31, 2022 and 2021 are as follow:

Taxpayer ID number	Debtor name	Country	Creditor	Placement in Chile or abroad	Instrument registration number	Series	Indexation unit	Effective interest rate	Nominal interest rate	Peridicity principal payment	Interest payment	Final maturity	12-31-2022 ThCh$	12-31-2021 ThCh$
76.555.400-4	Transelec S.A.	Chile	Bondholders	Chile	480	D	UF	4.37%	4.25%	At maturity	Semiannual	12-15-2027	472,774,291	416,876,163
76.555.400-4	Transelec S.A.	Chile	Bondholders	Chile	599	H	UF	4.79%	4.80%	At maturity	Semiannual	08-01-2031	107,539,326	94,908,657
76.555.400-4	Transelec S.A.	Chile	Bondholders	Chile	599	K	UF	4.61%	4.60%	At maturity	Semiannual	09-01-2031	55,218,066	48,514,221
76.555.400-4	Transelec S.A.	Chile	Bondholders	Chile	599	M	UF	4.26%	4.05%	At maturity	Semiannual	06-15-2032	51,923,670	45,771,109
76.555.400-4	Transelec S.A.	Chile	Bondholders	Chile	599	M-1	UF	4.23%	4.05%	At maturity	Semiannual	06-15-2032	65,671,344	57,882,413
76.555.400-4	Transelec S.A.	Chile	Bondholders	Chile	599	N	UF	4.29%	3.95%	At maturity	Semiannual	12-15-2038	101,465,555	89,410,309
76.555.400-4	Transelec S.A.	Chile	Bondholders	Chile	744	Q	UF	4.02%	3.95%	At maturity	Semiannual	10-15-2042	110,671,050	97,919,640
76.555.400-4	Transelec S.A.	Chile	Bondholders	Foreign	1st issuance	Sr N	US$	5.10%	4.63%	At maturity	Semiannual	07-26-2023	261,814,047	257,967,389
76.555.400-4	Transelec S.A.	Chile	Bondholders	Foreign	2nd issuance	Sr N	US$	4.66%	4.25%	At maturity	Semiannual	01-14-2025	326,046,616	321,200,875
76.555.400-4	Transelec S.A.	Chile	Bondholders	Foreign	3rd issuance	Sr N	US$	4.31%	3.88%	At maturity	Semiannual	01-12-2029	300,959,066	296,505,920
Total													**1,854,083,031**	**1,726,956,696**

The fair value of current and non-current bonds payable, both secured and unsecured, amounts to ThCh$1,848,332,247 and ThCh$1,793,970,669 as of December 31, 2022 and 2021, respectively (it does not include other current and non-current liabilities such as swap agreements which are presented in the Consolidated Financial Statements at fair value). The fair value of the bonds is estimated by discounting future cash flows using discount rates available for debt with similar terms of credit risk and similar maturities. This value is categorized as level 2 according to the hierarchy of fair value.

Debtor taxpayer ID number	Debtor Name	Instrument registration number	Expiration								
			Current			Non-current					
			Maturity less than 90 days	Maturity more than 90 days	Total Current 12-31-2022	Maturity 1 to 2 years	Maturity 2 to 3 years	Maturity 3 to 4 years	Maturity 4 to 5 years	Maturity more than 5 years	Total Non-current 12-31-2022
			ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
76.555.400-4	Transelec S.A.	480	-	874,527	874,527	-	-	-	-	471,899,764	471,899,764
76.555.400-4	Transelec S.A.	599	2,072,911	-	2,072,911	-	-	-	-	105,466,415	105,466,415
76.555.400-4	Transelec S.A.	599	847,961	-	847,961	-	-	-	-	54,370,105	54,370,105
76.555.400-4	Transelec S.A.	599	-	92,644	92,644	-	-	-	-	51,831,026	51,831,026
76.555.400-4	Transelec S.A.	599	-	117,705	117,705	-	-	-	-	65,553,639	65,553,639
76.555.400-4	Transelec S.A.	599	-	182,355	182,355	-	-	-	-	101,283,200	101,283,200
76.555.400-4	Transelec S.A.	744	-	900,611	900,611	-	-	-	-	109,770,439	109,770,439
76.555.400-4	Transelec S.A.	1st issuance	5,310,969	256,503,078	261,814,047	-	-	-	-	-	-
76.555.400-4	Transelec S.A.	2nd issuance	6,563,762	-	6,563,762	-	319,482,854	-	-	-	319,482,854
76.555.400-4	Transelec S.A.	3rd issuance	5,651,345	-	5,651,345	-	-	-	-	295,307,721	295,307,721
Total			**20,446,948**	**258,670,920**	**279,117,868**	**-**	**319,482,854**	**-**	**-**	**1,255,482,309**	**1,574,965,163**

Debtor taxpayer ID number	Debtor Name	Instrument registration number	Expiration								
			Current			Non-current					
			Maturity less than 90 days	Maturity more than 90 days	Total Current 12-31-2021	Maturity 1 to 2 years	Maturity 2 to 3 years	Maturity 3 to 4 years	Maturity 4 to 5 years	Maturity more than 5 years	Total Non-current 12-31-2021
			ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
76.555.400-4	Transelec S.A.	480	-	771,965	771,965	-	-	-	-	416,104,198	416,104,198
76.555.400-4	Transelec S.A.	599	1,830,755	-	1,830,755	-	-	-	-	93,077,902	93,077,902
76.555.400-4	Transelec S.A.	599	748,841	-	748,841	-	-	-	-	47,765,380	47,765,380
76.555.400-4	Transelec S.A.	599	-	81,667	81,667	-	-	-	-	45,689,442	45,689,442
76.555.400-4	Transelec S.A.	599	-	103,746	103,746	-	-	-	-	57,778,667	57,778,667
76.555.400-4	Transelec S.A.	599	-	160,691	160,691	-	-	-	-	89,249,618	89,249,618
76.555.400-4	Transelec S.A.	744	-	794,805	794,805	-	-	-	-	97,124,835	97,124,835
76.555.400-4	Transelec S.A.	1st issuance	5,312,461	-	5,312,461	252,654,928	-	-	-	-	252,654,928
76.555.400-4	Transelec S.A.	2nd issuance	6,548,903	-	6,548,903	-	-	314,651,972	-	-	314,651,972
76.555.400-4	Transelec S.A.	3rd issuance	5,648,396	-	5,648,396	-	-	-	-	290,857,524	290,857,524
Total			**20,089,356**	**1,912,874**	**22,002,230**	**252,654,928**	**-**	**314,651,972**	**-**	**1,137,647,566**	**1,704,954,466**

15.2 Other aspects

As of December 31, 2022 and 2021, Transelec has a credit line of US$250 million, which as of that date has no outstanding drafts.

Various debt contracts of the Company include the obligation to comply with certain financial ratios (see Note 24.5), customary in contracts of this nature. There are also affirmative and negative obligations that require monitoring of these commitments.

16 - LEASE LIABILITIES

The detail of this short- and long-term item as of December 31, 2022 and 2021, is as follows:

Concept	12-31-2022		12-31-2021	
	Current	Non-Current	Current	Non-Current
	ThCh$	ThCh$	ThCh$	ThCh$
Lease liabilities land	15,367	23,301	15,119	31,509
Lease liabilities buildings	962,382	729,095	1,195,731	1,339,600
Lease liabilities vehicles	89,453	-	364,748	162,336
Total Lease liabilities	**1,067,202**	**752,396**	**1,575,598**	**1,533,445**

16.1 Movements in Lease Liabilities

The book values of lease liabilities and their movements as of December 31, 2022 and 2021 are detailed below:

Movement period 2022	Lease obligations Land	Lease obligations Buildings	Lease obligations Vehicles	Total lease obligations
	ThCh$	ThCh$	ThCh$	ThCh$
Opening balance 01-01-2022	**46,628**	**2,535,331**	**527,084**	**3,109,043**
Lease obligations	-	607,927	-	607,927
Interest expenses	1,285	83,946	4,200	89,431
Payments	(9,245)	(1,535,727)	(441,831)	(1,986,803)
Closing balance as of 12-31-2022	**38,668**	**1,691,477**	**89,453**	**1,819,598**

Movement period 2021	Lease obligations Land	Lease obligations Buildings	Lease obligations Vehicles	Total lease obligations
	ThCh$	ThCh$	ThCh$	ThCh$
Opening balance 01-01-2021	**72,849**	**3,806,298**	**862,814**	**4,741,961**
Lease obligations	-	-	-	-
Interest expenses	1,529	78,409	8,529	88,467
Payments	(27,750)	(1,349,376)	(344,259)	(1,721,385)
Closing balance as of 12-31-2021	**46,628**	**2,535,331**	**527,084**	**3,109,043**

16.2 Details of future obligations for lease liabilities

Lease obligations	Maturities								
	Current			Non Current					
	Less than 90 days	More than 90 days	Total as of 12-31-2022	More than 1 up to 2 years	More than 2 up to 3 years	More than 3 up to 4 years	More than 4 up to 5 years	More than 5 years	Total non-current as of 12-31-2022
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Land	-	15,367	15,367	15,797	7,504	-	-	-	23,301
Buildings	284,570	677,812	962,382	130,875	134,614	105,252	33,034	325,320	729,095
Vehicles	89,453	-	89,453	-	-	-	-	-	-
Total	**374,023**	**693,179**	**1,067,202**	**146,672**	**142,118**	**105,252**	**33,034**	**325,320**	**752,396**

Lease obligations	Vencimientos								
	Corriente			No Corriente					
	Less than 90 days	More than 90 days	Total as of 12-31-2021	More than 1 up to 2 years	More than 2 up to 3 years	More than 3 up to 4 years	More than 4 up to 5 years	More than 5 years	Total non-current as of 12-31-2021
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Land	-	15,119	15,119	15,800	16,099	(390)	-	-	31,509
Buildings	340,145	855,586	1,195,731	1,057,771	101,246	103,845	76,738	-	1,339,600
Vehicles	103,887	260,861	364,748	162,336	-	-	-	-	162,336
Total	**444,032**	**1,131,566**	**1,575,598**	**1,235,907**	**117,345**	**103,455**	**76,738**	**-**	**1,533,445**

16.3 Details of lease liabilities

Lease obligations	12-31-2022 Current ThCh$	12-31-2022 Non-Current ThCh$	12-31-2021 Current ThCh$	12-31-2021 Non-Current ThCh$
Lease obligations	1,102,206	867,523	1,627,358	1,563,347
Deferred interest for lease obligations	(35,004)	(115,127)	(51,760)	(29,902)
Total Lease obligations	**1,067,202**	**752,396**	**1,575,598**	**1,533,445**

16.4 Additional information on Lease obligations

The following is the detail of the incremental discount rates for contracts subject to the adoption of IFRS16 Leases:

Currencies	5 Years	10 Years
Rate in UF	1.27%	2.84%

17 - TRADE AND OTHER PAYABLES

Trade and other payables as of December 31, 2022 and 2021, are detailed as follows:

Trade and other payables	12-31-2022 ThCh$	12-31-2021 ThCh$
Trade payable billed*	6,351,100	14,114,596
Trade payable unbilled	268,133,928	157,580,573
Total	**274,485,028**	**171,695,169**

As of December 31, 2022 and 2021, the average payment period to suppliers is 30 days, therefore the fair value of these liabilities does not differ significantly from their book value.

The expiration date of commercial lenders billed as of December 31, 2022 and 2021 is as follows:

Trade payable billed	Suppliers up to date 12-31-2022 M$	Suppliers up to date 12-31-2021 M$	Suppliers overdue 12-31-2022 M$	Suppliers overdue 12-31-2021 M$
Up to 30 days	4,390,518	13,409,279	1,117,502	418,061
31 to 60 days	-	-	194,606	7,947
61 to 90 days	-	-	8,297	11,884
91 to 120 days	-	-	11,632	5,489
121 to 365 days	-	-	575,943	141,390
More than 365 days	-	-	52,602	120,546
Total Trade payable billed*	**4,390,518**	**13,409,279**	**1,960,582**	**705,317**

18 - DERIVATIVE INSTRUMENTS

In adhering to its risk management policy, Transelec enters primarily into exchange rate derivatives (see Note 3).

18.1 Description of derivatives

As of December 31, 2022, the Company maintains the following derivative instruments:

a) Seven Cross Currency Swaps for a total notional amount of ThUSD$725,000 (associated with the bonds issued on July 14, 2014 and July 12, 2016) to cover exchange rate and interest rate variations. These instruments have been designated as cash flow hedge accounting. The counterparties of these financial instruments are Banco de Crédito e Inversiones, MUFG Bank, Ltd., Goldman Sachs Bank and Santander Chile. As of December 31, 2022, the fair value recorded for these derivatives corresponds to a net asset of ThCh$138,359,699.

b) A short-term USD-CLP currency purchase forward for a total notional amount of MUSD$10,000 with Banco Itaú. This instrument has not been designated as hedge accounting, so changes in its fair value are recorded in income for the year.As of December 31, 2022, the fair value recorded for this derivative corresponds to a net asset of ThCh$374,258.

