TRANSELEC CONCESIONES S.A.

Financial statements for the years ended
December 31, 2023 and 2022
and Independent Auditors' Report

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INDEPENDENT AUDITORS' REPORT

To the Shareholders and Board of Directors of
Transelec Concesiones S.A.

Opinion

We have audited of the financial statements of Transelec Concesiones S.A. (the "Company´s"), which compromise the statements of financial position as of December 31, 2023 and 2022 and the corresponding statements of comprehensive income, changes in equity and cash flows for the years ending in those dates and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Transelec the Company's as of December 31, 2023 and 2022 and the results of its operations and its cash flows for the years ended in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

Basis for opinion

We conduct our audits in accordance with auditing standards generally accepted in Chile. Our responsibilities under those standards are further described in the paragraphs of the "Auditor's Responsibilities for the Audit of the Financial Statements" section of this report. We are required to be independent of the Company's, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. This responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to assess whether there are conditions or events that, considered in the aggregate, give raise to substantial doubt about the ability of the Company's and its subsidiaries to continue as a going concern for at least, but not limited to, twelve months from the end of the reporting period.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Chile will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, concealment, misrepresentations, or management override of controls. Misstatements are considered material if, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in Chile, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error, and design and perform audit procedures in response to such risks. Such procedures include examination, on a test basis, of evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of the internal control relevant to an audit in order to design audit procedures that are appropriate in the circumstances, but without the purpose of expressing an opinion on the effectiveness of the Company's internal control. Consequently, we express no such kind of opinion.

- Evaluate the appropriateness of the accounting policies used and the reasonableness of the significant accounting estimates made by Management, as well as we evaluate the appropriateness of the general presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events that, considered in the aggregate, raise substantial doubt about the Company’s ability to continue as a going concern for at least, but not limited to, twelve months from the end of the reporting period.

We are required to communicate to those charged with governance, among other matters, the planned timing and scope of the audit and significant audit findings, including any significant deficiencies and material weaknesses in internal control that we identify during our audit.

The accompanying financial statements have been translated into English solely for the convenience of readers outside Chile.

Deloitte.

March 28, 2024
Santiago, Chile

Financial Statements

TRANSELEC CONCESIONES S.A.

Santiago, Chile
As of December 31, 2023 and 2022

Financial Statements

TRANSELEC CONCESIONES S.A.

Santiago, Chile
As of December 31, 2023 and 2022
(Translation of the Financial Statements originally issued in Spanish)

US$: US Dollars
THUS$: Thousands of US Dollars
$: 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.

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FINANCIAL STATEMENTS

CLASSIFIED STATEMENTS OF FINANCIAL POSITION
TRANSELEC CONCESIONES S.A.
As of December 31, 2023 and 2022
(In thousands of US dollars (ThUS$))
(Translation of financial statements originally issued in Spanish-See Note 2.1)

ASSETS		12-31-2023 ThUS$	12-31-2022 ThUS$
CURRENT ASSETS			
Cash and cash equivalents	5	66,399	48,784
Other financial assets, current	11-15	7,763	8,202
Other current non-financial assets	8	5,350	9,479
Trade and other receivables	6	6,133	15,718
Total current assets		**85,645**	**82,183**
NON-CURRENT ASSETS			
Other financial assets, non-current	11-15	26,522	30,022
Intangible assets other than goodwill	9	32,411	29,270
Property, plant and equipment	10	346,120	347,647
Total non-current assets		**405,053**	**406,939**
Total assets		**490,698**	**489,122**

CLASSIFIED STATEMENTS OF FINANCIAL POSITION
TRANSELEC CONCESIONES S.A.
As of December 31, 2023 and 2022
(In thousands of US dollars (ThUS$))
(Translation of financial statements originally issued in Spanish-See Note 2.1)

LIABILITIES		12-31-2023 ThUS$	12-31-2022 ThUS$
CURRENT LIABILITIES			
Other financial liabilities, current	14	8,882	7,228
Trade and other payables	13	12,511	7,767
Accounts payable to related companies, current	7	34,701	20,961
Other non-financial liabilities, current		729	476
Total current liabilities		**56,823**	**36,432**
NON-CURRENT LIABILITIES			
Other financial liabilities, non-current	14	307,031	292,078
Accounts payable to related companies, non-current	7	55,404	93,662
Deferred tax liabilities	12	17,739	15,688
Total non-current liabilities		**380,174**	**401,428**
Total liabilities		**436,997**	**437,860**
EQUITY			
Issued capital	17	5,000	5,000
Accumulated gains		24,016	18,655
Other reserves	17	24,685	27,607
Total equity		**53,701**	**51,262**
Total Equity and Liabilities		**490,698**	**489,122**

STATEMENTS OF COMPREHENSIVE INCOME BY FUNCTION
TRANSELEC CONCESIONES S.A.
For the year ended December 31, 2023 and 2022
(In thousands of US dollars (ThUS$))
(Translation of financial statements originally issued in Spanish-See Note 2.1)

STATEMENTS OF COMPREHENSIVE INCOME BY FUNCTION	Note	01-01-2023 12-31-2023 ThUS$	01-01-2022 12-31-2022 ThUS$
Revenue	18	39,565	31,373
Cost of sales	19	(7,960)	(5,195)
Gross profit		**31,605**	**26,178**
Administrative expenses	19	(2,037)	(2,062)
Other income (losses)		(51)	(49)
Financial income	19	4,877	2,650
Financial expenses	19	(23,116)	(14,910)
Foreign exchange differences	19	(2,785)	993
Profit Before Income Taxes		**8,493**	**12,800**
Income tax expense	20	(3,132)	(3,480)
Profit from continuing operations		5,361	9,320
Profit from discontinued operations		-	-
PROFIT		**5,361**	**9,320**

STATEMENTS OF COMPREHENSIVE INCOME BY FUNCTION
TRANSELEC CONCESIONES S.A.
For the year ended December 31, 2023 and 2022
(In thousands of US dollars (ThUS$))
(Translation of financial statements originally issued in Spanish-See Note 2.1)

STATEMENT OF COMPREHENSIVE INCOME	Note	01-01-2023 12-31-2023 ThUS$	01-01-2022 12-31-2022 ThUS$
Profit (loss)		5,361	9,320
Components of other comprehensive income that will be reclassified to the profit of the period, before taxes			
Cash flow hedges			
Income (losses) taxes related to cash flow hedges		(4,003)	74,881
Total other comprehensive income that will be reclassified to income for the period, before taxes		**(4,003)**	**74,881**
Income taxes related to components of other comprehensive income that will be reclassified to the income of the year			
Income taxes related to cash flow hedges	12	1,081	(20,218)
Total income tax related to components of other comprehensive income that will be reclassified to the income of the year		**1,081**	**(20,218)**
Total other comprehensive income		**(2,922)**	**54,663**
Total comprehensive income and expense		**2,439**	**63,983**

STATEMENTS OF CHANGES IN NET EQUITY
TRANSELEC CONCESIONES S.A.
For the year ended December 31, 2023 and 2022
(In thousands of US dollars (ThUS$))
(Translation of financial statements originally issued in Spanish-See Note 2.1)

Movements	Note	Issued capital	Reserve for cash flow hedges	Total reserves	Gain Accumulated	**Total equity**
		ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Opening balance as of 01-01-2023		5,000	27,607	27,607	18,655	51,262
Changes in equity						
Comprehensive income						
Profit (loss)		-	-	-	5,361	5,361
Other comprehensive income		-	(2,922)	(2,922)	-	(2,922)
Total comprehensive income		**-**	**(2,922)**	**(2,922)**	**5,361**	**2,439**
Total increase (decrease) in equity		**-**	**(2,922)**	**(2,922)**	**5,361**	**2,439**
Equity at the end of 12-31-2023	**17**	**5,000**	**24,685**	**24,685**	**24,016**	**53,701**

Movements	Note	Issued capital	Reserve for cash flow hedges	Total reserves	Gain Accumulated	**Total equity**
		ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Opening balance as of 01-01-2022		5,000	(27,056)	(27,056)	9,335	(12,721)
Changes in equity						
Comprehensive income						
Profit (loss)		-	-	-	9,320	9,320
Other comprehensive income		-	54,663	54,663	-	54,663
Total comprehensive income		-	54,663	54,663	9,320	63,983
Total increase (decrease) in equity		-	54,663	54,663	9,320	63,983
Equity at the end of 12-31-2022	**17**	**5,000**	**27,607**	**27,607**	**18,655**	**51,262**

STATEMENT OF CASH FLOWS
TRANSELEC CONCESIONES S.A.
For the year ended December 31, 2023 and 2022
(In thousands of US dollars (ThUS$))
(Translation of financial statements originally issued in Spanish-See Note 2.1)

Statement of Cash Flows – Direct method	Note	01-01-2023 12-31-2023 ThUS$	01-01-2022 12-31-2022 ThUS$
Net cash flows provided by (used in) operating activities			
Classes of collections from operating activities:			
Cash receipts from sales of goods and services		68.918	30,011
Cash receipts for interest		9,152	-
Classes of payments from operating activities:			
Payments to suppliers for goods and services		(3,091)	(1,950)
Other payments for operating activities		(4,710)	(2,377)
Interest paid	14	(8,099)	(3,183)
Interest paid to related entities	7	(1,505)	(5,705)
Administrative services paid to related entitiies	7	(4,011)	(1,873)
Net cash flows provided by operating activities		56,654	**14,923**
Cash flows provided by (used in) investing activities			
Acquisitions of property, plant and equipment and intangible assets		(7,833)	(19,195)
Net cash flows used in investing activities		(7,833)	**(19,195)**
Cash flows provided by (used in) financing activities			
Proceed from bank loans	14	24,014	118,056
Payments of loans	14	(23,654)	(6,011)
Payments for loans from related entities	7	(29,755)	(103,966)
Collections received from (payments made to) related companies		-	6,000
Net cash flows (used in) provided by financing activities		(29,395)	**14,079**
Net increase in Cash and Cash Equivalents, before exchange effect		**19,426**	**9,807**
Effect of the variation of the exchange rate in Cash and cash equivalents			
Effect of the variation of the exchange rate in Cash and cash equivalents		(1,811)	477
Net increase (decrease) in Cash and Cash Equivalents		17,615	10,284
Cash and Cash Equivalents, at the beginning of the year	**5**	**48,784**	**38,500**
Cash and Cash Equivalents, at the end of the year	**5**	**66,399**	**48,784**

Note 1 - GENERAL INFORMATION

Transelec Concesiones S.A. was incorporated by means of public deed on November 6, 2015. The corporate capital amounts to US$ 1,000 divided into 10,000 nominative, single series, no par value shares, which were subscribed and paid in as follows: a) Transelec Holdings Rentas Limitada subscribes and pays in 9,990 shares, for a total of US$ 999; and b) Rentas Eléctricas I Limitada, subscribes and pays in 10 shares, for a total of US$1.