As of December 31, 2021, the Company maintains the following derivative instruments:

a) Seven Cross Currency Swaps for a total notional amount of ThUSD$725,000 (associated with the bonds issued on July 14, 2014 and July 12, 2016) to cover exchange rate and interest rate variations. These instruments have been designated as cash flow hedge accounting. The counterparties of these financial instruments are Banco de Crédito e Inversiones, MUFG Bank, Ltd., Goldman Sachs Bank, Santander Chile. As of December 31, 2021, the fair value recorded for these derivatives corresponds to a net asset of ThCh$187,775,316.

b) A short-term USD-CLP currency purchase forward for a total amount of MUSD$9,400 with Scotiabank. This instrument has not been designated as hedge accounting, so changes in its fair value are recorded in income for the year. As of December 31, 2021, the fair value recorded for this derivative corresponds to a net asset of ThCh$87,782.

18.2 Derivatives assets and liabilities

Concept	12-31-2022				12-31-2021			
	Assets		Liabilities		Assets		Liabilities	
	Current	Non - current	Current	Non - current	Current	Non - current	Current	Non - current
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Currency hedge Swap	-	142,430,186	4,070,487	-	-	191,845,804	4,070,488	-
Forward (non-hedging)	374,258	-	-	-	87,782	-	-	-
Total	**374,258**	**142,430,186**	**4,070,487**	**-**	**87,782**	**191,845,804**	**4,070,488**	**-**

18.3 Other information

The detail of the derivatives contracted by the company as of December 31, 2022 and 2021, their fair value and breakdown by maturity are as follow:

Financial Derivatives	Matiruties									
	Less than 90 days	More than 90 days	Total current as of 12-31-2022	More than 1 up to 2 years	More than 2 up to 3 years	More than 3 up to 4 years	More than 4 up to 5 years	More than 5 years	Total non-current as of 12-31-2022	Fair value as of 12-31-2022
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Currency hedge Swap	(4,405,453)	(4,067,391)	(8,472,844)	(7,929,820)	98,702,544	(3,648,888)	(3,508,803)	63,217,510	146,832,543	138,359,699
Forward contracts (non-hedge)	374,258	-	374,258	-	-	-	-	-	-	374,258

Financial Derivatives	Matiruties									
	Less than 90 days	More than 90 days	Total corriente al 31-12-2021	Less than 90 days	More than 90 days	Más de 3 hasta 4 años	Less than 90 days	More than 90 days	Total no corriente al 31-12-2021	Less than 90 days
	ThCh$	ThCh$	M$	ThCh$	ThCh$	M$	ThCh$	ThCh$	M$	ThCh$
Currency hedge Swap	(4,376,309)	(4,166,072)	(8,542,381)	(8,114,364)	(7,774,317)	115,900,371	(3,478,053)	99,784,060	196,317,697	187,775,316
Forward contracts (non-hedge)	87,782	-	87,782	-	-	-	-	-	-	87,782

The contractual notional amount of these contracts does not represent the risk assumed by Transelec as it is only in response to the basis with which derivative settlements are calculated. In the periods presented as of December 31, 2022 and 2021, Transelec had not recognized any gains or losses for ineffectiveness of cash flow hedges.

Derivatives are valued considering valuation techniques which include observable data, the most commonly used valuation techniques include swap valuation models using present value calculations. The models include several inputs including the credit risk of the counterparty, foreign exchange spot rates and interest rate curves.

18.4 Fair value hierarchies

Financial instruments recognized at fair value in the statement of financial position are classified based on the following hierarchies:

Level 1 : Quoted (unadjusted) price in an active market for identical assets and liabilities

Level 2 : Inputs other than quoted prices included in Level 1 that are observable for assets or liabilities, either directly (i,e, as a price) or indirectly (i.e., as a derivative of a price) and

Level 3 : Inputs for assets or liabilities that are not based on observable market information (non- observable inputs).

The following table details financial assets and liabilities measured at fair value as of December 31, 2022 and 2021

Financial instrumental measured at fair value	Fair value measured at the end of the reporting period using			
	12-31-2022	Level 1	Level 2	Level 3
	ThCh$	ThCh$	ThCh$	ThCh$
Currency hedging swap	138,359,699	-	138,359,699	-
Forward Contract	374,258	-	374,258	-
Total net derivative	**138,733,957**	**-**	**138,733,957**	**-**

Financial instrumental measured at fair value	Fair value measured at the end of the reporting period using			
	12-31-2021	Level 1	Level 2	Level 3
	ThCh$	ThCh$	ThCh$	ThCh$
Currency hedging swap	187,775,316	-	187,775,316	-
Forward Contract	87,782	-	87,782	-
Total net derivative	**187,863,098**	**-**	**187,863,098**	**-**

19 - FINANCIAL INSTRUMENTS

The classification of financial assets in the categories described in Note 2.9 is detailed below:

Concepts	Financial Assets to Amortized Cost	Financial Assets to Fair Value		Derivative Instruments		Total
		Through profit or loss	Through Other Comprehensive Income	Hedge	No Hedge	12-31-2022
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Cash and cash equivalents	279,270,856	114,545,455	-	-	-	393,816,311
Other financial assets, current	434,080	-	-	-	374,258	808,338
Trade and other receivables	100,005,222	-	-	-	-	100,005,222
Receivables from related parties, current	6,894,154	-	-	-	-	6,894,154
Other financial assets, non-current	43,299,536	41,752	-	142,430,186	-	185,771,474
Receivables from related parties, non-current	248,543,924	-	-	-	-	248,543,924
Total	**678,447,772**	**114,587,207**	**-**	**142,430,186**	**374,258**	**935,839,423**

Concepts	Financial Assets to Amortized Cost	Financial Assets to Fair Value		Derivative Instruments		Total
		Through profit or loss	Through Other Comprehensive Income	Hedge	No Hedge	12-31-2021
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Cash and cash equivalents	149,050,194	85,468,771	-	-	-	234,518,965
Other financial assets, current	1,561,768	-	-		87,782	1,649,550
Trade and other receivables	83,703,176	-	-	-	-	83,703,176
Receivables from related parties, current	2,636,917	-	-	-	-	2,636,917
Other financial assets, non-current	34,144,266	41,752	-	191,845,804	-	226,031,822
Receivables from related parties, non-current	242,500,186	-	-	-	-	242,500,186
Total	**513,596,507**	**85,510,523**	**-**	**191,845,804**	**87,782**	**791,040,616**

The classification of financial liabilities in the categories described in Note 2.9 is detailed below:

Concepts	Financial liabilities to Amortized Cost	Financial Liabilities to Fair Value		Derivative Instruments		Total
		Through profit or loss	Through Other Comprehensive Income	Hedge	No Hedge	12-31-2022
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Other financial liabilities, current	279,117,868	-	-	4,070,487	-	283,188,355
Lease liabilities, current	1,067,202	-	-	-	-	1,067,202
Trade and other payables	274,485,028	-	-	-	-	274,485,028
Current accounts payable related entities	32,336,962	-	-	-	-	32,336,962
Other financial liabilities, non-current	1,574,965,163	-	-	-	-	1,574,965,163
Lease liabilities, non-current	752,396	-	-	-	-	752,396
Total	**2,162,724,619**	**-**	**-**	**4,070,487**	**-**	**2,166,795,106**

Concepts	Financial liabilities to Amortized Cost	Financial Liabilities to Fair Value		Derivative Instruments		Total
		Through profit or loss	Through Other Comprehensive Income	Hedge	No Hedge	12-31-2021
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Other financial liabilities, current	22,002,230	-	-	4,070,488	-	26,072,718
Lease liabilities, current	1,575,598	-	-	-	-	1,575,598
Trade and other payables	171,695,169	-	-	-	-	171,695,169
Accounts payable to related entities, current	17,404,007	-	-	-	-	17,404,007
Other financial liabilities, non-current	1,704,954,466	-	-	-	-	1,704,954,466
Lease liabilities, non-current	1,533,445	-	-	-	-	1,533,445
Total	**1,919,164,915**	**-**	**-**	**4,070,488**	**-**	**1,923,235,403**

20 – PROVISIONS

The detail of the provisions as of December 31, 2022 and 2021 is as follows:

Provisions	12-31-2022 ThCh$	12-31-2021 ThCh$
Fines and lawsuits	6,677,736	4,716,531
Total	**6,677,736**	**4,716,531**

The detail of fines and lawsuits are presented in note 34.

21- DEFERRED TAXES

21.1 Detail of deferred tax liabilities

The origin of deferred taxes recorded as of December 31, 2022 and 2021 is detailed below:

Temporary Difference Assets / (Liabilities)	Net deferred taxes	
	12-31-2022	12-31-2021
	ThCh$	ThCh$
Depreciable fixed assets	(222,231,780)	(210,868,982)
Leased assets	(8,889,730)	(8,330,563)
Materials and spare parts	566,403	323,545
Tax losses	37,414,303	5,634,406
Staff severance indemnities provision	(47,512)	(183,577)
Deferred income	1,010,403	1,229,146
Obsolescence provision	2,044,683	1,723,366
Work in progress	(88,750,564)	(67,427,672)
Vacation provisions	791,978	774,821
Intangible assets	6,488,439	89,141
Adjustment of effective interest rate of bonds	(2,010,314)	(2,313,177)
Land	3,652,529	2,546,597
Provision Tariff Review	10,878,125	39,632,665
Tax Goodwill	418,573	562,188
Total deferred tax liabilities	**(258,664,464)**	**(236,608,096)**

Presentation in the Statement of Financial Position:		
Deferred tax Assets	-	-
Deferred tax liabilities	(258,664,464)	(236,608,096)
Deferred taxes, net assets / (liabilities)	**(258,664,464)**	**(236,608,096)**

Accumulated tax losses balance the give rise to the balance recorded as deferred tax liabilities as of December 31, 2022, correspond to Transelec S.A. for ThCh$135,071,690 (ThUS$17,367,507 as of December 31, 2021) and Transmisión del Melado SpA for ThCh$3,499,802 (ThUS$3,500,663 as of December 31, 2021).

Recovery of deferred tax assets will depend on whether sufficient tax profits are obtained in the future. Based on its projections the Company believes that its future profits will allow these assets to be recovered.

21.2 Deferred tax movements

The movements of balances of "deferred taxes" in the statement of financial position for the periods as of December 31, 2022 and 2021 are as follows:

Items	Assets	Liabilities	Net Assets/ (Liabilities)	Impact of the period		
				Income	Equity	Total Variation
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Depreciable fixed assets	-	222,231,780	(222,231,780)	(11,362,798)	-	(11,362,798)
Leased assets	-	8,889,730	(8,889,730)	(559,167)	-	(559,167)
Materials and spare parts	566,403	-	566,403	242,858	-	242,858
Tax losses	37,414,303	-	37,414,303	15,989,074	-	15,989,074
Tax losses - Cash flow hedge reserve	-	-	-	-	15,555,252	15,555,252
Tax losses- Actuarial profit (loss) reserve for benefit plans	-	-	-	-	235,571	235,571
Severance indemnities provision	-	47,512	(47,512)	136,065	-	136,065
Deferred revenue	1,010,403	-	1,010,403	(218,743)	-	(218,743)
Obsolescence provision	2,044,683	-	2,044,683	321,317	-	321,317
Work in progress	-	88,750,564	(88,750,564)	(21,322,892)	-	(21,322,892)
Vacation provisions	791,978	-	791,978	17,157	-	17,157
Intangible assets	6,488,439	-	6,488,439	6,399,298	-	6,399,298
Adjustment of effective interest rate of bonds	-	2,010,314	(2,010,314)	302,863	-	302,863
Land	3,652,529	-	3,652,529	1,105,932	-	1,105,932
Provision for tariff review	10,878,125	-	10,878,125	(28,754,540)	-	(28,754,540)
Tax Goodwill	418,573	-	418,573	(143,615)	-	(143,615)
Total as of 12-31-2022	**63,265,436**	**321,929,900**	**(258,664,464)**	**(37,847,191)**	**15,790,823**	**(22,056,368)**

Items	Assets	Liabilities	Net Assets/ (Liabilities)	Impact of the period		
				Income	Equity	Total Variation
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Depreciable fixed assets	-	210,868,982	(210,868,982)	(19,602,441)	-	(19,602,441)
Leased assets	-	8,330,563	(8,330,563)	(2,145,432)	-	(2,145,432)
Materials and spare parts	323,545	-	323,545	127,235	-	127,235
Tax losses	5,634,406	-	5,634,406	12,366,114	-	12,366,114
Tax losses - Cash flow hedge reserve	-	-	-	-	(13,800,190)	(13,800,190)
Tax losses- Actuarial profit (loss) reserve for benefit plans	-	-	-	-	(59,905)	(59,905)
Severance indemnities provision	-	183,577	(183,577)	(10,270)	-	(10,270)
Deferred revenue	1,229,146	-	1,229,146	(107,345)	-	(107,345)
Obsolescence provision	1,723,366	-	1,723,366	241,212	-	241,212
Work in progress	-	67,427,672	(67,427,672)	(40,865,511)	-	(40,865,511)
Vacation provisions	774,821	-	774,821	115,383	-	115,383
Intangible assets	89,141	-	89,141	2,832,015	-	2,832,015
Adjustment of effective interest rate of bonds	-	2,313,177	(2,313,177)	143,101	-	143,101
Land	2,546,597	-	2,546,597	538,491	-	538,491
Provision for tariff review	39,632,665	-	39,632,665	24,111,420	-	24,111,420
Tax Goodwill	562,188	-	562,188	(145,345)	-	(145,345)
Total as of 12-31-2021	**52,515,875**	**289,123,971**	**(236,608,096)**	**(22,401,373)**	**(13,860,095)**	**(36,261,468)**

22 – PROVISIONS FOR EMPLOYEE BENEFITS

22.1 Detail of provisions

The breakdown of this item as of December 31, 2022 and 2021 is as follows:

Detail	12-31-2022		12-31-2021	
	Current	Non-Current	Current	Non-Current
	ThCh$	ThCh$	ThCh$	ThCh$
Severance indemnities	372,341	3,469,920	318,594	3,468,299
Accrued vacations	2,933,253	-	2,869,706	-
Annual benefits	6,183,369	-	5,301,905	-
Total	**9,488,963**	**3,469,920**	**8,490,205**	**3,468,299**

22.2 Provision movements

The movement of provisions as of December 31, 2022 and 2021 is as follows:

Movements in provisions 2022	Severance indemnities ThCh$	Annual benefits ThCh$	Accrued vacations ThCh$	Other provisions ThCh$	Total ThCh$
Opening balance as of 01-01-2022	**3,786,893**	**5,301,905**	**2,869,706**	-	**11,958,504**
Provisions during the year	1,332,827	11,335,403	2,194,073	-	14,862,303
Payments	(1,277,459)	(10,453,939)	(2,130,526)	-	(13,861,924)
Ending balance as of 12-31-2022	**3,842,261**	**6,183,369**	**2,933,253**	-	**12,958,883**

Movements in provisions 2021	Severance indemnities ThCh$	Annual benefits ThCh$	Accrued vacations ThCh$	Other provisions ThCh$	Total ThCh$
Opening balance as of 01-01-2021	**3,950,390**	**6,294,401**	**2,442,363**	**205,447**	**12,892,601**
Provisions during the year	135,189	6,952,401	1,713,354	(205,447)	8,595,497
Payments	(298,686)	(7,944,897)	(1,286,011)	-	(9,529,594)
Ending balance as of 12-31-2021	**3,786,893**	**5,301,905**	**2,869,706**	-	**11,958,504**

The maturity of these provisions is detailed in the table below:

Detail	12-31-2022			
	Less than 1 year	More than 1 year up to 3 years	More than 3 years up to 5 years	More than 5 years
	ThCh$	ThCh$	ThCh$	ThCh$
Staff severance indemnities	372,341	1,309,038	569,140	1,591,742
Accrued vacations	2,933,253	-	-	-
Annual benefits	6,183,369	-	-	-
Total	9,488,963	1,309,038	569,140	1,591,742

Detail	12-31-2021			
	Less than 1 year	More than 1 year up to 3 years	More than 3 years up to 5 years	More than 5 years
	ThCh$	ThCh$	ThCh$	ThCh$
Staff severance indemnities	318,594	1,194,322	813,397	1,460,580
Accrued vacations	2,869,706	-	-	-
Annual benefits	5,301,905	-	-	-
Total	**8,490,205**	**1,194,322**	**813,397**	**1,460,580**

22.3 Provision for employee benefits

Severance indemnities

The Company has constituted a provision to cover the obligation of severance indemnity to be paid to its employees, in accordance with the collective contracts signed with the latter. This provision represents the entire accrued provision (see note 23).

Vacation accrual

This obligation corresponds to the expense for accrued and not used vacations by the Company's employees, whose benefit is specified in individual contract of each employee.

Annual benefits

This provision primarily includes allowances for employee participation in the Company's income, which are mostly paid within the first quarter of the next year.

23 - OBLIGATIONS FOR SEVERANCE INDEMNITIES

23.1 Detail of account

Employee benefit obligations	12-31-2022 ThCh$	12-31-2021 ThCh$
Severance indemnities – current	372,341	318,594
Severance indemnities non – current	3,469,920	3,468,299
Total Employee benefit obligations current and non-current	**3,842,261**	**3,786,893**

23.2 Movement of obligations for severance indemnities

The movement of the obligation in the period ended December 31, 2022 and 2021 is as follows:

Movements	12-31-2022 ThCh$	12-31-2021 ThCh$
Present value of defined benefit plan obligations, opening balance	**3.786.893**	**3.950.390**
Current service	211.972	195.812
Interest cost	140.265	104.381
Actuarial Gain/Loss on Hypotheses	115.483	(380.609)
Experience Actuarial Gain/Loss	757.005	158.736
Settlements defined benefit plan obligation	(1.169.357)	(241.817)
Present value of defined benefit obligations, ending balance	**3.842.261**	**3.786.893**

23.3 Balance of obligations for severance indemnities

Concepts	12-31-2022 ThCh$	12-31-2021 ThCh$
Present value of defined benefit obligations, ending balance	3,842,261	3,786,893
Present obligation with defined benefit plan funds	3,842,261	3,786,893
Balance of defined benefit obligations, ending balance	**3,842,261**	**3,786,893**

23.4 Expenses recognized in income statement

Cost	01-01-2022 12-31-2022 ThCh$	01-01-2021 12-31-2021 ThCh$	Income statement line item where recognized
Current service defined benefit plan	211,972	195,812	Cost of sales and Administrative expenses
Interest defined benefit plan	140,265	104,381	Cost of sales and administrative expenses
Total expense recognized in profit or loss	**352,237**	**300,193**	

23.5 Actuarial hypothesis

The following are the parameters used as assumptions in determining the actuarial calculations:

Detail	Actuarial hypothesis 12-31-2022	Actuarial hypothesis 12-31-2021
Discount rate used	1.71%	2.29%
Inflation rate	3.00%	3.00%
Future salary increases	0.50%	0.72%
Mortality table	RV-2014	RV-2014
Disability table	30% RV-2014	30% RV-2014
Rotation table	3.44%/0.34%	4.48%/0.34%

Assumptions regarding the mortality rate are set on the basis of actuarial data in accordance with published statistics and accumulated experience.

23.6 Sensitivity analysis

The table below shows the sensitivity analysis of the significant hypotheses as of December 31, 2022:

Level of Sensitivity	Discount rate used		Inflation rate		Future salary increases	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Impact on current and non- current employee benefit obligation	(167,507)	186,572	-	-	186,985	(86,875)

To evaluate impact, the sensitivity analysis has been determined based on the extrapolation method obtaining reasonable results in terms of the changes in the significant hypotheses used as of December 31, 2022.

The payments of expected employee benefit obligation are presented below:

Concepts	12-31-2022	12-31-2021
	ThCh$	ThCh$
During the upcoming 12 month	372,341	318,594
Between 2 to 5 years	1,878,178	2,007,719
Between 5 to 10 years	924,157	1,232,633
More than 10 years	667,585	227,947
Total Expected Payments	**3,842,261**	**3,786,893**

24 -EQUITY

24.1 Subscribed and paid-in capital

As of December 31, 2022 and 2021 authorized, subscribed and paid-in capital amounts to ThCh$776,355,048.

24.2 Number of shares subscribed and paid

Shares	Number of shares subscribed	Number of shares paid	Number of shares with voting rights
Unique series, without nominal value	1,000,000	1,000,000	1,000,000

No shares have been issued or redeemed in the years covered by these financial statements.

24.3 Dividends

As of December 31, 2022, the company made the distribution of a definitive dividend with charge to the results of the year 2021 in the amount of ThCh$17,404,007, which was paid during the month of May 2022. This distribution of dividends does not represent a change in equity during the year 2022.

In December 2022, the company recognized the distribution of dividends according to the legal minimum for the result of the year 2022, for an amount of ThCh$32,336,962.

As of December 31, 2021, the company made the distribution of a final dividend with charge to the results of the year 2020 in the amount of ThCh$28,723,000, which was paid during the month of May 2021. In March 2021, the company recorded ThCh$528 as a differential of the legal minimum dividend of the year 2020.

In December 2021, the company recognized the distribution of dividends according to the legal minimum for the result of the year 2021, for an amount of ThCh$17,404,007.

24.4 Other reserves

The detail of other reserves as of December 31, 2022 and 2021 is as follows:

Concept	12-31-2022 ThCh$	12-31-2021 ThCh$
Gains (losses) from cash flow hedges	(31,215,340)	26,396,703
Gain (loss) on other reserves	93,021	965,509
Income tax related to cash flow hedges	8,428,142	(7,127,110)
Income tax related to other reserves	(25,116)	(260,687)
Other Comprehensive Income	**(22,719,293)**	**19,974,415**

The movements of other reserves as of December 31, 2022 and 2021, are presented below:

Movements	Cash flow hedges reserve ThCh$	Other Reserves ThCh$	Total ThCh$
Opening balance as of 01-01-2022	**19,269,593**	**704,822**	**19,974,415**
Cash flow hedge	(57,612,043)	-	(57,612,043)
Actuarial losses	-	(872,488)	(872,488)
Deferred tax	15,555,252	235,571	15,790,823
Total Comprehensive Income	**(42,056,791)**	**(636,917)**	**(42,693,708)**
Closing balance as of 12-31-2022	**(22,787,198)**	**67,905**	**(22,719,293)**

Movements	Cash flow hedges reserve ThCh$	Other Reserves ThCh$	Total ThCh$
Opening balance as of 01-01-2021	**(18,042,030)**	**542,854**	**(17,499,176)**
Cash flow hedge	51,111,813	-	51,111,813
Actuarial losses	-	221,873	221,873
Deferred tax	(13,800,190)	(59,905)	(13,860,095)
Total Comprehensive Income	**37,311,623**	**161,968**	**37,473,591**
Closing balance as of 12-31-2021	**19,269,593**	**704,822**	**19,974,415**

24.5 Capital management

Capital management refers to the Company's administration of its equity.

The capital management policy of Transelec S.A. and subsidiary is aimed at maintaining adequate capitalization levels to sustain operations and provide sensible leverage, thus optimizing shareholder returns and maintaining a solid financial position.

Capital requirements are determined based on the Company's financing needs, taking care to maintain an adequate level of liquidity and complying with financial covenants established in current debt contracts, The Company manages its capital structure and makes adjustments based on prevailing economic conditions in order to mitigate risks from adverse market conditions and take advantage of any opportunities that may arise to improve its liquidity position.

The main financial covenants established in current debt contracts related to capital requirements are:

1) Maintain individual and indebtedness levels (Total debt / Total capitalization ratio) no greater than 0.7 times based on the definitions of these terms in the respective prospectuses of local bond series C, D, H, K, M, N and Q.

   a. Maintain a minimum equity of fifteen million UF equivalent to ThCh$526,664,700 as of December 31, 2022 as that term is defined in the respective prospectuses of local bond series C, D, H, K, M and N.

   b. Maintain all the time during the validity period of the bond issuance a minimum Equity of ThCh$350,000,000; as this term is defined in the respective prospectus of local bond Series Q.

The test of distribution of restricted payments (net cash flow of the operations / financial costs) must be greater than 1.5 times, as those terms are defined in the respective prospectuses C,D,H,K,M and N.

The calculation of the two covenants mentioned above as of December 31, 2022 and 2021, and also the calculation of a third ratio that the Company has to comply, which does not depend on capital (equity) amount are presented below:

Covenant # 1	Total debt / Total capitalization	12-31-2022	12-31-2021
	Less or equal to 0.70	**MCh$**	**MCh$**
A	Other financial liabilities, current	283,188	26,073
B	Account payables to related parties, current	32,337	17,404
C	Other financial liabilities, non-current	1,574,965	1,704,954
D	Account payables to related parties, non-current	-	-
E=A+B+C+D	**Covenants debt**	**1,890,490**	**1,748,431**
G	Debt with guarantees	-	-
DT=E+G	**Total debt**	**1,890,490**	**1,748,431**
H	Non-controlling interest	-	-
P	Equity attributable to owners of the parent	1,005,973	971,908
I	Accumulated amortization of goodwill (as of the transition date to IFRS)	24,970	24,970
CT=DT+H+I+P	**Total capitalization**	**2,921,433**	**2,745,309**
DT/CT	**Total debt / Total capitalization ratio**	**0.65**	**0.64**

Covenant # 2	Minimum equity	12-31-2022	12-31-2021
	Greater than or equal to UF 15 million/ Greater than or equal to MCh$ 350,000	**MCh$**	**MCh$**
P	Equity attributable to owners of the parent	1,005,973	971,908
I	Accumulated amortization of goodwill (as of the transition date to IFRS)	24,970	24,970
P+I	**Equity (in MCh$)**	**1,030,943**	**996,878**
UF	UF value	35,110.98	30,991.74
(P+I)/UF	**Equity (in UF millions)**	**29.36**	**32.17**

Covenant # 3	Restricted payments test*	12-31-2022	12-31-2021
	Cash flow from operations / Financial costs > 1.5	**MCh$**	**MCh$**
FO	Cash flow from operating activities	421,784	373,498
CF	Absolute value of financial costs	75,068	70,229
IG	Absolute value of income tax expense	37,852	22,419
FNO=FO+CF+IG	**Cash flow from operations (FNO in its Spanish Acronym)**	**534,704**	**466,146**
FNO/CF	**Cash flow from operations / Financial costs**	**7.12**	**6.64**

*This distribution test is calculated with values corresponding to the last twelve months.