As per a public deed dated June 13, 2018, Transelec Concesiones S.A. increased its capital from US$1,000 divided into 10,000 shares, to US$5,000,000 divided into 5,000,000 nominative, single series, no par value shares. This capital increase was subscribed and paid in such a way that Transelec Holding Rentas Limitada and Rentas Eléctricas I Limitada maintained their ownership percentages as established in the Company’s by-laws.

On February 17, 2017, the Company purchased 99.9% of the shares of Pichirropulli Transmisora de Energía S.A. and Interconexión Los Changos S.A. As a result, the Company became owner of 100% of the shares in the aforementioned companies.

On March 09, 2016, the Company was listed under number 406 in the Securities Registry of the Commission for the Financial Market (CMF in its Spanish acronym) and is subject to its supervision.

Its registered office is located at Orinoco N°90, Floor 14, district of 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 Rentas Eléctricas I Limitada.

The Financial Statements of the Company for the period ended as of December 31, 2023, were approved by the Company's Board of Directors in the Session number 46 on March 28, 2024.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The main accounting policies applied in preparing the Financial Statements are detailed below. These policies have been based on IFRS in effect as of December 31, 2023 and have been applied uniformly for the periods presented.

2.1 Basis of preparation of the Financial Statements.

These Financial Statements consist of the statements of financial position as of December 31, 2023 and 2022, the comprehensive income of its operations for year ended December 31, 2023 and 2022, changes in equity and cash flows for the year ended December 31, 2023 and 2022 and have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and the presentation rules of the Commission for the Financial Market (CMF in its Spanish Acronym), which are not in conflict with IFRS.

These Financial Statements have been prepared from the accounting records maintained by the Company and the figures in these Financial Statements and their notes are expressed in thousands of United States dollars.

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

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

The accounting policies adopted in the preparation of the Financial Statements are consistent with those applied in the preparation of the annual Financial Statements of the Company for the year ended December 31, 2022.

During the year ended December 31, 2023, no accounting changes were recorded that affect the 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, 2023, the Company has made the following reclassifications to the Fianncial Statements with respect to December 31, 2022:

(In thousands of US dollars (ThUS$))

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation of the Financial Statements. (continued)

Reclassification of Statement of Cash flows

As of December 31, 2023, a portion of principal payments on debt will be classified as cash flows provided by financing activities. As of December 31, 2022, this item is included in net cash flows provided by operating activities.

Statement of Cash Flows – Direct method	Disclosed in Financial Statement as of	Disclosed in this Financial Statement as of
	12-31-2022	12-31-2022
	ThUS	ThUS
Net cash flows provided by operating activities	12,095	14,923
Net cash flows provided by financing activities	16,907	14,079

2.2 New accounting pronouncements

The following new amendments to IFRS has been adopted in these Financial Statements.

IFRS	New standards, amendments and interpretations	Mandatory Effective Date
IFRS 17	Insurance Contracts	January 1 2023
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
IAS 12	International Tax Reform – Pillar Two Model Rules	January 1, 2023

The Company has evaluated that the application of these amendments does not have a significant effect on the amounts reported in these 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 Financial Statements, are detailed below.

2.2.1 Enhancements and Modifications

The enhancements and modifications to IFRS, which have been issued but are not yet effective at the date of these Financial Statements, are detailed below:
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(In thousands of US dollars (ThUS$))

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 New accounting pronouncements (continued)

2.2.1 Enhancements and Modifications (continued)

Amendments	Enhancements and Modifications	Mandatory Effective Date
IAS 1	Classification of Liabilities as Current or Non-Current	January 1 2024
IFRS16	Lease Liability in a Sale and Leaseback	January 1, 2024
IAS 1	Non-current Liabilities with Covenants	January 1, 2024
IAS 7 -IFRS 7	Supplier Finance Arrangements	January 1, 2024
IAS 21	Lack of Exchangeability	January 1, 2025
SASB	Amendments to the SASB standards to enhance their international applicability	January 1, 2025

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, 2024, Early application is permitted.

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

Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

The amendments to IFRS 16 add subsequent measurement requirements for 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. Without these new requirements, a seller-lessee may have recognized a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in IFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 New accounting pronouncements (continued)

2.2.1 Enhancements and Modifications (continued)

Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) (continued)

As part of the amendments, the IASB amended an Illustrative Example in IFRS 16 and added a new example to illustrate the subsequent measurement of a right-of-use asset and lease liability in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate. The illustrative examples also clarify that the liability that arises from a sale and leaseback transaction that qualifies as a sale applying IFRS 15, is a lease liability.

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 on the 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 IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity’s right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

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 on the Financial Statements.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 New accounting pronouncements (continued)

2.2.1 Enhancements and Modifications (continued)

Supplier Finance Arrangements (amendments to IAS 7 and IFRS 7)

The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

The term 'supplier finance arrangements' is not defined. Instead, the amendments describe the characteristics of an arrangement for which an entity would be required to provide the information

To meet the disclosure objective, an entity will be required to disclose in aggregate for its supplier finance arrangements: (i) the terms and conditions of supplier financing arrangements; (ii) the carrying amount, and associated line items presented in the entity's statement of financial position, of the liabilities that are part of the arrangements; (iii) the carrying amount, and associated line items for which the suppliers have already received payment from the finance providers; (iv) the ranges of due dates; and (iv) information on liquidity risk.

The amendments will be effective for annual reporting periods beginning on or after January 1, 2024, with early application permitted.

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

Lack of Exchangeability (Amendments to IAS 21)

In August 2023, the IASB has published amendments to IAS 21 that specify how to assess whether a currency is exchangeable and how to determine the exchange rate when it is not.

Applying the amendments, a currency is exchangeable when an entity is able to exchange that currency for the other currency through market or exchange mechanisms that create enforceable rights and obligations without undue delay at the measurement date and for a specified purpose. However, a currency is not exchangeable into the other currency if an entity can only obtain no more than an insignificant amount of the other currency at the measurement date for the specified purpose.

When a currency is not exchangeable at the measurement date, an entity is required to estimate the spot exchange rate as the rate that would have applied to an orderly exchange transaction at the measurement date between market participants under prevailing economic conditions. In that case, an entity is required to disclose information that enables users of its financial statements to evaluate how the currency's lack of exchangeability affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments are applied prospectively for annual periods beginning on or after January 1, 2025. Earlier application is permittedy.

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

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 New accounting pronouncements (continued)

2.2.1 Enhancements and Modifications (continued)

Amendments to the SASB standards to enhance their international applicability

On December 19, 2023, the International Sustainability Standards Board (ISSB) issued amendments to the Sustainability Accounting Standards Board (SASB) standards to enhance their international applicability.

When the ISSB inherited the SASB standards, it found that a small subset of the standards incorporated references to specific jurisdictional laws and regulations that may be globally inapplicable, introduce regional bias, increase application costs, and decrease the comparability and decision-usefulness of the resulting disclosures. The ISSB has therefore developed a methodology for enhancing the international applicability of the SASB standards and SASB standards taxonomy updates without substantially altering the standards' structure or intent. This methodology has been applied to the relevant SASB standards.

With the amendments published, the ISSB intends to make the SASB standards more internationally applicable and GAAP-agnostic. The amendments remove and replace jurisdiction-specific references and definitions, without substantially altering industries, topics or metrics.

The amendments are effective for annual periods beginning on or after January 1, 2025. Earlier application is permitted.

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

(In thousands of US dollars (ThUS$))

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Foreign currency translation

2.3.1 Functional and presentation currency

The Company has determined that its functional currency is the United States dollar (US$). These Financial Statements are presented in United States dollars.

2.3.2 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 hedge strategies.

2.3.3 Exchange rates

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

Currency or indexing unit	US dollars per unit	
	12-31-2023	12-31-2022
Unidad de fomento	41.9434	41.0242
Chilean peso	0.0011	0.0012

2.4 Financial reporting by operating segments

The Company manages its operations and presents information in the 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.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 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 to 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 Concesiones S.A. must make to close its facilities are incorporated into the value of the asset at present value, recording the corresponding provision in the accounting. On an annual basis both existence 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.

The works in progress are transferred to working assets once the test period when they become available for use has been completed, which is the starting point for their depreciation.

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. Expenditures for periodic maintenance (preventive or required) and repair are recognized directly 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 in years	
	Minimun	Maximun
Constructions 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 Expenses.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Intangible assets

2.6.1 Rights of way

The rights of way are stated 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 or at any moment if there are indicators of impairment.

2.6.2 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 Statement of Income under Costs of sales and administrative expenses.