Covenant # 4	Total debt / Adjusted EBITDA	12-31-2022	12-31-2021
	Lower or equal to 8.0	**MCh$**	**MCh$**
A	Other financial liabilities, (current and non-current)	1,858,154	1,731,027
B	Total rights of use	-	-
C	Cash and cash equivalents	393,816	234,519
D	Other financial assets (current and non-current)	186,580	227,681
E	Finance leases receivable (current and non-current)	43,734	35,706
DN=A-B-(C+D-E)	**Net debt**	**1,321,492**	**1,304,533**
G	Revenues	439,592	305,858
H	Cost of sales	(93,079)	(88,389)
I	Administrative expenses	(35,196)	(26,302)
J	Depreciation and Amortization	55,780	54,701
K	Other gains	(30)	754
L	Finance lease amortization	1,697	1,492
EA = G+H+I+J+K+L	**Adjusted EBITDA***	**368,765**	**248,114**
DN/EA	**Net debt /Adjusted EBITDA**	**3.58**	**5.26**

* Adjusted EBITDA is calculated with values corresponding to the last twelve months.

As of the date of issuance of these Consolidated Financial Statements, the Company was in compliance with all financial covenants established in its current debt contracts.

25 -REVENUE

25.1 Revenue

The breakdown of operating revenue for the years ended December 31, 2022 and 2021, is as follows:

Type of ordinary revenue	01-01-2022 12-31-2022 ThCh$	01-01-2021 12-31-2021 ThCh$
Regulated revenues	378,629,499	316,326,398
Contractual revenue	86,175,927	74,739,307
Leasing revenues	5,697,959	4,093,748
Provision for Tariff Review	(30,911,166)	(89,301,543)
Total revenues	**439,592,219**	**305,857,910**

Type of ordinary revenue	01-01-2022 12-31-2022 ThCh$	01-01-2021 12-31-2021 ThCh$
Regulated revenues:	**378,629,499**	**316,326,398**
National Transmission System	269,080,522	226,892,733
Zonal Transmission System	103,867,630	84,476,293
Dedicated Transmission System	5,214,636	4,475,471
Complementary services	466,711	481,901
Contractual revenue:	**86,175,927**	**74,739,307**
Transmission facilities	78,891,946	66,655,972
Engineering and Construction Services	-	229,764
Others	7,283,981	7,853,571
Leasing revenues:	**5,697,959**	**4,093,748**
Provision for Tariff Review:	**(30,911,166)**	**(89,301,543)**
Total	**439,592,219**	**305,857,910**

Type of ordinary revenue	01-01-2022 12-31-2022 ThCh$	01-01-2021 12-31-2021 ThCh$
Transferred services over a period of time	439,592,219	305,857,910
Total	**439,592,219**	**305,857,910**

The tariff review process for the four-year period 2020-2023, which largely sets the Company's revenue and will establish the rates for the use of the national, zonal transmission system for development and dedicated poles used by users subject to price regulation, it is currently under development and the new rates are expected to be published and effective in the first half of 2023.

According to the law, the rates of the previous tariff review process are transitional until the new rates come into force, which will have a retroactive effect on the Company's income as of January 1, 2020.

It should be mentioned that the exempted resolution No. 815, dated 26 December 2019 and the further Exempted Resolutions that set the unique transmission charges on a semi-annually basis, they imposed some sort of stabilization in Chilean pesos of the old tariffs until the new tariffs are published and the Annual Toll Reliquidation Report 2019 issued by the National Electrical Coordinator in May 2020 which established a significant payment to the generating companies during the first Semester of the year 2020, generating in Transelec S.A. a displacement in the collection of the income for which the company is a beneficiary. Both elements should be partially reinstated up to date and completely as of the publication of the new rates in accordance with the current tariff review, as set out in the above- mentioned exempted resolutions and the Reliquidation Report.

On January 12, 2022, the Honorable Panel of Experts issued the Opinions to the discrepancies presented on August 17, 2021 by Transelec and the other interested companies, regarding the Final Technical Report issued on August 3, 2021 by the National Energy Commission. With this resolution of discrepancies, the Company made the records of lower revenues that affected the financial statements as of December 31, 2021.

On March 2, 2022, the National Energy Commission issued Exempt Resolution No. 118, which approves the Definitive Technical Report on the Valuation of the Transmission System Facilities for the four-year period 2020-2023 for review by the Ministry of Energy. Subsequently, on March 25, 2022, said Commission issued Exempt Resolution No. 199 that rectified some detailed elements of the aforementioned Technical Report. Then, on April 25, 2022, the Ministry of Energy sent Supreme Decree 7T/2022 to the Comptroller General of the Republic for its favorable report in order to proceed with its publication in the Official Gazette, this being the last review of the process. rate setting 2020-2023.

On December 15, 2022, the National Energy Commission issued Exempt Resolution No. 898 that set the unique transmission charges for the first semester of 2023, in which it deemed it appropriate to use the background of Exempt Resolution No. 199 of 2022 and modify the charge stabilization mechanism used from the first half of 2020 to the second half of 2022, in order to mitigate the magnitude of re-settlements between the parties involved, together with safeguarding the stability of the rates of regulated customers . In this way, the National Energy Commission determined the unique transmission charges with the values of Supreme Decree 7T/2022 that is still pending in the Comptroller General of the Republic.

At the closing date of these financial statements, the Company continues to recognize revenues according to the previous tariff review process, Supreme Decree 23T of 2015 and Supreme Decree 6T of 2017, pending the publication and entry into force of the tariff decree for the four-year period 2020-2023, with which it has proceeded to make a lower revenue provision for the twelve-month period ended December 31, 2022 for ThCh$30,911,166 (ThCh$89,301,543 as of December 31, 2021).

25.2 Other operating revenues

The detail of other operating revenues for the year ended December 31, 2022 and 2021, is as follows:

Concepts	01-01-2022 12-31-2022 ThCh$	01-01-2021 12-31-2021 ThCh$
Financial income (Note 26.4)	48,641,001	10,646,541
Other gains (losses), net	(29,515)	754,255
Total	**48,611,486**	**11,400,796**

26 - RELEVANT INCOME STATEMENT ACCOUNTS

26.1 Expenses by nature

The composition of cost of sales and administrative expenses for the years ended December 31, 2022 and 2021, is as follows:

Concepts	01-01-2022 12-31-2022 ThCh$	01-01-2021 12-31-2021 ThCh$
Cost of sales		
Personnel expenses	15,210,541	15,090,152
Operating expenses	13,547,945	11,373,051
Maintenance expenses	10,876,982	9,539,983
Depreciation, amortization and write-off	51,929,040	51,894,322
Other	1,514,392	491,382
Total	**93,078,900**	**88,388,890**
Administration Expenses		
Personnel expenses	17,037,536	12,475,825
Operation expenses	10,416,193	8,920,562
maintenance	311,587	207,484
Depreciation, amortization and write-off	3,850,974	2,806,422
Other	3,579,853	1,891,591
Total Administration expenses	**35,196,143**	**26,301,884**
Total	**128,275,043**	**114,690,774**

26.2 Personnel expenses

The composition of personnel expenses for the years ended December 31, 2022 and 2021 is as follows:

Concepts	01-01-2022 12-31-2022 ThCh$	01-01-2021 12-31-2021 ThCh$
Salaries and wages	26,220,529	23,696,571
Short-term employee benefits	1,952,273	3,059,560
Severance indemnity	608,270	357,060
Other long-term benefits	2,114,216	1,640,885
Other personnel expenses	14,247,520	9,137,515
Expenses capitalized on construction in progress	(12,894,731)	(10,325,614)
Total	**32,248,077**	**27,565,977**

26.3 Depreciation, amortization and write-off

The detail of this item in the income statement for the years ended December 31, 2022 and 2021, is as follows:

Concepts	01-01-2022 12-31-2022 ThCh$	01-01-2021 12-31-2021 ThCh$
Depreciation (PP&E)	50,101,140	49,191,024
Amortization (Intangible)	1,758,549	1,762,178
Amortization (Rights of use)	1,641,684	1,579,524
Losses from withdrawal and damages*	2,278,641	2,168,018
Total	**55,780,014**	**54,700,744**

* The losses for the withdrawal and damages are a replacement of equipment by technical conditions, not significantly affecting the deterioration of the Cash Generating Unit.

26.4 Financial results

The detail of the financial result for the years ended December 31, 2022 and 2021, is as follows:

Concepts	01-01-2022 12-31-2022 ThCh$	01-01-2021 12-31-2021 ThCh$
Financial income:	**48,641,001**	**10,646,541**
Commercial interest earned	405,876	118,955
Bank interest earned	26,515,024	1,973,524
Interest earned on derivatives	12,000,732	-
Interest earned from related parties	9,719,369	8,554,062
Financial expenses:	**(75,067,697)**	**(70,228,788)**
Interest on bonds	(65,222,790)	(59,966,375)
Interest rate Swap	(8,688,200)	(8,688,200)
Other expenses	(1,156,707)	(1,574,213)
Gain (loss) from indexation of UF	**(137,689,822)**	**(51,560,390)**
Gain (loss) from indexation of bonds	(113,693,303)	(53,035,279)
Gain (loss) from indexation of loans to related parties	3,150,406	1,469,499
Other Gain (loss) from indexation of UF	(27,146,925)	5,390
Foreign exchange gains (losses), net	**(224,523)**	**389,325**
Obligations with public	(12,602,481)	(137,461,741)
Intercompany Loan	3,098,472	35,078,775
Financial instruments	9,009,938	96,109,834
Other	269,548	6,662,457
Total financial result, net	**(164,341,041)**	**(110,753,312)**

27 - INCOME TAX

The income tax for the years ended December 31, 2022 and 2021 is as follows:

Concepts	01-01-2022 12-31-2022 ThCh$	01-01-2021 12-31-2021 ThCh$
Current tax expense	4,584	17,638
Deferred tax expense relating to origination and reversal of temporary differences	37,847,191	22,401,373
Income tax expense	**37,851,775**	**22,419,011**

The following table reconciles income taxes resulting from applying statutory tax rate to the "Profit before Taxes" to the income tax expense recorded in the income statement for the years ended December 31, 2022 and 2021:

Concepts	01-01-2022 12-31-2022 ThCh$	01-01-2021 12-31-2021 ThCh$
Tax expense using the legal rate	**39,675,587**	**21,915,381**
Price-level restatement tax capital	243,018	302,546
Price-level restatement of Investment	367,667	173,586
Expenses not accepted	908,812	300,924
Price-level restatement of tax loss	(706,559)	(472,216)
Other differences	(2,636,750)	198,790
Total adjustments to tax expense using statutory rate	**(1,823,812)**	**503,630**
Tax expense using effective tax rate	**37,851,775**	**22,419,011**

Concepts	01-01-2022 12-31-2022 ThCh$	01-01-2021 12-31-2021 ThCh$
Tax expense using the legal rate	**27.00%**	**27.00%**
Price-level restatement tax capital	0.17%	0.37%
Price-level restatement of Investment	0.25%	0.21%
Expenses not accepted	0.62%	0.37%
Price-level restatement of tax loss	(0.48%)	(0.58%)
Other differences	(1.79%)	0.24%
Total adjustments to tax expense using statutory rate	**(1.23%)**	**0.61%**
Tax expense using effective tax rate	**25.77%**	**27.61%**

The tax rate used for the years 2022 and 2021 reconciliations corresponds to 27%, a corporate tax rate that entities should pay on taxable profits based on current tax regulations.

28 - EARNINGS PER SHARE

Basic earnings per share is calculated by dividing profit attributable to the Company's shareholders by the weighted average number of common shares in circulation during the year excluding, if any, common shares purchased by the Company and maintained as treasury shares.

Basic Earnings per Share	12-31-2022 ThCh$	12-31-2021 ThCh$
Profit Attributable to Holders of Equity Participation Instruments of the Parent Company	109,094,845	58,749,068
Earnings available to common shareholders, basic	109,094,845	58,749,068
Total basic shares	1,000,000	1,000,000
Basic earnings per share (Ch$)	**109,095**	**58,749**

29 - SEGMENT REPORTING

The Company engages exclusively in providing services related to electricity transmission. To provide such services, they possess assets throughout the country that form the Transelec transmission system, stretching 10,117 kilometers from the Arica y Parinacota Region to the Los Lagos Region.

Electricity transmission service falls under the legal framework that governs the electricity sector in Chile, This framework defines transmission systems and classifies transmission facilities into the national transmission system, the zonal system and dedicated (in replacement of the Trunk, Sub transmission and Additional systems, defined in the Short Law I), establishing an open access scheme for the first two systems and allowing additional lines that use easements and have national assets for public use along their paths to be used by third parties under non-discriminatory technical and economic conditions, The law also sets criteria and procedures for determining compensation that transmission facility owners are entitled to receive.

Transelec's revenue from the national system, Zone systems and Dedicates systems used by users subject to price regulation, consists of the "annual transmission value per segment" (VATT for its Spanish acronym), which is calculated every 4 years based on the "annual investment value" (AVI for its Spanish acronym), plus "operating, maintenance and administrative costs" (COMA for its Spanish acronym) for each segment that forms such systems.

Revenue from transport on dedicated systems is established in private contracts with third parties, which are mainly generators and users that are not subject to price regulation. The main purpose of Dedicated systems is to allow generators to inject their production into the electrical system and withdraw it for large customers.

The law distinguishes between the different systems in order to ensure that tariffs are appropriate for each case. However, the facilities in a certain voltage (220 KV, for example) are of the same type, be it National, Zonal or Dedicated. Thus, a 220 KV facility requires a given type of maintenance, fundamentally because of its geographic location, its proximity to the ocean, the climate, etc,, but in no case does this maintenance depend on whether that 220 KV facility is national, or Dedicated. In relation with the operation, which is carried out by the National Electrical Coordinator, except for minor operational restrictions in the National segment, there is no difference in the generality of the operation of the facilities of the National, Zonal or Dedicated segment. Thus, for Transelec, the classification of a facility as National, Zonal or Dedicated turns out to be just a separation for pricing purposes, not distinguishing other consequences in that classification.

The Company's management analyzes its business as a set of transmission assets that enables it to provide services to its customers. As a result, resource allocation and performance measurements are analyzed in aggregate.

Internal management takes into account this classification criterion for revenue and costs merely for descriptive purposes but in no case for business segmentation.

Consequently, for the purposes of applying IFRS 8, the entire business already described is defined as the only operating segment for the Company.

Information about products and services

Concept	12-31-2022	12-31-2021
	ThCh$	ThCh$
Transmission services	439,592,219	305,857,910

Information about sales and principal customers

Information about the main customers of the Company is contained in note 3.1.2 Credit risk.

30- THIRD-PARTY GUARANTEES, OTHER CONTINGENT ASSETS AND LIABILITIES AND OTHER COMMITMENTS

As of December 31, 2022, the Company has received performance guarantees from contractors and third parties, primarily to guarantee performance of construction and maintenance works, amounting to ThCh$37,378,422 (ThCh$26,489,024 as of December 31, 2021).

As of December 31, 2022, the Company has issued Guarantee Certificates for government entities and commercial counterparts, mainly to guarantee the fulfillment of works, the seriousness of offers in new tenders and/or asset purchases for an amount of ThCh$87,079,040, (ThCh$69,825,025, as of December 31, 2021).

31- DISTRIBUTION OF PERSONNEL

As of December 31, 2022 and 2021, personnel employed by Transelec S,A, are detailed as follows:

Concept	Manager and Executives	Professionals and technical personnel	Other employees	Total	Average of the year
Total as of 12-31-2022	17	472	98	587	587
Total as of 12-31-2021	17	453	122	592	582

32- ENVIRONMENT

Transelec, in compliance with current environmental regulations and in line with its sustainability policy have undergone environmental assessment projects or amendments thereto to the environmental authority through the Environmental Evaluation System (SEIA). To this end, several studies were conducted to substantiate the presentations have allowed environmental documents, These documents are an Environmental Impact Statement (EIS for Spanish acronym) or an environmental impact study concerned, met the requirements of Law No, 19,300 on General Environment, amended by Law No, 20,417, and its regulations of SEIA, For projects that have started their implementation the Company has been following the conditions and measures imposed by environmental authority in the respective resolutions of environmental qualification.

During for the years ended December 31, 2022 and 2021, the Company has made the following environmental disbursements:

Company making disbursement	Project	12-31-2022	09-30-2021
		ThCh$	ThCh$
Transelec	Environmental management, elaboration of DIA and EIA and the follow up of environmental matters (includes environmental permissions for sectors)	3,197,573	1,570,684
Total		**3,197,573**	**1,570,684**

33- ASSETS AND LIABILITIES IN FOREIGN CURRENCY

a. Current assets and liabilities

Current Assets	Foreign Currency	Functional Currency	12-31-2022		12-31-2021	
			Up to 90 days	More than 91 up to 1 year	Up to 90 days	More than 91 up to 1 year
			ThCh$	ThCh$	ThCh$	ThCh$
Cash and cash equivalents	Dollar	Ch$	17,448,122	-	478,354	-
	Other Currency	Ch$	10,400	-	11,612	-

Current Liabilities	Foreign Currency	Functional Currency	12-31-2022		12-31-2021	
			Up to 90 days	More than 91 up to 1 year	Up to 90 days	More than 91 up to 1 year
			ThCh$	ThCh$	ThCh$	ThCh$
Other financial liabilities, current	Dollar	Ch$	17,526,076	256,503,078	17,509,760	-

b. Non-current assets and liabilities

Non-current liabilities	Foreign Currency	Functional Currency	31-12-2022					31-12-2021				
			More than 1 up to 2 years	More than 2 up to 3 years	More than 3 up to 4 years	More than 4 up to 5 years	More than 5 years	More than 1 up to 2 years	More than 2 up to 3 years	More than 3 up to 4 years	More than 4 up to 5 years	More than 5 years
			M$	M$	M$	M$	M$	M$	M$	M$	M$	M$
Other non-current financial liabilities	Dollar	Ch$	-	319,482,854	-	-	95,307,721	252,654,928	-	314,651,972	-	290,857,524

34- SANCTIONS

The Company maintains the following fines and lawsuits:

Fines and lawsuits

1. With regard to delays in two of the important milestones of Nogales-Polpaico project, the Ministry of Energy proceeded in June 2016 to collect two guarantees for a total of US$2,960,000. In September 2016, the CDEC-SIC (currently CEN) settled the fine for delays to start the operations of the Project and reported that Transelec was obliged to pay the maximum fine, that is, US$1,800,000. Transelec filed an appeal for protection against the CDEC-SIC (currently CEN) and the Ministry of Energy, since there are requests for extension of time they have not been resolved by the Ministry, so it is entirely inappropriate to act CDEC-SIC (currently CEN) and the failure of the Ministry of Energy. The Court of Appeals declared admissible and ordered injunction. By judgment dated December 13, 2016, the Court of Appeals rejected the protection. The Supreme Court rejected the appeal presented. Up to date, this fine has not been informed to the General Treasury of the Republic.

As of December 31, 2022, the Company maintains a provision for this obligation in the amount of ThCh$1,540,548, equivalent to US$1,800,000.

2. As of December 31, 2022, Transelec maintains a provision of ThCh$5,137,188, equivalent to UTM84,000, for the following obligations:

i) 100% of a fine of UTM 75,000 applied by the Superintendence of Electricity and Fuels for a failure in the Cóndores-Parinacota power line on December 18, 2018. A legal claim was filed with the Santiago Appeals Court, which It was rejected. An appeal resource was filed and is pending of resolution by the Supreme Court.

ii) 100% of a fine of UTM9,000 applied by the Superintendence of Electricity and Fuels for a failure in Cerro Navia SE dated November 7, 2018, whose legal claim was rejected in the first instance and its appeal is pending of resolution by the Supreme Court.

iii) Regarding of the sanctions resolutions applied by the Superintendence of Electricity and Fuels (SEC in its Spanish Acronym) for a failure in Quillota SE dated May 4, 2019 and in the Mulchén-Cautín line dated August 5, 2018, in December 2022, the Court of Appeals of Santiago accepted the presentations of the SEC by virtue of which the legal arguments presented by Transelec in the claims filed in September 2022 were complied with. Consequently, the resolutions that imposed fines on Transelec for UTM45,000 and 40,000 respectively for which 50% had been provisions, were annulled.

In May 2022, a fine of UTM25,000 was paid corresponding to a sanction applied by the Superintendence of Electricity and Fuels for a failure in the Cerro Navia SE dated November 7, 2018.

35 - SUBSEQUENT EVENTS

On February 16, 2023, Supreme Decree 7T/2022 of the Ministry of Energy was published in the Official Gazette which sets the annual value of national, zonal and dedicated transmission facilities used by users subject to price regulation, for the four-year period between January 1, 2020 and December 31, 2023. The issuance of the Decree does not significantly affect the amounts provisioned as lower income tariff by the Company as of December 31, 2022

As of December 31, 2022, closing date of these consolidated financial statements and their issuance date, there has been no other significant financial and accounting events that may affect the equity of the Company or the interpretation of these consolidated financial statements.

Management Discussion and Analysis (MD&A) of the Consolidated Financial Statements

TRANSELEC S.A AND SUBSIDIARY

Santiago, Chile

December 31, 2022

SUMMARY

As of December 31, 2022, revenues reached MCh$439,592 showing an increase of 43.7% compared to the same period of 2021 (MCh$305,858). In December 2022, as has been done in 2021, a provision of lower income was made associated with the entry into force of the new study for the valorization of transmission facilities 2020 – 2023. For December 2022 Financial Statements, the provision was determined according to the Supreme Decree 7T published on February 16th, 2023. These revenues increase in 2022 compared to the same period of 2021, is mainly explained by macroeconomic effects and by adjustments made to the provision for lower revenues.

As of December 31, 2022, Transelec obtained an EBITDA[1] of MCh$368,765, an 48.6% higher than the one obtained in the same period of 2021 (MCh$248,115), with an EBITDA Margin[2] of 83,9%. The EBITDA increase is mainly due to the increase in income explained above.

The loss in Non-Operating Income as of December 2022 was MCh$164,371, representing a rise of 49.4% compared to the same period of 2021 (MCh$109,999). This increase is mostly explained by higher losses for indexed assets and Liabilities, associated with the effect of higher inflation on our UF-denominated bonds this year, partially offset by higher financial income.

Net Income recorded by the Company as of December 31, 2022, was MCh$109,095, registering an increase of 85.7% less compared to the same period of 2021, in which a Net Income of MCh$58,749 was registered.

During 2022, the Company has incorporated the equivalent of US$58 million of new facilities, which correspond to the commissioning of two expansions of the National System, two new projects in the Zonal system and one dedicated project.

Relevant events of the period:

- So far, the situation of COVID-19 has had a limited impact on our Company in operational and financial aspects. The Company has taken preventive actions that allow maintaining the continuity of its operations, considering the potential repercussions of this situation.
- The CNE (National Energy Commission) has issued the final technical report of the study of the transmission facilities valorization for the period 2020-2023 of the National Electric System that regulates mostly the transmission rates in the country and has sent the report to the Ministry of Energy in accordance with the law and it is expected that the decree with the tariff will be published in 2022. The application of the transmission facilities valorization study considers the Company's revenues from January 1st, 2020, which implies that in the meantime, the result of previous tariff studies shall be applied until the new tariffs enter into force. At the closing of these financial statements, the Company continues to recognize and receiving revenues according to the previous tariff studies (DS23T and DS6T) pending the entry into force of Supreme Decree 7T (DS7T) issued on February 16th. Due to all mentioned above, the Company has made an estimate of the impact that would have the entry into force of the new tariff study on revenues, considering the DS7T, and has proceeded to make a provision as of December 31, 2022, including adjustments to provisions made in 2020 and 2021.

1 EBITDA= Operating Revenues + Operating Costs + Administrative Expenses + Other Income (Losses) + Finance Leases Amortization. Operating Costs and Administrative Expenses do not include Depreciation and Amortization.
2 EBITDA Margin= EBITDA/Revenues

- On April 29, 2022, the Ordinary Shareholder's Meeting agreed to distribute a definitive dividend for the results of the 2021 period for an amount of MCh$17,404, which was paid in May 2022.
- On July 14, 2022, the Extraordinary Shareholders' Meeting authorized all the necessary procedures for the issuance of bonds or loans in the local and/or international market in foreign and/or local currency, for a total equivalent amount up to USD 500 million.
- In December, Feller Rate raised the local rating of Transelec S.A. from AA- to AA in recognition of its stable and solid financial situation even in recent difficult years.

1. INCOME STATEMENT ANALYSIS

ITEMS	December 2022 MCh$	December 2021 MCh$	Variation 2022/2021 MCh$	Variation 2022/2021 %
Revenues	**439.592**	**305.858**	**133.734**	**43,7%**
Sales	432.308	297.775	134.533	45,2%
Services	7.284	8.083	-799	-9,9%
Operation Costs and Expenses	-128.275	-114.690	-13.585	-11,8%
Sales Costs	-41.150	-36.495	-4.655	-12,8%
Administrative Expenses	-31.345	-23.495	-7.850	-33,4%
Depreciation and Amortization	-55.780	-54.701	-1.079	-2,0%
Operating Income	311.317	191.168	120.149	62,9%
Financial Income	48.641	10.647	37.994	356,9%
Financial Costs	-75.068	-70.229	-4.839	-6,9%
Foreign exchange differences	-225	389	-614	-157,7%
Gain (loss) for indexed assets and liabilities	-137.690	-51.560	-86.130	-167,0%
Other income (Losses)	-30	754	-784	-103,9%
Non-Operating Income	-164.371	-109.999	-54.372	-49,4%
Income before Taxes	146.947	81.168	65.779	81,0%
Income Tax	-37.852	-22.419	-15.433	-68,8%
Net Income	109.095	58.749	50.346	85,7%
EBITDA1	**368.765**	**248.115**	**120.650**	**48,6%**
EBITDA Margin2	**83,9%**	**81,1%**		

1 EBITDA= Operating Revenues + Operating Costs + Administrative Expenses + Other Income (Losses) + Finance Leases Amortization. Operating Costs and Administrative Expenses do not include Depreciation and Amortization.
2 EBITDA Margin= EBITDA/Revenues

a) Operating Income

During 2022, Revenues reached MCh$439,592 increasing a 43.7% compared to the same period of 2021 (MCh$305,858). The increase is mainly explained by higher revenues from sales which as of December 2022, reached MCh$432,308, 45.2% higher compared to December 2021 (MCh$297,775) and due to lower revenues from services to third parties that reached MCh$7,284 in December 2022, 9.9% lower than the same period of 2021 (MCh$8,083).