2.7 Impairment of non-financial assets

Assets with an indefinite useful life, such as rights of way, are not depreciated or amortized and are tested
annually for impairment. Assets subject to depreciation or amortization can sometimes be evidence of changes whenever a change or event occurs in circumstances that indicate that the carrying amount may not be recoverable.

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

Recoverable amount is the higher of fair value less costs of disposal and value in use, which is defined as the present value of the estimated future cash flows.

Impairment losses from continuing operations are recognized in the statement of income in the expenses categories in accordance with the function of the impaired assets.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Impairment of non-financial assets (continued)

Non-financial assets other than goodwill that could have 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. Reversals are included in the income statement.

Impairment testing of intangible assets with indefinite useful lives is performed at November 30 of each year.

2.8 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, which are generated on specified dates and are made up of principal and interest (SPPI criterion).

Financial assets that meet the conditions established in IFRS 9, to be valued at amortized cost are: accounts receivable, loans and cash equivalents. These assets are recorded at amortized cost, which is fair value at the initial recognition, less repayments of principal, plus uncollected accrued interest, calculated using the effective interest rate method. The effective interest rate is the discount rate that exactly matches the estimated cash flows to be received or paid over the expected useful life of the financial instrument (or when appropriate in a shorter period of time), with the net carrying amount of the financial asset or financial liability.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Financial Instruments (continued)

1) Non-derivatives financial assets (continued)

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

For financial assets within the Company's business model whose objective is both to collect contractual cash flows which are generated at specific times and consist of principal and interest (SPPI criterion) and to sell the asset.

These financial assets are recognized into the financial statement at their fair value when it can be feasible determined. Changes in its fair value, net of tax effect, are recorded in the statement of comprehensive income in the item other comprehensive income, until the disposal of such entries is generated, moment when the accumulated amount in this item is charged fully into profit or loss of the period. If the fair value is lower than the acquisition cost, and if there is objective evidence that the financial assets have an impairment that is not considered temporary, 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 are measured in the statement of financial position at their fair value and the changes on its fair value are recorded directly in profit or loss when occurred. Purchases or sales of financial assets are recorded at the date of the transaction.

2) Cash and cash equivalents

Cash and cash equivalents include cash on hand and in banks, time deposits and other short-term investments with maturities in less than 180 days as of the investment date, and which are highly liquid readily convertible to cash, and which are subject to an insignificant 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.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Financial Instruments (continued)

3) Impairment of financial assets

According to IFRS 9, the Company applies 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 their fair value, net of direct transactions 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 15).

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 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 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 periods presented.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Financial Instruments (continued)

5) Derivatives and Hedge activities (continued)

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) Net Investment Hedge: Hedges of net investments in foreign operations are accounted for on a similar basis to cash flow hedges. Foreign currency translation originated by a net investment in a foreign entity and derived from the hedge transaction should be registered in equity reserve under the item “Other reserves” until the investment's disposal.

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 a foreign operation in the periods presented in these financial statements.

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. The other derivatives are presented as current assets or current liabilities.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Financial Instruments (continued)

6) Embedded derivatives

Derivatives embedded in other financial instruments contracts or other contracts are treated as derivatives when their risks and characteristics are not closely related to the host contracts and the host 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 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:

a) The contractual rights to receive cash flows from the financial asset expire or have been transferred or, if the contractual rights are retained, the Company has assumed a contractual obligation to pay these cash flows to one or more recipients.

b) The entity transfers substantially all the risks and rewards of ownership or, if the entity neither transfers nor retains substantially all these, when the entity does not retain the control of the asset.

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 profit or loss.

8) Offsetting of financial assets and liabilities

The Company offsets financial assets and liabilities, and the net amount is presented in the statement of financial position only when:

a) There is a legally binding right to offset recognized amounts; and
b) The company intends to settle them on a net basis, or to simultaneously realize the asset and settle the liability.

The right of offset may only be legally enforceable in the normal course of business, or in the event of default, or in the event of insolvency or bankruptcy, of any one or all the counterparties.

2.9 Inventories

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

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 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.

2.11 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 taxes and tax credits, both for tax losses and other deductions. Differences between the carrying 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 the assets are realized, and the liabilities are settled.

Current taxes and changes in deferred tax assets and liabilities not from business combinations are recorded in income or in net 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 will be sufficient future taxable profits to recover the deductible temporary differences and to make the tax credits effective.

The carrying amount of deferred income tax assets is reviewed at each reporting date of the 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. The unrecognized deferred tax assets are also reviewed at each closing date and are recognized to the extent that it is probable that future taxable profits 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 Concesiones S.A. 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.

2.12 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 constructive, as a result of past events;
- It is probable that a disbursement will be necessary to settle the obligation;
- The amount can be estimated reliably.

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, at the balance sheet date, of the time value of money and the specific risk associated with the particular liability, if applicable. Increases in provisions due to the passage of time are recognized in interest expense.

As of the date of issuance of these Financial Statements, Transelec Concesiones S.A. has no obligation to establish provision for environmental restoration.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 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 case 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.

2.14 Distribution of dividends

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

Company records a provision at the end of each year for the 30% of the profit of the year, in accordance with Law N° 18,046. Notwithstanding, due to the restrictions imposed by the financing contracts, the company has not recorded a provision for this concept.

2.15 Revenue recognition in Contracts with Customers

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 (also call "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.

Note 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Revenue recognition in Contracts with Customers (continued)

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 basis.

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 after 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.

(In thousands of US dollars (ThUS$))

Note 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, among others.

The Company's 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 forwards contracts and other instruments to maintain a balanced foreign exchange position.

(c) Entering into long-term fixed rate indebtedness thus limiting risk from variable interest rates.

3.1.1.1 Interest 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 income 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.

Currently, Transelec Concesiones S.A. has a direct exposure to this type of risk because on December 21, 2018, a variable rate financing agreement was signed; for this reason, Transelec Concesiones S.A. has entered into several 3-Month Libor Interest Rate Swaps, which cover 100% of the expected debt balance. The following table shows the main terms, at the aggregate level, of the contracts:

Closing date	Start date	Maturity date	Currency	Notional (asset leg)	floating rate (asset leg)	Notional (liability leg)	floating rate (liability leg)	Frecuency
01-07-2019	12-28-2018	06-15-2045	USD	326,678,633	Term SOFR 3M	326,678,633	2.25%	Quaterly

Note that the notional amount of this derivative increases and decreases according to the estimate of the debt structure that the financing would have.

(In thousands of US dollars (ThUS$))

Note 3 - RISK MANAGEMENT POLICY (continued)

3.1.1.2 Exchange Rate Risk

Currently, Transelec Concesiones S.A.'s only exposure to foreign exchange risk arises from the capital expenditure commitments it will have to incur for the core projects under construction.

As a result, there is currently a Capex hedging policy to help hedge the exchange rate risk of any capital expenditure in a currency other than the US dollar.

Any other type of exposure to exchange rate risk will be managed through an approved policy that contemplates fully covering the net balance sheet exposure, which is made through various instruments such as: positions in US dollars / Chilean pesos, forward contracts and swaps.

3.1.2 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 foreign currencies. 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. A positive percentage implies a weakening of the Dollar with respect to the foreign currency; a negative percentage implies a strengthening of the Dollar with respect to the foreign currency.

Entry (Currency)	Position	Net income		Position	OCI	
	Long/ (short)	Change (-10%)	Change (+10%)	Long/ (short)	Change (-10%)	Change (+10%)
Cash (US$)	3,094	(281)	344	-	-	-
Time deposits (US$)	58,696	(5,336)	6,522	-	-	-
VAT credit S/T (US$)	454	(41)	50	-	-	-
Inter-Co Loan (US$)	(154)	14	(17)	-	-	-
Accounts receivable (US$)	1,073	(98)	119			
Accounts payable to Suppliers (US$)	(320)	29	(36)	-	-	-
Total	62,843	(5,713)	6,982	-	-	-

(In thousands of US dollars (ThUS$))

Note 3 - RISK MANAGEMENT POLICY (CONTINUED)

3.1.3 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, which leads to a situation in which clients do not accumulate very significant amounts.

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

Client	12-31-2023 ThUS$	12-31-2022 THUS$
Enel Group	14,940	8,449
CGE Group	6,689	3,068
Colbún Group	6,810	2,850
Engie (E-CL) Group	4,921	2,340
AES Gener Group	4,903	3,624
Other	1,302	11,042
Total	39,565	31,373
% Concentration of the main clients	96.71%	64.80%

Note 4 - ESTIMATES AND JUDGMENTS OR CRITICAL CRITERIA USED 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 performs estimates and assumptions about the future. The resulting accounting estimates, per definition, will rarely be equal to the actual outcomes. Estimates and assumptions with a significant risk to the Company are detailed below:

- The estimates of recoverable values of assets and goodwill to determine potential existence of impairment losses;
- The useful lives and residual values of properties, plants and equipment and intangible assets;
- The hypothesis used to calculate the fair value of the financial instruments;
- The actuarial assumptions used to calculate obligations with employees;
- The future fiscal results for 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 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 those respective Financial Statements

(In thousands of US dollars (ThUS$))

Note 5 - CASH AND CASH EQUIVALENTS

(a) The detail of this item as of December 31, 2023 and 2022 is as follows:

Cash and cash equivalents	12-31-2023	12-31-2022
	ThUS$	ThUS$
Cash and banks	4,098	9,584
Time deposits	62,301	39,200
Total	66,399	48,784

Cash and cash equivalents included in the statement of financial position as of December 31, 2023 and 2022 does not differ from those presented in the statement of cash flows.

(b) The detail of balance of cash and cash equivalents by type of currency is as follows:

Detail	Currency	12-31-2023	12-31-2022
		ThUS$	ThUS$
Cash and cash equivalents	United States dollars	4,609	8,468
Cash and cash equivalents	Chilean pesos	61,790	40,316
Total		66,399	48,784

Fair values do not differ significantly from book values due to the short-term maturity of these instruments and there are no restrictions.