Overall, higher revenues are mainly due to macroeconomic effects (mainly associated with the exchange rate) and adjustments to the provision for lower revenues according to tariff 2020-2023

It should be noted that the provision of lower revenues associated with the effect of the entry into force of the new tariff study 2020 – 2023 (is expected to be issued in the second half of 2023, nevertheless, it considers the Company's revenues from January 1, 2020) continues in process but incorporates the DS7T by the close of 2022, which differs partially from the provision recorded in December 2021.

Total Transelec Operational Costs and Expenses as of December 31, 2022, were MCh$128,275, a 11.8% higher than the comparison period in 2021 that reached MCh$114,690. Total Costs and Expenses are composed by the following main items.

Sales Costs during the analysis period amounted MCh$41,150, a 12.8% higher than the same period of 2021 (MCh$36,495). The increase is explained by higher costs associated with higher provisions for fines, higher maintenance costs and higher costs due to penalties for projects not awarded.

Administrative Expenses amounted to MCh$31,345 in December 2022, 33.4% higher than those obtained in the same period in 2021 (MCh$23,495). The increase is mainly explained by higher personnel costs, higher IT costs and higher costs due to penalties for projects not awarded.

Total Depreciation and Amortization as of December 31, 2022, reached MCh$55,780, a 2.0% higher than the same period in 2021 (MCh$54,701).

b) Non-Operating Income

The Non-Operating Income at the end of December 2022, was a loss of MCh$164,371, a 49.4% higher than the same period of 2021 (MCh109,999). This is mainly explained by higher losses for indexed Assets and Liabilities, and higher financial costs, partially offset by higher financial income.

The loss for Indexed Assets and Liabilities was MCh$137,690 as of December 31, 2022. This is mainly due to a variation of 13.29% in the value of the UF during 2022, which mainly affects our UF bonds. In the same period of 2021, the loss was MCh$51,560, associated to a 6.61% variation in UF value.

The Financial Income registered to September 2022 amounted to MCh$48,641. The amount registered in the same period of 2021 was MCh$10,647. This increase is mainly due to higher bank interests earned in local currency.

The Exchange Differences as of December 2022 result in a loss of MCh$225, while during the same period of 2021, the balance was a profit of MCh$389. The Exchange Differences remain limited, associated with the foreign currency hedging policy.

Financial Costs registered as of December 2022 reached MCh$75,068, increasing by 6.9% compared to the same period of 2021 (MCh70,229). The increase is mainly due to higher interest payments on USD and UF bonds, and partially offset by higher interest earned on ongoing projects, due to a high number of projects in the portfolio.

Other Income, as of December 2022, were MCh$30, while in December 2021 were MCh$754. This difference is mainly due to the regularization of expenditure from prior years.

c) Income tax

Income Tax as of December 31, 2022, was MCh$37,852, decreasing by 68.8% in relation to the same period of 2021 (MCh$22,419). This decrease in income tax expenditure is mainly explained by an increase in the company's Income before Taxes in MCh$65,779, which directly impact on higher tax expenditure of MCh$15.433.

2. BALANCE SHEET ANALYSIS

ITEMS	December 2022 MCh$	December 2021 MCh$	Variation 2022/2021 MCh$	Variation 2022/2021 %
Current assets	516.058	331.639	184.419	55,6%
Non-current assets	2.939.870	2.824.749	115.121	4,1%
Total Assets	**3.455.928**	**3.156.388**	**299.540**	**9,5%**
Current liabilities	608.146	233.561	374.585	160,4%
Non current liabilities	1.841.809	1.950.919	-109.110	-5,6%
Equity	1.005.973	971.908	34.065	3,5%
Total Liabilities & Equity	**3.455.928**	**3.156.388**	**299.540**	**9,5%**

The increase in Assets between December 2021 and December 2022 is explained by an increase in Current and Non-Current Assets. This increase is mostly due to higher balance in cash, Properties, Plant and Equipment.

The increase in Liabilities and Equity is due to an increase in Current Liabilities, which corresponds mainly to higher other financial liabilities. It is noteworthy that the company has a bond maturity of US$ 300 million in July 2023, so in December 2022 it turned from Non-Current to Current.

Value of the Main PP&E in Operation

ASSETS	December 2022 MCh$	December 2021 MCh$	Variation 2022/2021 MCh$	Variation 2022/2021 %
Land	21.556	22.071	-515	-2,3%
Building, Infraestucture, works in progress	1.281.377	1.270.052	11.325	0,9%
Work in progress	533.291	402.151	131.140	32,6%
Machinery and equipment	809.716	769.601	40.115	5,2%
Other fixed assets	6.176	5.812	364	6,3%
Right of use	8.465	7.857	608	7,7%
Depreciation (less)	-708.824	-658.652	-50.172	-7,6%
Total	**2.639.025**	**1.818.892**	**820.133**	**45,1%**

Current Debt

Debt	Currency or index	Interest rate	Type of rate	Maturity Date	Amount in original currency (million) (unpaid capital) December 2022	Amount in original currency (million) (unpaid capital) December 2021
Series D bond	UF	4,25%	Fixed	15-Dec-27	13,50	13,50
Series H bond	UF	4,80%	Fixed	01-Aug-31	3,00	3,00
Series K bond	UF	4,60%	Fixed	01-Sep-31	1,60	1,60
Series M bond	UF	4,05%	Fixed	15-Jun-32	3,40	3,40
Series N bond	UF	3,95%	Fixed	15-Dec-38	3,00	3,00
Series Q bond	UF	3,95%	Fixed	15-Oct-42	3,10	3,10
Series Senior Notes bond @2023	USD	4,625%	Fixed	26-Jul-23	300,00	300,00
Series Senior Notes bond @2025	USD	4,25%	Fixed	14-Jan-25	375,00	375,00
Series Senior Notes bond @2029	USD	3,875%	Fixed	12-Jan-29	350,00	350,00
Revolving Credit Facility[1]	USD	5,767%	Floating	28-May-24	0,00	-

1 Revolving Credit Facility of US$250 million: The floating rate of 1.9616% breaks down in 3 months Libor rate plus a margin of 1.00%. As of September 30, 2022, the Company maintains this line fully available.

Although increases in inflation may have an impact on the costs of debt denominated in UF and therefore on the Company's financial expenses, these impacts are partially offset by inflation-indexed revenues.

3. CASH FLOW ANALYSIS

ITEMS	December 2022 MM$	December 2021 MM$	Variation 2022/2021 MM$	Variation 2022/2021 %
Cash flows provided by (used in) operating activities	421.784	373.498	48.286	12,9%
Cash flows provided by (used in) investing activities	-243.256	-215.657	-27.599	-12,8%
Cash flows provided by (used in) financing activities	-19.309	-30.179	10.870	36,0%
Net increase (decrease) of cash and cash equivalent	**159.218**	**127.662**	**31.556**	**24,7%**
Effect of changes in the exchanges rate	79	1.017	-938	-92,2%
Net increase (decrease) of cash and cash equivalent	**159.297**	**128.679**	**30.618**	**23,8%**
Cash and cash equivalent at the begining of the period	234.519	105.840	128.679	121,6%
Cash and cash equivalent at the end of the period	**393.816**	**234.519**	**159.297**	**67,9%**

As of December 31, 2022, cash flow from activities of the operation reached MCh$421,784, which increased by 12.9% compared to the same period of 2021 (MCh$373,498). The increase is mainly due to higher collection from sales and lower payments to suppliers.

During the same period, cash flow used in investment activities was MCh$243,256. As of December 31, 2021, the cash flow used in investment activities was MCh$215,657. The increase is due to higher disbursements for property, plant and equipment.

As of December 2022, the cash flow from financing activities was MCh19,309, while as of December 2021 it was MCh$30,179. In both cases, it is mainly explained by the payments of dividends.

It should also be noted that, to ensure the immediate availability of funds to cover working capital needs, as of December 31, 2022, the company has the following revolving credit facility which was renegotiated and extended during May 2021 for three years in the amount of US$ 250 million.

Bank	"Amount (up to)"	Maturity	Type of Credit
The Bank of Nova Scotia, MUFG Bank Ltd, Banco Santander, Bank of China Ltd, Sumitomo Mitsui Banking Corporation, JP Morgan Chase Bank N.A. and China Construction Bank.	US$250,000,000	28-May-24	Working Capital

4. INDICATORS

Financial restrictions contained in debt agreements of the company are presented in the next table:

Covenants	Debt Contract	Limit	December 2022	December 2021
Capitalization Ratio[1]	All local Bonds	< 0.70	0,65	0,64
Shareholder's Equity1 MMUF	D, H, K, M and N local Bonds	> 15.00	29,36	32,17
Shareholder's Equity1 MCh$	Q local Bond and Revolving Credit Facility	> 350,000	1.030.943	996.878
Net Debt/Ebitda	Revolving Credit Facility	< 8.0x4	3,58	5,26

Test	Bonds	Limit	December 2022	December 2021
Distribution Test[2]	D, H, K, M and N local Series	> 1.50	7,12	6,64
FNO[3]/Financial Expenses				

1 Equity= Total equity attributable to owners of the parent plus accumulated amortization of Goodwill. The accumulated amortization of Goodwill between June 30, 2006, and September 30, 2022, amounted to MCh$24.970.
2 Test to distribute restricted payments such as dividends.
3 FNO= Cash flow from operating activities plus the absolute value of finance costs, plus the absolute value of the expenditure for Income Taxes.

Rates of profitability, liquidity and indebtedness of the company are presented in the next table:

RATIOS		December 2022	December 2021	Variation 2022/2021
Profitability[1]				
Shareholders' Equity profitability[2]	(%)	19,0%	10,6%	840 pbs
Assets profitability[3]	(%)	5,5%	3,3%	220 pbs
Operating assets profitability[4]	(%)	7,2%	5,7%	150 pbs
Earnings per share[5]	($)	109.095	58.749	85,7%
Liquidity & Indebtedness				
Current Ratio	(times)	0,85	1,42	-40,1%
Acid-Test Ratio	(times)	0,85	1,42	-40,1%
Debt to Equity	(times)	2,44	2,25	8,4%
Short term debt/Total debt	(%)	24,8%	10,7%	1410 pbs
Log term debt/Total debt	(%)	75,2%	89,3%	-1410 pbs
Financial expenses coverage	(times)	4,91	3,53	39,1%

1 Profitability ratios are presented under last twelve months criteria.
2 Shareholders' Equity profitability is calculated as Net Income over Equity.
3 Asset's profitability is calculated as Net Income over Total Assets.
4 Operating assets profitability is calculated as Net Income over total value of the Main PP&E.
5 Earnings per share is calculated as Net Income over total shares.

5. THE TRANSMISION MARKET

5.1. The transmission activity and its regulation

Transelec develops its activities in Chile in the electricity market, which has been divided into three sectors: generation, transmission, and distribution. The generation sector includes companies that are dedicated to produce electricity that will subsequently be used throughout the country by end users. In the other hand, the primary goal of the transmission sector (the only sector in which it participates Transelec) is to transport the generated electricity from where it is produced (electrical power plants) to the 'points of entry' of the distribution companies' networks or of the large end users. Finally, the purpose of the distribution sector is to carry electricity to the physical location where each end user will use this electricity.

The transmission system of Transelec which stretches between 'Arica y Parinacota' Regions to 'Los Lagos' Region, encompasses most of the transmission lines and substations in the National Electrical System. This transmission system transports the electricity that supplies approximately 98.5% of Chile's population. The Company owns the 28% of all the 500 kV electricity transport lines, 40% of the 220 kV lines, 90% of the 154 kV lines and 10% of the 110kV and 66kV lines.

The legal framework that governs the electrical transmission business in Chile is contained in DFL No. 4/2006, which establishes the modified, coordinated, and systemized text of Decree with Force of Law No. 1 from the Ministry of Mining, issued in 1982, and the General Electricity Services Law. (DFL No. 1/82), hereafter LGSE, and its subsequent modifications, including Law 19,940 ('Ley Corta I') published on March 13, 2004, and the Law 20.936 issued on July 20, 2016, which stablishes a new electric transmission system and creates an independent coordinator of the National Electric System "The Transmission Law". Additionally, those who explodes and operates transmission facilities must comply at every time with the provisions of the Regulations of Law N°20.936, and in its Technical Standards, highlighting the Current Technical Standard for Safety and Service Quality, as well as their respective Technical Annexes.

The last reform to the LGSE for the Transmission segment was the enactment of Law N°20.936 / 2016, which introduced the following relevant modifications:

- A single Coordinator of the National Electric System independent of the market players, replacing the Economic Load Dispatch Centers, CDEC-SIC and CDEC- SING.
- The redefinition of the transmission systems qualifying them as the National Transmission System (formerly trunk), the Zonal Transmission Systems (formerly sub-transmission), the Dedicated Systems (formerly additional), and will incorporate two new segments: Transmission Systems for Development Poles and International Interconnection Systems.
- The incorporation of energy and transmission planning with a long-term horizon, which considers gaps in the systems and where it seeks to achieve a more robust and secure system.
- Preliminary definition of routes for new works, through a procedure of Strip Study by the Ministry for the routes of new power transmission works of public interest.
- Universal open access to regulated Transmission Systems and dedicated Transmission Systems when technical capacity is available.
- Regulates the pricing and remuneration of National, Zonal Transmission Systems for Development Poles and payment for use of Dedicated Transmission System facilities by users subject to price regulation, among other matters.
- Establishes a scheme that regulates the definition, determination, and implementation of the Complementary Services that the electrical system requires to maintain the quality and safety of the electrical supply.

Additionally, to date, various regulations associated with Act No. 20.936 have been published, stablishing the necessary provisions for the regulation of issues related to: (i) The National Electrical Coordinator, (ii) Panel of Experts, (iii) energy planning, (iv) preliminary strips, (v) international exchanges, (vi)compensation for supply unavailability, (vii) the issuance of Technical Standards (viii) Coordination and Operation of the National Electrical System; (ix) Qualification, Valuation, Tariff and Remuneration of transmission facilities, (x) Transmission and Transmission Planning Systems; (xi) Facilities safety; (xii) Complementary services; (xiii) Distributed generation for self-consumption; (xiv) small-scale generating facilities.

Regarding Transelec' s business, it is focused on the economic retribution for the transport service delivered by its facilities, aligned to the security and quality service standards previously established by the regulations in force. Transelec has the right to annually receive the annual transmission value (VATT) for its facilities belonging to the National and Zonal Transmission Systems, defined in the tariff processes or in the Decree for the award of expansion works, as the case may be. In the case of the installations of the Dedicated Transmission System, Transelec agrees private transport contracts with the respective users, to define the payment for the use of this type of facilities.

5.2. Valuation and pricing of facilities

Revenues associated to transmission activity are determined by the Commission every four years by conducting internationally tendered studies for transmission assets valuation, and processes that include the participation of companies, users and interested institutions and the Panel of Experts in the event of any discrepancies.

The owners of regulated transmission facilities must receive the Annual Value of Transmission per Section (VATT), made up of the sum of the real tariff income and the single charge associated with the section, which will depend on the transmission segment to which the installation belongs, the latter applied directly to the corresponding end users.

VATT of the existing facilities is calculated on an Annuity of the Value of Investment (AVI) that recognizes the efficient acquisition and installation costs according to market values (except land-use rights, expenses and compensation, which recognize what has actually been paid), which are annualized considering the assets life determined every three tariff periods and whit a variable discount rate, which will not be less than 7% or higher than 10%, plus the Costs of Operation, Maintenance and Administration (COMA), adjusted by income taxes.

The Transmission Law establishes a transitory payment regime for using national facilities that would become effective as of January 1, 2019 starting on that date and a transitory period that will extend until December 31, 2034, period during which the payments of the generating companies for the associated use to the supply agreements for free and regulated customers and that were concluded prior to the publication of enactment of the law N°20.936, year 2016, will apply the same general rules for calculating the payment of the trunk transmission with some adjustments. These adjustments provide for a progressive reduction in the injection tolls paid by generators to the transmission companies, according to a proportion defined in the Transitional Article 25 of the Transmission Law, with the aim that these amounts will gradually be transferred to the single charge of transmission, which is paid by the end customers of the system.

For the National System, Decree 23T of the Ministry of Energy is issued on February 3, 2016, and for the Zonal system, Decree 6T is issued on October 5, 2018, both decrees end their validity on December 31, 2019. However, until the Decree of the valuation process of the 2020-2023 four-year period is issued, they continue to apply, and the corresponding differences must be incorporated in the determination of the Single Charge of the corresponding semester.

Through Exempt Resolution No. 815 of December 26, 2019, the CNE established that, from January 2020 and until such time as the final values that are established in the valorization decree of the facilities of National and Zonal transmission corresponding to the 2020-2023 four-year period, the Commission will fix the single charges for the use of the transmission based on those established in the semi-annual resolution in force in the second half of 2019 (stabilization of Transmission Charges). For the above, the CNE took into consideration that: i) the process of valorization of the transmission facilities that is currently underway will have a validity (retroactive) to January 1, 2020, and ii) that in said process a reduction of charges, among other reasons, due to the decrease in the discount rate calculated in accordance with the provisions of article 118 of the General Law of Electric Services. In accordance with the provisions of Exempt Resolution No. 815, the CNE decided to make these adjustments to the charges transferable to final customers "in order to preserve the principle of procedural economy established in Article 9 of Law No. 19,880, according to the which, the Administration must respond to the maximum economy of means effectively, avoiding delaying procedures ", since not doing it" the charges to the final clients should suffer an increase, to later originate a reduction, giving rise to re-liquidations when they come into force the new process of valorization ". The CNE indicates that the above has the final objective of reducing the risk of affectation to end customers. Once the valorization decree for the period 2020-2023 has been published, the calculations for the corresponding Single Charge, established in article 113 and 115 of the Law must be carried out and, therefore, the companies that own the transmission facilities will receive the remuneration (VATT) in accordance with the provisions of Article 114 of the same, in order to ensure that the transmission companies receive an annual value of the transmission per section (VATT) that constitutes the total of their remuneration.

The tariff valuation process 2020 – 2023 has been delayed by over 3 years but the corresponding decree was published in El Diario Oficial (Official Gazette) On February 16th, 2023. It is expected that the Companies affected by regulated tariffs in the National and Zonal Systems will receive the new tariff from the second semester of 2023, and at that time, the amount to be redistributed among the transmission companies (for or against) will be calculated from the differences between the tariff currently in force and the new 2020 – 2023 tariff, according to the procedures applied by the National Electrical Coordinator.

The National Energy Commission issued the exempt Resolution No. 199 dated March 25, 2022, approving the Final Technical Report with the valorization of transmission systems facilities for the quadrennium 2020-2023, which was reviewed by the Office of the General Comptroller of the Republic, and subsequently the Ministry of Energy promulgated Decree 7T of 2022.

In the other hand, in relation to the state of catastrophe due to COVID19, on Saturday, August 8, 2020, Law 21,249 was published in the Official Gazette, which exceptionally provides for measures in favor of end users of health services, electricity and network gas (Basic Services Law).

The law stablishes the following:

- It prohibits the cut of basic services to a group of customers, including residential users, hospitals, prisons, etc., for past due payment of this type of service during the ninety days following the publication of the law.
- For certain types of customers, such as customers who are within the 60% most vulnerable population, they may choose whether the debts generated between March 18, 2020 and up to ninety days after the publication of this law, will be prorated in a number of equal and successive monthly installments determined by the user, which may not exceed twelve and may not incorporate fines, interest or associated costs.
- During the ninety days following the publication of this law, the power generation and transmission companies shall continue to provide their services normally to the domestic energy distribution companies and to the electricity cooperatives.
- Within a period of thirty days prior to the publications of this law and ninety days thereafter, exceptionally, the payment by electric cooperatives to generating and transmission companies may be made in installments, in the same number of months in which the accounts of their beneficiaries will be prorated, without fines, interest or associated expenses.

Then, on January 5, 2021, Law No. 21,301 was published in the Official Gazette, by means of which the effects of Law No. 21,249 were extended, increasing the scope for suspension of payment of basic services affected from 90 days from its publication to 270 days and extending the proration months for the payment of debts from 12 months to 36 months.

Subsequently, on May 22, 2021, Law No. 21,340 was published in the Official Gazette, by means of which the measure of not cutting off supply due to debts and the possibility of postponing the payment of debts until December 31, 2021. The number of installments to pay the debt is extended from 36 to 48, and the reach of vulnerable users is increased from 60% to 80%, for the purpose of postponing the payment of debts.

Finally, on February 11, 2022, Law 21.423 was published, regulating the apportionment and payment of debts for health and electrical services generated during the pandemic by COVID-19 and providing for subsidies to vulnerable customers to pay them. Said fiscal charge subsidies will be to contribute to the payment of debts for drinking water consumption and for the payment of debts for electricity consumption. The benefited users will correspond to those who are delinquent in the debt generated by the postponement in the payment of basic services and have an average electricity consumption of no more than 250 kilowatt hours per month. The subsidies will be deducted monthly by the sanitation service companies and the electricity distribution companies and cooperatives to the beneficiary users.

On the other hand, the debts contracted will be paid in 48 monthly installments, counted from the month of entry into force of this law, where each installment may not exceed 15% of the collection associated with the average consumption of the year 2021. Once the 48 installments, if there is a balance of the debt, it will be extinguished through agreements entered by the Ministry of Energy with the electric companies and cooperatives, respectively, which must be approved by the corresponding administrative act.

6. MARKET RISK FACTORS

Due to the characteristics of the Chilean electricity market and strict standards regulating the sector, Transelec S.A. is not exposed to substantial risk while operating its main line of business.

Transelec manages its risks through a corporate program, including the vision and information from the board of directors and employees in direct contact with the risks, with in the company strategy, workshops are utilized to analyzed past and potential risks. Carrying out concrete actions to prevent and / or mitigate them, to lower their probability of occurrence or its impact.

At project level, the company develop the process of Stages and Decisions, which ensures that projects are guided by stablished protocols from develop of a business idea, going through the proposal presentation, adjudication and later construction or acquisition, even its launch, to ensure that the decision makers have the necessary information available and mitigate the risks in the different parts of the projects.

The main risks of the company are presented and discussed quarterly in the Board of Directors. However, the following risk factors should be mentioned and taken into consideration:

6.1. Regulatory Framework

Power transmission tariffs are established by law for 4-year periods and include a six-monthly indexation to guarantee actual annual profitability for operators. The nature of this industry means that power transmission company revenue is stable over the long term. This revenue is complemented by revenue from private contracts with large customers.

However, the fact that these tariffs are revised once every four years in the National and Zonal Power Transmission Studies could mean new tariffs that could be detrimental or less attractive for the Company in terms of investment made. There is no guarantee that the previous tariff level will be maintained in subsequent tariff cycles.

6.2. Operating Risks

Although the Company's management believes it has adequate risk coverage, in line with industry practices, including a full annual exercise of Enterprise Risk Management, it is not possible to ensure that the preventive actions and mitigations implemented (asset management, safety fringe management, insurance policies, etc.) will be sufficient to cover certain operating risks, including forces of nature, fires, damages to transmission facilities, on-the-job accidents and equipment failure.

6.3. Environmental Institutionalism and the Application of Environmental Standards and/or Policies

Transelec projects are subject to Law N° 19,300/1994 on General Environmental Guidelines ("Environmental Law") and its subsequent amendments. Transelec may run the risk of environmental permit lobbying taking longer than expected, which would delay project construction and open the possibility of fines being applied.

Preventive and mitigative measures have been identified and defined for all risks related to the environment and communities surrounding the company's facilities.

6.4. Construction Delays for New Transmission Facilities

Success of the upgrades and expansion program for the power transmission network will depend on several factors, including the cost and availability of financing. Although Transelec has experience with large-scale construction projects, the construction of new facilities could be hampered by factors commonly associated with projects, including delays for the approval of regulatory authorizations such as power concessions, lack of equipment, materials or labor, or price variation, adverse weather conditions, natural disasters or unforeseen circumstances or difficulties when it comes to taking out loans under favorable conditions and at reasonable rates. Any of the aforementioned factors could lead to delays in the partial or total completion of the capital investment program, while increasing the cost of the projects considered in this program.

6.5. Technological Changes

Transelec is compensated for investments that makes in electrical transmission facilities through an annual valuation of the existing facilities (AVI), which is performed every four years using current market prices and periodically recalculated according to the process established in the current regulation. Any significant technological advance in the equipment that are part of Transelec' facilities could lower this valuation, which would prevent partial recovery of the investments made.

6.6. Foreign Exchange Risk

Transelec has Chilean peso as its functional currency, therefore the following factors expose Transelec to foreign exchange risk:

- Transactions in U.S. dollars (construction contracts, import purchases, etc.).
- Leasing contracts that generate income indexed to US dollars.
- Accounts payables in US dollars associated to debt issued in U.S. America.
- Accounts receivables in US dollars associated to intercompany loans.
- Cross Currency Swap contracts that compensate the risks of exchange rates on the international issuances.

Exchange rate exposure is managed using a policy that involves fully hedging the Company's net balance sheet exposure using diverse instruments such as foreign exchange, forward contracts, and cross currency swaps.

The following table details the amounts of monetary assets and liabilities denominated into dollar and Chilean pesos in the periods indicated below:

In million pesos	December 2022 Assets	#REF! #REF! Liabilities	December 2021 Assets	#REF! Liabilities
Dollar (amounts associated with balance sheet items)	888.932	889.100	868.719	875.783
Chilean peso	2.560.317	2.560.149	2.282.636	2.275.571

Below are the exchange rates (Observed Dollar) in Chilean pesos to the United States dollar; in the periods indicated.

MONTH	Average 2022 ($)	Last Day 2022 ($)	Average 2021 ($)	Last Day 2021 ($)
January	822,05	810,12	723,56	734,62
February	807,07	805,25	722,63	719,91
March	799,19	787,16	726,37	721,82
April	815,12	856,58	707,85	711,06
May	849,39	826,26	712,26	722,11
June	857,77	919,97	726,54	727,76
July	953,71	911,42	750,44	760,20
August	904,35	882,11	779,83	775,14
September	921,01	966,00	783,63	811,90
October	955,89	945,31	813,95	810,91
November	917,05	905,70	812,62	837,55
December	875,66	859,51	849,12	844,69
Average of the period	**873,19**	**872,95**	**759,07**	**764,81**

The income that Transelec is entitled to receive for its facilities belonging to the national and zonal transmission systems (VATT) and for the installations of the dedicated systems (toll contracts), are indexed to maintain their real values during the period of validity of these rates or tolls. These revenues are expressed in accordance with their base value, in dollars, and are updated according to components whose cost variation over time correlates with national or international economic indicators, considering the availability and stability of the source that issues it.