Note 6 - TRADE AND OTHER RECEIVABLES

a) The detail of this item as of December 31, 2023 and 2022 is as follows:

Detail	12-31-2023	12-31-2022
	ThUS$	ThUS$
Invoiced trade debtors	1,063	661
Provisioned trade debtors	5,070	15,057
Total Trade and other receivables	6,133	15,718

(In thousands of US dollars (ThUS$))

Note 6 - TRADE AND OTHER RECEIVABLES (CONTINUED)

b) The aging analysis for trade debtors is as follows:

Detail	Invoiced trade debtors	Provisioned trade debtors	12-31-2023
	ThUS$	ThUS$	ThUS$
Non-past due	911	5,070	5,981
1-30 days	88	-	88
31-60 days	22	-	22
61-90 days	10	-	32
91-180 days	32	-	10
181-365 days	-	-	-
365 days or more	-	-	-
Total	1,063	5,070	6,133

Detail	Invoiced trade debtors	Provisioned trade debtors	12-31-2022
	ThUS$	ThUS$	ThUS$
Non-past due	-	15,057	15,057
1-30 days	577	-	577
31-60 days	7	-	7
61-90 days	5	-	5
91-180 days	2	-	2
181-365 days	5	-	5
365 days or more	65	-	65
Total	661	15,057	15,718

Fair values do not differ significantly from book values due to the short-term maturity of these instruments. In addition, the Company does not record any bad debt provisions.

(In thousands of US dollars (ThUS$))

Note 7 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES

7.1 Balances and transactions with related companies

7.1.1 Accounts receivable from related entities

There are no accounts receivable as of December 31, 2023 and 2022.

7.1.2 Accounts payable to related entities

The balances of accounts payable between the Company and its related companies are as follows:

Tax ID Number	Company	Country	Item	Term	Relationship	Currency	Current		Non-current	
							12-31-2023	12-31-2022	12-31-2023	12-31-2022
							ThUS$	ThUS$	ThUS$	ThUS$
76.560.200-9	Transelec Holding Rentas Ltda	Chile	Structured loan	2024/2039(*)	Parent Company	USD	34.547	14,758	55,404	93,662
76.560.200-9	Transelec Holding Rentas Ltda	Chile	Structured loan	2023	Parent Company	CLP	-	6,041	-	-
76.555.400-4	Transelec SA	Chile	Current account	Undefined	Indirect	CLP	154	162	-	-
Total							34,701	20,961	55,404	93,662

(*) In relation to the structured loan in dollar currency with Transelec Holding Rentas Ltda., these correspond to different loans with different maturity dates ranging from 2024 to 2039.

(In thousands of US dollars (ThUS$))

Note 7 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES (continued)

7.1 Balances and transactions with related entities (continued)

Significant transactions and their effects in income (loss)

The effects on the Income Statement of transactions with related entities are as follows:

Tax ID Number	Company	Country	Relationship	Description of the transaction	12-31-2023		12-31-2022	
					Amount	Effect on profit or loss	Amount	Effect on profit or loss
					ThUS$	ThUS$	ThUS$	ThUS$
76.560.200-9	Transelec Holding Rentas Ltda.	Chile	Parent Company	Loans received	-	-	6,000	-
76.560.200-9	Transelec Holding Rentas Ltda.	Chile	Parent Company	loans paid	29,755	-	103,966	-
76.560.200-9	Transelec Holding Rentas Ltda.	Chile	Parent Company	Accrued interest	6,339	(6,341)	7,227	(7,227)
76.560.200-9	Transelec Holding Rentas Ltda	Chile	Parent Company	Interest paid	1,505	-	5,705	-
76.560.200-9	Transelec Holding Rentas Ltda	Chile	Parent Company	Exchange difference	411	(409)	59	59
76.555.400-4	Transelec S.A.	Chile	Indirect	Accrued services	4,004	(1,640)	2,147	(1,358)
76.555.400-4	Transelec S.A.	Chile	Indirect	Administrative services paid	3,629	-	1,873	-
76.555.400-4	Transelec S.A.	Chile	Indirect	Engineering services paid	-	-	443	-

These operations are in accordance with the provisions of Articles N° 44 and 49 of Law N° 18,046 on Corporations.

(In thousands of US dollars (ThUS$))

Note 8 - OTHER NON-FINANCIAL ASSETS

The detail of this item as of December 31, 2023 and 2022 is as follows:

Detail	12-31-2023	12-31-2022
	ThUS$	ThUS$
Expenses to be reported for easements	4,753	7,657
VAT credit	454	996
Other	143	826
Total other non-financial assets	5,350	9,479

Note 9 - INTANGIBLE ASSETS OTHER THAN GOODWILL

The detail of this item as of December 31, 2023 and 2022 is as follows:

Intangible assets, net	12-31-2023	12-31-2022
	ThUS$	ThUS$
Rights of way	32,161	29,020
Other Intangible assets	250	250
Total intangible assets identified	32,411	29,270

Intangible assets, gross	12-31-2023	12-31-2022
	ThUS$	ThUS$
Rights of way	32,161	29,020
Other Intangible assets	250	250
Total intangible assets	32,411	29,270

Amortización acumulada y deterioro del valor	12-31-2023	12-31-2022
	ThUS$	ThUS$
Rights of way	-	-
Other Intangible assets	-	-
Total acumulated amortization	-	-

(In thousands of US dollars (ThUS$))

Note 9 - INTANGIBLE ASSETS OTHER THAN GOODWILL (CONTINUED)

Movements in intangible assets as of December 31, 2023 and 2022 are as follows:

Movements in intangible assets	Right-of-way	Other assets	Intangible assets, net
	ThUS$	ThUS$	ThUS$
Opening balance as of 01-01-2023	29,020	250	29,270
Additions	3,141	-	3,141
Closing balance as of 12-31-2023	32,161	250	32,411

Movements in intangible assets	Right-of-way	Other assets	Intangible assets, net
	ThUS$	ThUS$	ThUS$
Opening balance as of 01-01-2022	28,005	250	28,255
Additions	1,015	-	-
Closing balance as of 12-31-2022	29,020	250	28,255

On January 22, 2016, through an assignment agreement, Abengoa Chile S.A. assigned to Pichirropulli Energy Transmitter S.A. the Right of Exploitation and Execution of the "Line 2x500 KV Pichirropulli Nueva Puerto Montt, energized in 220 KV" amounted ThUS$250. This Right was awarded by Supreme Decree Number 20T of 2015. As it is unlikely that this Right to be revoked, the Company considers that this Right has an indefinite useful life.

(In thousands of US dollars (ThUS$))

Note 10 - PROPERTY, PLANT AND EQUIPMENT

10.1 Detail of items

The composition corresponds to the following detail:

Property, plant and equipment, net	12-31-2023	12-31-2022
	ThUS$	ThUS$
Land	889	889
Constructions and Infrastructure	162,147	162,262
Work in progress	8,334	22,911
Machinery and equipment	174,750	161,585
Total Property, plant and equipment, net	346,120	347,647

Property, plant and equipment, gross	12-31-2023	12-31-2022
	ThUS$	ThUS$
Land	889	889
Constructions and Infrastructure	167,544	164,273
Work in progress	8,334	22,911
Machinery and equipment	194,741	177,002
Total Property, plant and equipment, gross	371,508	365,075

Accumulated depreciation of Property, plant and equipment	12-31-2023	12-31-2022
	ThUS$	ThUS$
Constructions and Infrastructure	(5,397)	(2,011)
Machinery and equipment	(19,991)	(15,417)
Total accumulated depreciation of Property, plant and equipment	(25,388)	(17,428)

(In thousands of US dollars (ThUS$))

Note 10 - PROPERTY, PLANT AND EQUIPMENT (continued)

10.2 Reconciliation of changes in property, plant and equipment

The following table shows the detail of changes in property, plant and equipment per class of assets for the years ended as of December 31, 2023 and 2022:

Movement	Land	Constructions and infrastructure	Machinery and equipment	Work in progress	Property, plant and equipment, net
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Opening balance as of 01-01-2023	889	162,262	161,585	22,911	347,647
Additions	-	-	-	6,433	6,433
Transfer	-	3,271	17,739	(21,010)	-
Depreciation expense	-	(3,386)	(4,574)	-	(7,960)
Closing balance as of 12-31-2023	889	162.147	174.750	8.334	346.120

Movement	Land	Constructions and infrastructure	Machinery and equipment	Work in progress	Property, plant and equipment, net
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Opening balance as of 01-01-2022	889	23,969	166,034	143,732	334,624
Additions	-	-	-	18,217	18,217
Transfer	-	139,038	-	(139,038)	-
Depreciation expense	-	(745)	(4,449)	-	(5,194)
Closing balance as of 12-31-2022	889	162,262	161,585	22,911	347,647

(In thousands of US dollars (ThUS$))

Note 10 - PROPERTY, PLANT AND EQUIPMENT (continued)

10.3 Additional information on property, plant and equipment

As of December 31, 2023 and 2022 , the Company had commitments to acquire property, plant and equipment items derived from EPC (Engineering-Procurement-Construction) construction contracts in the amount of ThUS$22,917 and ThUS$17,039, at the closing of each period, respectively.

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

Items	12-31-2023	12-31-2022
Capitalization rate (annual basis) (%)	5.46%	4.75%
Capitalized interest costs (ThUS$)	139	2,034

Note 11 – OTHER FINANCIAL ASSETS

The detail of other current and non-current financial assets as of December 31, 2023 and 2022, is presented below:

Concept	12-31-2023		12-31-2022	
	Current ThUS$	Non-Current ThUS$	Current ThUS$	Non-Current ThUS$
Swap contracts (see note 15)	7,763	26,522	8,202	30,022
Total other financial assets	7,763	26,522	8,202	30,022

(In thousands of US dollars (ThUS$))

Note 12 - DEFERRED TAXES

12.1 Deferred taxes

Detail of deferred tax assets and liabilities

The origin of deferred taxes recorded as of December 31, 2023 and 2022 is as follows.

Temporary difference Assets / (Liabilities)	Net deferred taxes	
	12-31-2023	12-31-2022
	ThUS$	ThUS$
Depreciable fixed assets	(50,771)	(42,368)
Tax loss	36,643	30,417
Work in progress	(72)	(101)
Intangible Assets	(345)	(324)
Loans effective interest rate	(3,201)	(3,319)
Land	7	7
Total Deferred tax assets/(liabilities)	(17,739)	(15,688)
Presentation in Statement of financial position:		
Deferred tax assets	-	-
Deferred tax liabilities	(17,739)	(15,688)
Net deferred taxes assets/(liabilities)	(17,739)	(15,688)

The balances of accumulated tax losses that give rise to the balance presented in deferred tax assets as of December 31, 2023 and 2022 are ThUS$135,715 and ThUS$112,656, respectively.

12.2 Deferred tax movements of the statement of financial position

The movements of the "Deferred Taxes" items of the Balance Sheet as of December 31, 2023 and 2022 are as follows:

Concept	Assets	Liabilities	Net Assets/ (Liabilities)	Impact of the period		
				Income	Equity	Total Variation
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Depreciable fixed assets	-	50,771	(50,771)	(8,403)	-	(8,403)
Tax loss	36,643	-	36,643	5,145	-	5,145
Work in progress	-	72	(72)	29	-	29
Intangible Assets	-	345	(345)	(21)	-	(21)
Loans effective interest rate	-	3,201	(3,201)	118	-	118
Land	7	-	7	-	-	-
Cash flow hedge reserves	-	-	-	-	1,081	1,081
Closing balance as of 12-31-2023	36,650	54,389	(17,739)	(3,132)	1,081	(2,051)

(In thousands of US dollars (ThUS$))

Note 12 - DEFERRED TAXES (Continued)

12.2 Deferred tax movements of the statement of financial position (Continued)

Concept	Assets	Liabilities	Net Assets/ (Liabilities)	Impact of the period		
				Income	Equity	Total Variation
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Depreciable fixed assets	-	42,368	(42,368)	(10,503)	-	(10,503)
Tax loss	30,417	-	30,417	5,015	-	5,015
Work in progress	-	101	(101)	2,607	-	2,607
Intangible Assets	-	324	(324)	(25)	-	(25)
Loans effective interest rate	-	3,319	(3,319)	(574)	-	(574)
Land	7	-	7	-	-	-
Cash flow hedge reserves	-	-	-	-	(20,218)	(20,218)
Closing balance as of 12-31-2022	30,424	46,112	(15,688)	(3,480)	(20,218)	(23,698)

The recovery of deferred tax asset depends on whether sufficient tax profits are obtained in the future. The Company considers that future profits projections will allow to recover these assets.

Note 13 - TRADE AND OTHER PAYABLES

Trade creditors and other accounts payable as of December 31, 2023 and 2022, respectively, are detailed below:

Trade and other payables	12-31-2023	12-31-2022
	ThUS$	ThUS$
Trade payable billed (*)	146	207
Trade payable unbilled	12,365	7,560
Total	12,511	7,767

As of December 31, 2023 and 2022, the average period for payment to suppliers is 30 days, so the fair value of accounts payable does not differ significantly from its book value.

The due date of billed trade payables as of December 31, 2023 and 2022 is as follows:

Billed trade payable (*)	Suppliers up to date		Suppliers overdue	
	12-31-2023	12-31-2023	12-31-2023	12-31-2023
	ThUS$	ThUS$	ThUS$	ThUS$
Up to 30 days	5	82	-	-
31 and 60 days		-	-	11
61 and 90 days		-	-	2
91 and 120 days		-	-	-
121 and 365 days		-	-	11
More than 365 days		-	141	101
Total Billed trade payables	5	82	141	125

(In thousands of US dollars (ThUS$))

Note 14 - OTHER FINANCIAL LIABILITIES

14.1 Other financial liabilities balance

The detail of other financial liabilities as of December 31, 2023 and 2022, is as follow:

Item	12-31-2023		12-31-2022	
	Current ThUS$	Non-Current ThUS$	Current ThUS$	Non-Current ThUS$
Bank loan	8,882	307,031	7,228	292,078
Total Other Financial Liabilities	8,882	307,031	7,228	292,078

14.2 Detail of other financial liabilities

The other financial liabilities correspond to a bank loan held by the Company as of December 31, 2023 and 2022, respectively, and are detailed below:

Taxpayer iD number	Debtor name	Country	Creditor	Identification	Currency	Annual effective interest rate	Annual nominal interest rate (*)	Principal payment	Interest payment	Final maturity	12-31-2023 ThUS$	12-31-2022 ThUS$
76.524.463-3	Transelec Concesiones S.A.	Chile	Export Development Canada, KFW and MUFG, Bank of China	Project Finance 1	USD	8.372%	7.473%	Semestral	Semestral	12-15-2036	48,018	49,753
76.524.463-3	Transelec Concesiones S,A,	Chile	Export Development Canada, KFW and MUFG, Bank of China	Project Finance 2	USD	8.264%	7.473%	Semestral	Semestral	12-15-2036	128,790	131,289
76.524.463-3	Transelec Concesiones S,A,	Chile	Export Development Canada, KFW and MUFG, Bank of China	Project Finance 3	USD	8.513%	7.473%	Semestral	Semestral	12-15-2036	130,974	109,783
76.524.463-3	Transelec Concesiones S,A,	Chile	Export Development Canada, KFW and MUFG, Bank of China	Project Finance 4	USD	7.940%	7.473%	Semestral	Semestral	12-15-2036	8,131	8,481
Total											315,913	299,306

(*) Nominal interest rate corresponds to 6-month Term SOFR + Spread.

(In thousands of US dollars (ThUS$))

Note 14 - OTHER FINANCIAL LIABILITIES (CONTINUED)

14.3 Maturity of other financial liabilities

The Company has registered bank obligations according to their maturities as follow:

Taxpayer iD number	Debtor name	Instrument identification number	Maturities								
			Current			Non-current					
			Less than 90 days	More than 90 days	Total Current 12-31-2023	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 12-31-2023
			ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
76.524.463-3	Transelec Concesiones S.A.	Project Finance 1	-	1,651	1,651	1,669	1,854	1,642	1,827	39.375	46.367
76.524.463-3	Transelec Concesiones S,A,	Project Finance 2	-	3,368	3,368	3,332	3,741	3,543	3,962	110.845	125.423
76.524.463-3	Transelec Concesiones S,A,	Project Finance 3	-	3,521	3,521	3,501	3,938	3,810	4,263	111.941	127.453
76.524.463-3	Transelec Concesiones S,A,	Project Finance 4	-	342	342	351	387	388	428	6.234	7.788
Total			-	8.882	8,882	8,853	9,920	9,383	10,480	268,395	307,031

Taxpayer iD number	Debtor name	Instrument identification number	Maturities								
			Current			Non-current					
			Less than 90 days	More than 90 days	Total Current 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 12-31-2022
			ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
76.524.463-3	Transelec Concesiones S,A,	Project Finance 1	126	1,402	1,528	1,526	1,706	1,890	1,677	41,426	48,225
76.524.463-3	Transelec Concesiones S,A,	Project Finance 2	173	2,694	2,867	2,934	3,338	3,748	3,548	114,854	128,422
76.524.463-3	Transelec Concesiones S,A,	Project Finance 3	226	2,290	2,516	2,463	2,823	3,188	3,084	95,709	107,267
76.524.463-3	Transelec Concesiones S,A,	Project Finance 4	21	296	317	322	356	393	394	6,699	8,164
Total			546	6,682	7,228	7,245	8,223	9,219	8,703	258,688	292,078

(In thousands of US dollars (ThUS$))

Note 14 - OTHER FINANCIAL LIABILITIES (CONTINUED)

14.4 Changes in liabilities arising from financing activities

The movement of other financial liabilities as of December 31, 2023 and 2022 is as follows:

Movements	Opening balance as of 01-01-2023	Changes representing cash flow				Changes that do not represent cash flow		Final balance as of 12-31-2023
		New liabilities	Payments of interests	Payments of principal	Borrowing costs	Interests accrued	Amortization of Borrowing Costs	
Financial Liabilities								
Bank Loan	299,306	24,014	(8,099)	(23,654)	(974)	23,910	1,410	315,913
Total	**299,306**	**24,014**	**(8,099)**	**(23,654)**	**(974)**	**23,910**	**1,410**	**315,913**

Movimiento	Opening balance as of 01-01-2022	Changes representing cash flow				Changes that do not represent cash flow		Final balance as of 12-31-2022
		New liabilities	Payments of interests	Payments of principal	Borrowing costs	Interests accrued	Amortization of Borrowing Costs	
Financial Liabilities								
Bank Loan	185,888	118,056	(3,183)	(6,011)	(3,010)	6,678	888	299,306
Total	185,888	118,056	(3,183)	(6,011)	(3,010)	6,678	888	299,306

(In thousands of US dollars (ThUS$))

Note 15 - DERIVATE INSTRUMENTS

The Company is exposed to interest rate risk given that on December 21, 2018 it contracted financing at a variable rate, which currently correspond to Term SOFR 6 months, The Company's risk management policy seeks to cover this risk through derivative instruments that correspond to interest rate swaps (Terrm SOFR 3 months).