However, it cannot be ensured that Transelec will be fully protected by maintaining hedging contracts for the exchange rate. In addition, cross currency swaps and forwards contain counterparty credit risk, cash requirements on maturity dates or recouponing clauses (if any) and other associated risks.

6.7. Credit Risk

Regarding the credit risk associated with accounts receivable from the electricity transmission business, this risk is systematically incredibly low given the limited number of customers, their risk classification, and the short collection period.

However, revenues are highly concentrated on few customers that make up a large part of Transelec' s future cash flow. A substantial change to the assets, financial condition and/or operating results of these particular companies could adversely affect the Company.

The following table shows the top five customers and their comparison with to the previous year:

REVENUES	December 2022 MM$	December 2022 %	December 2021 MM$	December 2021 %
Enel Group	164.026	37,3%	106.657	34,9%
AES Gener Group	54.751	12,5%	47.701	15,6%
CGE Group	47.094	10,7%	51.178	16,7%
Colbún Group	44.951	10,2%	37.122	12,1%
Engie Group	35.632	8,1%	27.690	9,1%
Others	93.138	21,2%	35.510	11,6%
Total	**439.592**		**305.858**	
% Concentration	**78,81%**		**88,39%**	

The toll agreements signed with these clients, including its subsidiaries, will generate a large part of the Company's future cash flows and, therefore, a substantial change in their assets, financial condition and/or operating income could negatively affect the Company. This risk is compensated by the excellent credit level of these clients, together with the "take or pay" type of payment of the Transelec transmission income.

In terms of the Company's credit risk associated with financial assets (time deposits, fixed-return mutual funds and sell-back agreements), its treasury policy establishes certain limits on a particular institution's exposure; such limits depend on the risk rating and capital of each institution. Likewise, for investments in mutual funds, only those that have a risk classification and are bank subsidiaries.

6.8. Liquidity Risk

Liquidity risk is the risk of the Company not satisfying a need for cash or debt payment upon maturity. Liquidity risk also includes the risk of not being able to liquidate assets in a timely manner at a reasonable price.

To guarantee that Transelec can quickly react financially to investment opportunities and pay its obligations by their maturity dates, the company has a stable and predictable remuneration over time, associated with the "take or pay" income, i.e., the company has income associated with its installed capacity of assets, and not with the volume transported. in addition, it has short-term receivables and a committed line of credit for working capital of US$250 million. This committed line of credit was first contracted on July 9, 2012, being renegotiated, and extended in 2014, 2017, 2020 and 2021. The last renovation was on May 28, 2021, maintaining only a dollar tranche of US$250 million and other improvements for the company. Is granted for a period of 3 years by a bank syndicate consisting of The Bank of Nova Scotia, MUFG Bank Ltd, Bank of China Ltd, Banco Santander, Sumitomo Mitsui Banking Corporation and JP Morgan Chase Bank N.A. In July 2021, China Construction Bank incorporated to the bank syndicate. This line does not include any material clause of adverse change.

The Company is exposed to risks associated with its indebtedness, including refinancing risk when its debt matures. These risks are mitigated by using long-term debt and appropriately structuring maturities over time.

The following table presents the capital amortizations corresponding to the Company's financial liabilities, according to their maturity date, as of December 31, 2022, and December 31, 2021.

Debt Maturity (capital and interests) MCh$	0 to 1 year	1 to 3 years	3 to 5 years	5 to 10 years	More than 10 years	Total
December 31, 2022	303.869	402.253	475.411	598.111	230.145	2.009.790
December 31, 2021	67.424	360.358	389.692	923.181	336.558	2.077.215

6.9. Interest Rate Risk

Significant changes in fair values and future cash flows of financial instruments that can be directly attributable to interest rate risks include changes in the net proceeds from financial instruments whose cash flows are determined in reference to floating interest rates and changes in the value of financial instruments with fixed cash flows.

The Company's assets are primarily fixed and long-lived intangible assets. Consequently, financial liabilities used to finance such assets consist primarily of long-term liabilities at fixed rates. This debt is recorded in the balance sheet at amortized cost.

The objective of interest rate risk management is to achieve a balanced debt structure, decrease the impact on costs due to interest rate variations and, reduce volatility in the income statement.

All the debt as of September 30, 2022, and as of December 31, 2021, was at a fixed rate. However, in the case of UF indexed debt, variations in inflation rates could potentially affect the Company's financial expenses.

UF Values

MONTH	Average 2022 ($)	Last Day 2022 ($)	Average 2021 ($)	Last Day 2021 ($)
January	31.096,09	31.212,65	29.085,91	29.123,74
February	31.365,30	31.539,20	29.194,81	29.287,38
March	31.669,70	31.727,74	29.360,08	29.394,77
April	31.905,76	32.176,49	29.439,72	29.494,13
May	32.453,99	32.679,54	29.555,98	29.613,26
June	32.894,82	33.086,83	29.665,83	29.709,83
July	33.268,63	33.417,26	29.740,92	29.757,64
August	33.616,11	33.836,51	29.827,73	29.935,08
September	34.059,41	34.258,23	30.025,93	30.088,37
October	34.446,46	34.600,35	30.214,65	30.380,53
November	34.722,91	34.811,80	30.573,24	30.762,80
December	34.948,74	35.110,98	30.907,42	30.991,74
Average of the period	**33.037,33**	**33.204,80**	**29.799,35**	**29.878,27**

6.10. Other Risks

In addition to the previously mentioned, the company faces other risks such as cybersecurity, legal, market, counterpart, and reputational risks.

RELEVANT CONSOLIDATED FACTS

TRANSELEC S.A.

RELEVANT FACTS

1) On March 23, 2022, and in compliance with the provisions of article 9 and the second paragraph of article 10 of Law No. 18,045, on the Securities Market, the following essential fact was reported:

   That the board of directors of Transelec S.A., in a meeting held on March 23, 2022, agreed to report as an essential fact the summons to the ordinary shareholders' meeting for April 29, 2022, in order to submit to the knowledge and approval of the shareholders, the following subjects:

   1. Annual Report, Balance Sheet, Financial Statements and Report of the External Auditors, corresponding to the period ended December 31, 2021.
   2. Distribution of the final dividend. In this regard, the Board of Directors of Transelec S.A. agreed to propose as final dividend 2021 to the Ordinary Shareholders' Meeting, the amount of CLP $17,405 million to be paid under the conditions and terms agreed upon therein.
   3 Election of the Board of Directors.
   4. Remuneration of the Board of Directors and the Audit Committee.
   5. Appointment of External Auditors.
   6. Newspaper to convene Shareholders' Meetings.
   7. Agreements adopted by the Board of Directors on matters contained in articles 146 et seq. of the Corporations Law.
   8. Other matters of interest to the company and the competence of the Board.

2) On March 23, 2022, and in compliance with the provisions of article 9 and the second paragraph of article 10 of Law No. 18,045, on the Securities Market, the following essential fact was reported:

   That the board of directors of Transelec S.A., in a meeting held on March 23, 2022, agreed to report as an essential fact the summons to an extraordinary shareholders' meeting for April 29, 2022, in order to submit to the knowledge and approval of the shareholders , the next:

   - Approval of contracting new debt for the company through the issuance of bonds.

3) On March 23, 2022, and in compliance with the provisions of article 9 and the second paragraph of article 10 of Law No. 18,045, on the Securities Market, the following essential fact was reported:

   That in Ordinary Session No. 226 held on the same date, the Chairman of the Board of Directors of Transelec S.A. became aware of and accepted the resignation presented by Mr. Claudio Campos B. from his position as Interim Director, with immediate effect.

   Later in said session, Ms. Ximena Clark Núñez was elected as the new Interim Director of the company until the next Ordinary Shareholders' Meeting is held in April 2022, the date on which the Board of Directors of Transelec S.A. will be renewed.

4) On March 24, 2022, and in compliance with the provisions of article 9 and the second paragraph of article 10 of Law No. 18,045, on the Securities Market, the following essential fact was reported:

   That in Ordinary Session No. 226 held on March 23, 2022, the board of directors of Transelec S.A. became aware of and accepted the resignation presented by Mr. Andrés Kuhlmann Jahn from his position as General Manager, to be effective as of May 1, 2022.

   Later in said session, the new General Manager of the company Transelec S.A. was elected. to Mr. Arturo Le Blanc Cerda, who currently serves as Vice President of Regulatory and Legal Affairs of the Company, who will assume the position as of May 1, 2022.

5) On April 29, 2022, and in compliance with the provisions of article 9 and the second paragraph of article 10 of Law No. 18,045, on the Securities Market, it was reported as an essential fact that on April 29 In 2022, the ordinary meeting of shareholders of the company was held, in which the following was agreed:

a) Approve the Annual Report, the Balance Sheet, the Financial Statements and the Report of the External Auditors, corresponding to the period ended December 31, 2021.

b) Approve the distribution as a definitive dividend corresponding to the year 2021 for a total of CLP$58,013,357,619 million pesos, equivalent to 30% of the net income for the year 2021.

c) The appointment of the members of the Board of Directors was agreed, which was composed as follows: Mr. Scott Lawrence as regular director and Mr. Alfredo Ergas Segal as his respective alternate director; Mr. Ganxiang Tang as director and Mr. Tao He as their respective alternate director; Mr. Richard Cacchione as principal director and Mr. Michael Rosenfeld as their respective alternate director; Mr. Jordan Anderson as principal director and Mr. Jon Perry as their respective alternate director; Mr. Mario Valcarce Durán as regular director and Mr. José Miguel Bambach Salvatore as his respective alternate director; Mr. Blas Tomic Errázuriz as regular director and Mr. Patricio Reyes Infante as their respective alternate director; Mr. Juan Benabarre Benaiges as regular director and Mr. Roberto Munita Valdés as his respective alternate director; Mrs. Ximena Clark Núñez as principal director and Mr. Claudio Campos Bierwirth as her respective alternate director and Mrs. Andrea Butelmann Peisajoff as principal director and Mr. Juan Agustín Laso Bambach as her respective alternate director.

d) Set the remuneration of the Board of Directors and the Audit Committee.

e) Approve the appointment as external auditors of the company for the year 2022 to the firm Deloitte.

f) Approve the appointment of the Diario Financiero to publish notices of summons to shareholders' meetings.

g) The agreements adopted by the Board of Directors on matters contained in Articles 146 et seq. of the Corporations Law were reported.

6) On April 29, 2022, and in compliance with the provisions of article 9 and the second paragraph of article 10 of Law No. 18,045, on the Securities Market, it was reported as an essential fact that on April 29 In 2022, an extraordinary meeting of shareholders of the company was held in which it was agreed to authorize the completion of all the necessary procedures for the issuance of bonds in the local and/or international market in foreign and/or local currency, for a total amount equivalent up to US$500 million.

7) On May 4, 2022, a correction was reported on the dividend information reported as part of the essential event dated April 29 of this year, where it is requested to replace the figure of the final approved dividend that corresponds to the total amount of CLP$17,404.007,286.

8) On July 4, 2022, and in compliance with the provisions of article 9 and the second paragraph of article 10 of Law No. 18,045, on the Securities Market, it was reported as an essential fact that the Board of Directors of Transelec S.A. , in session No. 229 of June 2022, agreed to summon an extraordinary shareholders' meeting for July 14, 2022, at 12:00 p.m., at the corporate offices in order to submit to the knowledge and approval of the shareholders, the following:

- Approve new financing for the Company through bonds or loans to be issued in 2022 or 2023, for up to US$500 million, in the local or international market.

9) On July 15, 2022, and in compliance with the provisions of article 9 and the second paragraph of article 10 of Law No. 18,045, on the Securities Market, it was reported as an essential fact that, on July 14, July 2022, an extraordinary meeting of shareholders of Transelec S.A. was held, in which the following was agreed:

- Authorize the completion of all necessary procedures for the issuance of bonds or loans in the local and/or international market in foreign and/or local currency, for a total amount equivalent to up to US$500 million.

10) On October 26, 2022, and in compliance with the provisions of article 9 and the second paragraph of article 10 of Law No. 18,045, on the Securities Market, it was reported as an essential fact that, in the ordinary session of board of Transelec S.A. of said date, the Chairman of the Board of Directors acknowledged and accepted the resignation presented by Mr. Ganxiang Tang from his position as Director of the company, effective immediately.

Later in said session, Mr. Tao He was elected as the new Interim Director of the company until the next Ordinary Shareholders' Meeting is held, date on which the Board of Directors of Transelec S.A. will be renewed.

11) On December 21, 2022, and in compliance with the provisions of article 9 and the second paragraph of article 10 of Law No. 18,045, on the Securities Market, the following was reported as an essential fact that, in session Board of Directors of Transelec S.A. held on that same date, it was agreed to approve the new "Policy on Habitual Operations of the Social Turn of Transelec S.A.", as indicated in article 147 letter b) of law 18,046 on Corporations. A copy of the new Policy was attached to that submission.