15.1 Description of derivatives

As of December 31, 2023, the Company maintains the following derivative instruments:

a) Eight interest rate swaps for the total amount of the expected debt balance in order to cover variations in the interest rate (Term SOFR 6 months). These instruments have been designated as cash flow hedge accounting. The counterparties of these instruments are: MUFG Bank, Ltd. and KfW IPEX-Bank. As of December 31, 2023, the fair value recorded for these derivatives corresponds to a current net asset of ThUSD$7,763 and a non-current net asset of ThUSD$26,522.

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

b) Eight interest rate swaps for the total amount of the expected debt balance in order to cover variations in the interest rate (Libor 3 months). These instruments have been designated as cash flow hedge accounting. The counterparties of these instruments are: MUFG Bank, Ltd. and KfW IPEX-Bank. As of December 31, 2022, the fair value recorded for these derivatives corresponds to a net current liability of ThUSD$8,202 and a net non-current liability of ThUSD$30,022.

It is worth mentioning that the notional of these derivatives increases and decreases according to the estimation of the debt structure that the financing would have.

15.2 Hedge assets and liabilities

Item	12-31-2023				12-31-2022			
	Assets		Liabilities		Assets		Liabilities	
	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Interest rate Swap	7,763	26,522	-	-	8,202	30,022	-	-
Total	7,763	26,522	-	-	8,202	30,022	-	-

(In thousands of US dollars (ThUS$))

Note 15 – DERIVATE INSTRUMENTS (continued)

15.3 Other information

The detail of the derivatives contracted by Transelec Concesiones S.A. as of December 31, 2023 and 2022, including its fair value and the breakdown by maturity, is as follow:

Financial derivatives	Maturities										Fair Value
	Up to 90 days	More than 90 days to 1 year	Up to 1 year	More than 1 year to 2 years	More than 2 years to 3 years	More than 1 year to 3 years	More than 3 years to 4 years	More than 4 years to 5 years	More than 3 years to 5 years	More than 5 years	12-31-2023
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Interest rate Swap	2,560	5,203	7,763	3,376	1,859	5,235	1,240	1,796	3,036	18,251	34,285

Financial derivatives	Maturities										Fair Value
	Up to 90 days	More than 90 days to 1 year	Up to 1 year	More than 1 year to 2 years	More than 2 years to 3 years	More than 1 year to 3 years	More than 3 years to 4 years	More than 4 years to 5 years	More than 3 years to 5 years	More than 5 years	12-31-2022
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Interest rate Swap	1,929	6,273	8,202	5,549	2,810	8,359	1,972	1,929	3,901	17,762	38,224

The contractual notional amount of these contracts does not represent the risk taken by Transelec Concesiones S.A., as it is only in response to the basis with which derivative settlements are calculated. As of December 31, 2023 and 2022, Transelec Concesiones S.A. had not recognized any gains or losses for ineffectiveness of cash flow hedges.

(In thousands of US dollars (ThUS$))

Note 15 – DERIVATE INSTRUMENTS (continued)

15.4 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, 2023 and 2022:

Financial instruments at fair value (financial asset)	Fair value at the end of the reporting period using			
	12-31-2023	Level 1	Level 2	Level 3
	ThUS$	ThUS$	ThUS$	ThUS$
Interest rate Swap	34,285	-	34,285	-
Total net derivative	34,285	-	34,285	-

Financial instruments at fair value (financial liability)	Fair value at the end of the reporting period using			
	12-31-2022	Level 1	Level 2	Level 3
	ThUS$	ThUS$	ThUS$	ThUS$
Interest rate Swap	38,224	-	38,224	-
Total net derivative	38,224	-	38,224	-

(In thousands of US dollars (ThUS$))

Note 16 - FINANCIAL INSTRUMENTS

16.1 Financial Assets

The classification of financial assets in the categories described in Note 2.8 is detailed below:

Items	Financial assets at amortized cost	Financial assets at fair value		Derivative Instruments		Total
		through profit or loss	through other comprehensive income	Hedge	Non-Hedge	12-31-2023
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Cash and cash equivalent	66,399	-	-	-	-	66,399
Trade and other receivables	6,133	-	-	-	-	6,133
Other financial assets, current	-	-	-	7,763	-	7,763
Other financial assets, non-current	-	-	-	26,522	-	26,522
Total	72,532	-	-	34,285	-	106,817

Items	Financial assets at amortized cost	Financial assets at fair value		Derivative Instruments		Total
		through profit or loss	through other comprehensive income	Hedge	Non-Hedge	12-31-2022
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Cash and cash equivalent	48,784	-	-	-	-	48,784
Trade and other receivables	15,718	-	-	-	-	15,718
Other financial assets, current	-	-	-	8,202	-	8,202
Other financial assets, non-current	-	-	-	30,022	-	30,022
Total	64,502	-	-	38,224	-	102,726

(In thousands of US dollars (ThUS$))

Note 16 - FINANCIAL INSTRUMENTS (continued)

16.2 Financial liabilities

The classification of financial liabilities in the categories described in Note 2.8 is detailed below:

Items	Financial liabilities at amortized cost	Financial liabilities at fair value		Derivative instruments		Total
		through profit or loss	through other comprehensive income	Hedge	Non - Hedge	12-31-2023
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Other financial liabilities, current	8,882	-	-	-	-	8,882
Trade and other payables	12,511	-	-	-	-	12,511
Accounts payable to related entities, current	34,701	-	-	-	-	34,701
Other financial liabilities, non-current	307,031	-	-	-	-	307,031
Accounts payable to related entities, non-current	55,404	-	-	-	-	55,404
Total	418,529	-	-	-	-	418,529

Items	Financial liabilities at amortized cost	Financial liabilities at fair value		Derivative instruments		Total
		through profit or loss	through other comprehensive income	Hedge	Non - Hedge	12-31-2022
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Other financial liabilities, current	7,228	-	-	-	-	7,228
Trade and other payables	7,767	-	-	-	-	7,767
Accounts payable to related entities, current	20,961	-	-	-	-	20,961
Other financial liabilities, non-current	292,078	-	-	-	-	292,078
Accounts payable to related entities, non-current	93,662	-	-	-	-	93,662
Total	421,696	-	-	-	-	421,696

(In thousands of US dollars (ThUS$))

Note 17 - NET EQUITY

17.1 Subscribed and paid-in capital

As of December 31, 2023 and 2022, the authorized, subscribed and paid-in capital amounted to ThUS$5,000.

17.2 Number of subscribed and paid-in shares

Shares	Number of subscribed shares	Number of paid-in shares	Number of shares with voting right
Unique series, with no par value	5,000,000	5,000,000	5,000,000

In July of 2018, the Company's shareholders (Transelec Holdings Rentas Ltda. and Rentas Eléctricas I Ltda.) carried out a capital increase in the amount of ThUS$4,999, thus giving rise to a total capital of ThUS$5,000 as of December 31, 2023.

The contributions were made in proportion to the participation of each of the shareholders before the capital increase, both maintaining the same percentage of participation once the contribution was made.

17.3 Other reserves

The detail of other reserves as of December 31, 2023 and 2022, is as follows:

Items	12-31-2023 ThUS$	12-31-2022 ThUS$
Gains (losses) on cash flow hedges	33,689	37,692
Income tax related to cash flow hedges	(9,004)	(10,085)
Total Other comprehensive income	24,685	27,607

17.4 Capital management

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

The capital management policy of Transelec Concesiones S.A. is aimed for maintain adequate balance that allows to keep a sufficient capitalization level to sustain its operations and provide a 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.

(In thousands of US dollars (ThUS$))

Note 18 - REVENUE

18.1 Revenue

The detail of revenue for the year ended December 31, 2023 and 2022, is as follows:

Type of ordinary revenue	01-01-2023 12-31-2023 ThUS$	01-01-2022 12-31-2022 ThUS$
Regulated transmission services	39,565	31,373
Total ordinary revenue	39,565	31,373

Type of ordinary revenue	01-01-2023 12-31-2023 ThUS$	01-01-2022 12-31-2022 ThUS$
Regulated revenues	39,565	31,373
Total	39,565	31,373

Type of ordinary revenue	01-01-2023 12-31-2023 ThUS$	01-01-2022 12-31-2022 ThUS$
National revenue	39,565	31,373
Total	39,565	31,373

Type of ordinary revenue	01-01-2023 12-31-2023 ThUS$	01-01-2022 12-31-2022 ThUS$
Transferred services over time	39,565	31,373
Total	39,565	31,373

(In thousands of US dollars (ThUS$))

Note 19 - RELEVANT INCOME STATEMENT ACCOUNTS

19.1 Expenses by nature

The composition of expenses by nature, included in cost of sales and administrative for the year ended December 31, 2023 and 2022, is as follows:

Items	01-01-2023 12-31-2023 ThUS$	01-01-2022 12-31-2022 ThUS$
Cost of sales		
Depreciation	(7,960)	(5,194)
Other	-	(1)
Total Cost of sales	(7,960)	(5,195)
Administration expenses		
Operation expenses	(2,037)	(2,062)
Total Administration expenses	(2,037)	(2,062)
Total	(9,997)	(7,257)

19.2 Financial results

The detail of the financial result for the year ended December 31, 2023 and 2022, is as follows:

Items	01-01-2023 12-31-2023 ThUS$	01-01-2022 12-31-2022 ThUS$
Financial income:	**4,877**	**2,650**
Interests earned	4,877	2,650
Financial costs:	**(23,116)**	**(14,910)**
Interest and expenses for loans	(25,786)	(5,701)
Swap Interest	9,285	(1,038)
Intercompany interest	(6,341)	(7,227)
Other expenses	(274)	(944)
Net exchange differences:	**(2,785)**	**993**
Intercompany Loans	(409)	59
Bank	(2,309)	1,295
Other	(67)	(361)
Total financial income / (expense)	(21,024)	(11,267)

(In thousands of US dollars (ThUS$))

Note 20 - INCOME TAX RESULT

The income tax result for the year ended December 31, 2023 and 2022, is as follow:

Items	01-01-2023 12-31-2023 ThUS$	01-01-2022 12-31-2022 ThUS$
Deferred tax expense relating to origination and reversal of temporary differences	3,132	3,480
Income tax expense	3,132	3,480

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 for the year ended December 31, 2023 and 2022:

Items	01-01-2023 12-31-2023 ThUS$	01-01-2022 12-31-2022 ThUS$
Tax expense by using the legal rate	**2,293**	**3,456**
Other differences	839	24
Total adjustments to tax expense using the legal rate	839	24
Expense (income) for Taxes using the Effective Rate	3,132	3,480

Items	01-01-2023 12-31-2023	01-01-2022 12-31-2022
Income tax expense (income) using the Legal Tax Rate	**27.00%**	**27.00%**
Others Increases (Decreases)	9.88%	0.19%
Total adjustments to tax expense using statutory rate	9.88%	0.19%
Income tax expense using the Effective Tax Rate	36.88%	27.19%

(In thousands of US dollars (ThUS$))

Note 21 - ENVIRONMENT

Transelec Concesiones S.A., in compliance with current environmental regulations and in accordance with its sustainability policy, has submitted its projects or their modifications to the environmental authority through the Environmental Evaluation System (SEIA in its Spanish Acronym). To this end, several studies have been carried out that have made it possible to substantiate the presentations of environmental documents. These documents, be they an Environmental Impact Declaration (EID) or an Environmental Impact Study (EIS), are submitted to the respective Evaluation Service, complying with the requirements established by Law No. 19,300 on General Environmental Bases, modified by Law No. 20,417, and its corresponding SEIA regulations. For those projects that have begun their execution, the conditions and measures imposed by the environmental authority in the respective environmental qualification Resolutions have been followed up, including the processing of sectorial environmental permits.

For the year ended December 31, 2023 and 2022, the Company has made disbursements related to this matter, which have been capitalized according to the following detail:

Company	Project	12-31-2023	12-31-2022
		THUS$	THUS$
Transelec Concesiones S.A.	Environmental management, elaboration of DIA and EIA and the follow up of environmental matters (includes environmental permissions for sectors)	133	220
Total		133	220

Note 22 - LAWSUITS AND CONTINGENCIES

As of December 31, 2023, the Company does not maintain provisions for litigation and arbitration obligations.

Note 23 – SANCTIONS

The Company, its directors or administrators have not been affected by sanctions of any nature by supervisory bodies or other administrative authorities.

Note 24 - SUBSEQUENT EVENTS

Between December 31, 2023, closing date of the Financial Statements, and their issuance date, no significant financial-accounting events have occurred that could affect the Company's equity or the interpretation of these Financial Statements.

Management Discussion
And Analysis
Transelec Concesiones S.A.
As of December 31, 2023

EXECUTIVE SUMMARY

Transelec Concesiones is awarded three new works projects in the National Transmission System.

As of December 31, 2022, the following projects are operational:

- “New 2x500 kV 1500 MW Line between S/E Los Changos and S/E Nueva Crucero Encuentro, 2x750 MVA 500/220 kV Autotransformer Banks in S/E Nueva Crucero Encuentro, 750 MVA 500/220 kV Autotransformer Bank in S /E Los Changos (Phase I) and New Line 2x220 kV 1500 MW between S/E Los Changos and S/E Kapatur (Phase II)”, acknowledging the entry into operation of Phase I in the last quarter of 2017 and the Stage II in the last quarter of 2019.
- Nueva Charrúa Substation, acknowledging the entry into operation in the third quarter of 2018.
- On the other hand, in the second quarter of 2022 the project "Line 2x500 kV Pichirropulli - Nueva Puerto Montt" has been put into operation.

As of December 31, 2023, Transelec Concesiones has Financing for its projects, through the Project Finance modality with the participation of the banks MUFG, EDC, KfW and Bank of China. All disbursements for the financing of the project have already been received, at the end of 2023 this debt amounts to a total of ThUS$307,031 in Other non-current financial liabilities.

INCOME STATEMENTS

STATEMENTS OF COMPREHENSIVE INCOME BY FUNCTION	Note	01-01-2023 12-31-2023 ThUS$	01-01-2022 12-31-2022 ThUS$
Revenue	18	39,565	31,373
Cost of sales	19	(7,960)	(5,195)
Gross profit		**31,605**	**26,178**
Administrative expenses	19	(2,037)	(2,062)
Other income (losses)		(51)	(49)
Financial income	19	4,877	2,650
Financial expenses	19	(23,116)	(14,910)
Foreign exchange differences	19	(2,785)	993
Profit Before Income Taxes		**8,493**	**12,800**
Income tax expense	20	(3,132)	(3,480)
Profit from continuing operations		5,361	9,320
Profit from discontinued operations		-	-
PROFIT		**5,361**	**9,320**

As of December 31, 2023, Income from Ordinary Activities reached ThUS$39,565, presenting an increase of 26% in relation to the same period of 2022 (ThUS$31,373). Said increase is fully due to the indexation effect of regulated revenues and to the "2x500 kV Pichirropulli Line - Nueva Puerto Montt" project, which began operations in May 2022.

As of December 31, 2023, Transelec Concesiones registered an EBITDA of ThUS$37,477, 28% higher than that obtained in 2022 (ThUS$29,261). The increase in EBITDA was essentially due to the increase in income from ordinary activities during the analysis period.

In the Non-operating Result as of December 2023, a significant difference in the gain from Exchange Difference stands out, which reached a loss of -ThUS$2,785, contrasted with the gain of ThUS$993 in 2022. There was also a 55% increase in financial costs, going from ThUS$14,910 in 2022 to ThUS$23,116 in 2023, due to the increase in the amount drawn from the bank debt that the company maintains as Project Finance.

In addition to the above, there was a significant increase in financial income, due to interest paid by banking entities, going from ThUS$2,650 to ThUS$4,877 due to the increase in rates and investments in financial instruments.

The Profit for the Period (Profits) obtained by the Company as of December 31, 2023, was ThUS$5,361, registering a decrease of ThUS$3,959 in relation to the year 2022, in which a profit of ThUS$9,320 was recorded. Which is explained by the above.

BALANCE SHEET

ASSETS		12-31-2023 ThUS$	12-31-2022 ThUS$
CURRENT ASSETS			
Cash and cash equivalents	5	66,399	48,784
Other financial assets, current	11-15	7,763	8,202
Other current non-financial assets	8	5,350	9,479
Trade and other receivables	6	6,133	15,718
Total current assets		**85,645**	**82,183**
NON-CURRENT ASSETS			
Other financial assets, non-current	11-15	26,522	30,022
Intangible assets other than goodwill	9	32,411	29,270
Property, plant and equipment	10	346,120	347,647
Total non-current assets		**405,053**	**406,939**
Total assets		**490,698**	**489,122**

As of December 31, 2023, Assets reached ThUS$490,698, which remains in line with the same period in 2022 (ThUS$489,122). The slight increase in Assets is explained by an increase in Non-Current Assets associated with Cash and Cash Equivalents partially offset by a decrease in Trade Debtors and other accounts receivable and Other non-current financial assets.

LIABILITIES		12-31-2023 ThUS$	12-31-2022 ThUS$
CURRENT LIABILITIES			
Other financial liabilities, current	14	8,882	7,228
Trade and other payables	13	12,511	7,767
Accounts payable to related companies, current	7	34,701	20,961
Other non-financial liabilities, current		729	476
Total current liabilities		**56,823**	**36,432**
NON-CURRENT LIABILITIES			
Other financial liabilities, non-current	14	307,031	292,078
Accounts payable to related companies, non-current	7	55,404	93,662
Deferred tax liabilities	12	17,739	15,688
Total non-current liabilities		**380,174**	**401,428**
Total liabilities		**436,997**	**437,860**
EQUITY			
Issued capital	17	5,000	5,000
Accumulated gains		24,016	18,655
Other reserves	17	24,685	27,607
Total equity		**53,701**	**51,262**
Total Equity and Liabilities		**490,698**	**489,122**

As of December 31, 2023, Liabilities and Equity reached ThUS$490,698, similar to the same period in 2022 (ThUS$489,122). There is a decrease in the total accounts payable to related entities of ThUS$24,518, which is partially offset by an increase in Other financial liabilities of ThUS$16,607 and in Trade accounts payable and other accounts payable.

STATEMENT OF CASH FLOWS

Statement of Cash Flows – Direct method	Note	01-01-2023 12-31-2023 ThUS$	01-01-2022 12-31-2022 ThUS$
Net cash flows provided by (used in) operating activities			
Classes of collections from operating activities:			
Cash receipts from sales of goods and services		68.918	30,011
Cash receipts for interest		9,152	-
Classes of payments from operating activities:			
Payments to suppliers for goods and services		(3,091)	(1,950)
Other payments for operating activities		(4,710)	(2,377)
Interest paid	14	(8,099)	(3,183)
Interest paid to related entities	7	(1,505)	(5,705)
Administrative services paid to related entitiies	7	(4,011)	(1,873)
Net cash flows provided by operating activities		**56,654**	**14,923**
Cash flows provided by (used in) investing activities			
Acquisitions of property, plant and equipment and intangible assets		(7,833)	(19,195)
Net cash flows used in investing activities		**(7,833)**	**(19,195)**
Cash flows provided by (used in) financing activities			
Proceed from bank loans	14	24,014	118,056
Payments of loans	14	(23,654)	(6,011)
Payments for loans from related entities	7	(29,755)	(103,966)
Collections received from (payments made to) related companies		-	6,000
Net cash flows (used in) provided by financing activities		**(29,395)**	**14,079**
Net increase in Cash and Cash Equivalents, before exchange effect		**19,426**	**9,807**
Effect of the variation of the exchange rate in Cash and cash equivalents			
Effect of the variation of the exchange rate in Cash and cash equivalents		(1,811)	477
Net increase (decrease) in Cash and Cash Equivalents		17,615	10,284
Cash and Cash Equivalents, at the beginning of the year	5	**48,784**	**38,500**
Cash and Cash Equivalents, at the end of the year	5	**66,399**	**48,784**

As of December 31, 2023, the flow used in operating activities reached a cash income of ThUS$56,654, which is a significant increase in relation to the same flow of the previous year, mainly explained by the increase in collections from sales. of goods and provision of services, which amounted to ThUS$68,918. This value is explained by the normal operating income that increased this year and by the reliquidation of income related to the 2020-2023 rate.

During the same year, the cash flow used in investment activities was a disbursement of ThUS$7,833, which represents a decrease compared to the previous period that is due to lower disbursements in the purchase of properties, plants and equipment due to the completion and commissioning of the “2x500 kV Pichirropulli – Nueva Puerto Montt Line” project.

As of December 2023, the cash flow from financing activities reached an outflow of ThUS$29,395. The flow is mainly explained by higher bank loans related to the Project Finance debt that the company has.

ELECTRIC TRANSMISSION MARKET

The electricity transmission infrastructure in Chile extends mainly along the National Electric System (SEN), which is located throughout the Chilean territory between the town of Arica in northern Chile and the island of Chiloé in the south. The operation of the SEN is coordinated by an independent technical body called the National Electric Coordinator (CEN). Chile has 2 other smaller electrical transmission systems, the Aysén and Magallanes systems, which are in the extreme south of the country.

Chile was one of the first countries in the world to segment and regulate (1982) and then privatize (early nineties) its electricity system. As a result, the Chilean electricity regulatory framework has been evolving for more than 30 years.

The regulatory framework that determines the operation of the transmission segment in Chile is based on the Decree with Force of Law No. 4 of the Ministry of Economy, Development and Reconstruction of 2006, which establishes the revised, coordinated, and systematized text of the General Law of Electric Services, hereinafter and indistinctly referred to as the "General Law of Electric Services" or "LGSE". The LGSE and its complementary regulations regulate the generation, transmission and distribution activities, the concessions and electric easements and the tariffs applicable to each segment, as well as the body in charge of coordinating the operation of the system and its functioning in accordance with the quality and safety conditions of the facilities established in the technical regulations in force and the relations of the companies and individuals with the State.

The last important reform to the LGSE is Law No. 20,936 published on July 20, 2016, which establishes a new Electric Transmission System and creates an Independent Coordinating Body of the National Electric System incorporating the following modifications:

1. New functional definition of the Transmission Systems.

2. New long-term Energy Planning and Transmission Planning process.

3. New pricing and remuneration scheme for the different segments of the Transmission System.

4. Preliminary definition of transmission line layouts for certain new projects, through a Strip Study Procedure, in charge of the Ministry of Energy.

5. New universal Open Access regime.

6. New regulation of compensation to end users for unauthorized unavailability of supply, based on security

supply, based on previously established safety and quality standards.

7. Creates a new Independent Coordinator of the National Electric System, hereinafter the Coordinator, which replaces the former Economic Load Dispatch Centers (CDECs).

The new transmission law modifies the names of the Transmission Systems due to the new definition of each one. Therefore, the Trunk, Subtransmission and Additional systems are now called National, Zonal and Dedicated respectively.

RISK FACTORS

Due to the characteristics of the Chilean electricity market and the regulations governing this sector, the Company is not exposed to significant risks arising from the development of its core business. However, it is appropriate to mention and consider the following risk factors:

REGULATORY FRAMEWORK

Electricity transmission tariffs are set by law and include readjustments in order to guarantee a real annual return to the operator. The nature of the industry allows transmitter revenues to be stable over time. These are supplemented by revenues obtained through the existence of private contracts with large customers.

However, the fact that these tariffs are reviewed every four years in the National and Zonal Transmission Studies could confront the Company with new tariffs that are detrimental or less attractive in relation to the investments incurred in the case of those assets that are not governed by a 20-year adjudication tariff decree.

TRANSMISSION SERVICE INTERRUPTION PENALTIES

Transelec Concesiones could face proceedings before the Superintendency of Electricity and Fuels (SEC), as a result of charges filed by the Authority for forced disconnections in the electric transmission service, once the facilities enter service.

OPERATIONAL RISKS

Notwithstanding that management believes that Transelec Concesiones maintains adequate risk coverage in accordance with industry practices, there can be no assurance that the preventive actions and mitigations implemented (asset management, buffer strip management, insurance policies, etc.) will be sufficient to cover certain operating risks, including forces of nature, damage to transmission facilities, cybersecurity incidents, labor accidents and equipment failures. Any of these events could affect the company's financial statements.

ENVIRONMENTAL INSTITUTIONALITY AND ENFORCEMENT OF ENVIRONMENTAL REGULATIONS AND/OR POLICIES

Transelec Concesiones' projects are subject to Law No. 19,300/1994 on General Bases of the Environment ("Environmental Law") and its subsequent amendments. Transelec Concesiones could face that the processing of its projects and environmental permits take longer than expected, which would delay the construction of projects and increase the possibility of being subject to fines. Preventive and mitigating measures have been identified and defined for all risks related to the environment and communities surrounding the company's facilities.

During 2021, there were no fines or sanctioning processes associated with the operation of assets or construction of Transelec Concesiones' projects.

DELAYS IN THE CONSTRUCTION OF NEW TRANSMISSION FACILITIES

The successful construction of projects that were awarded during the National Transmission System bids will depend on numerous factors, including cost and availability of financing. The construction of new facilities could be adversely affected by factors that are commonly associated with projects, including delays in obtaining regulatory approvals such as electrical concessions; shortages of equipment, materials or labor, or changes in their prices; adverse weather conditions; natural disasters; and unforeseen circumstances and difficulties in obtaining financing on reasonable terms and at reasonable rates. Any of the aforementioned factors could cause delays in the partial or total completion of the capital investment program, as well as increase the costs for the contemplated projects.

TECHNOLOGY CHANGES

As mentioned above, the remuneration of the investments that Transelec Concesiones makes in electricity transmission facilities is obtained through an annuity of the valuation of existing facilities (AVI), at market prices, which are periodically recalculated according to the process established in the current regulations. If there were important technological advances in the equipment that make up the company's facilities, this valuation could be reduced, which, at the same time, would prevent the total recovery of the investments made.

FINANCIAL RISKS

Interest Rate Risk

Significant variations in interest rates influence all income and expenses that are determined with a variable rate. One of the main financial expenses of this type is the interest on the debt with which the Company is financed. Interest rate fluctuations result in a risk of cost variation that may affect the Company. This risk is mitigated by contracting derivatives that offset the effects of interest rate increases.

Exchange Rate Risk

Most of the Company's operating cash flows are denominated in U.S. dollars, and since this is its functional currency, there is no significant exposure to exchange rate risk. Those flows resulting from investments during the construction of projects in which the company may have significant costs in a currency other than the functional currency, the risk is hedged through hedging operations with derivatives.

Liquidity Risk

Liquidity risk is the risk that the company will not be able to meet a demand for cash or the payment of a debt when due. It is also the risk of not being able to liquidate assets in a timely manner at a reasonable price. This risk is managed through timely cash flow planning that allows the company's cash needs to be anticipated.

Credit Risk

Credit risk arises mainly from the possibility of uncollectibility of accounts receivable from the electricity transmission activity. This risk is historically very limited in the industry, given the nature of the business, the customers, the Company, and the short term of collection from customers, which means that significant amounts do not accrue.

However, revenues are highly concentrated in a few customers that make up a large part of Transelec Concesiones' projected cash flow. A material change in the assets, financial condition and/or operating results of those companies could adversely affect the Company.

Other Risks

In addition to the above, the Company faces other risks such as cybersecurity, legal, market, counterparty, and reputational risks. During 2020, the risk associated with the effects of the Covid-19 pandemic arose, which were mitigated with various actions, which were maintained during 2021.

RELEVANT CONSOLIDATED FACTS

TRANSELEC CONCESIONES S.A.

RELEVANT FACTS

1) In compliance with the provisions of Article 9 and the second paragraph of Stock Market Law Nº 18.045 Article 10, the following relevant fact was reported on April 3, 2023:

   At a meeting held on March 31, 2023, the Transelec Concesiones S.A. Board of Directors agreed to announce the schedule of a shareholders meeting on April 27, 2023 in order to announce the following issues to the shareholders and request their approval:

   1. The Annual Report, General Balance Sheet, Financial Statements and External Auditors Report corresponding to the period ending on December 31st 2022.

   2. Final dividend distribution.

   3. Board of Directors election.

   4. Appointment of External Auditors.

   5. The newspaper to be used to announce shareholder meetings.

   6. Agreements reached by the Board of Directors regarding issues contained in Articles 146 and following of the Corporations Law.

   7. Other issues of interest for the corporation and for consideration by the Board of Directors.

2) On April 27, 2023, in compliance with Article 9 and the second paragraph of Article 10 of Law No. 18,045 on the Securities Market, it was reported as a material fact that on April 27, 2023, the ordinary shareholders' meeting of the company was held, and the following resolutions were adopted:

   a) Approval of the Annual Report, Balance Sheet, Financial Statements, and External Auditors' Report for the period ended December 31, 2022.

   b) Regarding the distribution of the final dividend, it was reported that there are no profits to distribute for the period ending December 31, 2022.

c) It was agreed to renew the members of the Board of Directors, which was composed of Messrs. Arturo Le Blanc Cerda, Francisco Castro Crichton and Jorge Vargas Romero.

e) Approval of the appointment of Deloitte as external auditors for the year 2023.

f) Designation of Diario Financiero as the newspaper to publish the notices convening 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.