

2022 *Annual* Report



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Identification of the Company

- Business Name: Transelec Concesiones S.A.
- N° Registration in the Special Registry of Reporting Entities: 406
- Legal Domicile: Santiago, without prejudice to the agencies, branches or offices that may be established in other parts of the country or abroad.
- Address: Orinoco 90, 14th floor, Las Condes
- Telephone: (56-2) 2246 7000
- R.U.N: 76.524.463-3
- Type of Entity: Closed Stock Company
- E-mail: transelec@transelec.cl
- Website: www.transelec.cl/empresas-relacionadas/

Property

The capital stock amounts to \$5.000.000 United States dollars divided into 5.000.000 registered shares of a single series and without par value.

Transelec Holdings Rentas Limitada owns 4.995.000 shares and Rentas Eléctricas I Limitada owns 5.000 shares.



The Company

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Transelec Concesiones is a company inserted in the field of electricity transmission. It is part of the Transelec Group, which is characterized for being the main player in the country for this industry. It contributes his experience and knowledge to the development and operation of energy projects in the regulated system, which is supported by the more than 10.000 kilometers of transmission lines that operates, more than 60 substations and close to 19.900 MVA of transformation capacity. All of this aimed at serving a wide range of customers from the electrical, mining, and industrial sectors throughout the country, who have trusted the support and excellence of the comprehensive transmission solutions provided by the Group.

History of the company

Transelec Concesiones S.A. was established by the companies Transelec Holdings Rentas Limitada and by Rentas Eléctricas I Limitada for the award of the exploitation and execution rights of the work "Nueva Charrúa Substation, Sectioning of 2x500 kV Charrúa – Ancoa 1 and 2 lines and New 2x220 kV line Nueva Charrúa - Charrúa" which is part of the bidding process for new works indicated in Exempt Decree No. 201 of 2014 of the Ministry of Energy.

The constitution of Transelec Concesiones S.A. is recorded by means of a public deed dated November 6, 2015, granted at the Santiago Notary of Mr. Raúl Undurraga Laso, whose extract was registered on page 85.649, number 50.023, in the Registry of Commerce of the Registrar of Santiago Real Estate in 2015, and was published in the Official Gazette on November 14, 2015.

In addition, on March 9, 2016, the Superintendency of Securities and Insurance certified that Transelec Concesiones S.A. had been registered in the Special Registry of Reporting Entities maintained by said Superintendency under number 406.

On February 17, 2017, Transelec Holdings Rentas Limitada and Rentas Eléctricas I Limitada sold to Transelec Concesiones S.A. the amount of 2.497.500 and 2.500 subscribed and paid shares, respectively, of the company Pichirropulli Transmisora de Energía S.A., which, according to with the Register of Shareholders of said company, represent all the shares of Pichirropulli Transmisora de Energía S.A.

As a result of the purchase and sale of shares, all the shares of Pichirropulli Transmisora de Energía S.A. have been brought together in Transelec Concesiones S.A., and the latter company has been dissolved by absorption, in accordance with the law.

That same day, by means of two share purchase and sale contracts executed through private instruments, Transelec Holdings Rentas Limitada and Rentas Eléctricas I Limitada sold to Transelec Concesiones S.A. the amount

of 4.995 and 5 subscribed and paid shares, respectively, of the company Interconexión Los Changos S.A, which, according to the Shareholders Registry of said company, represent all the shares of Interconexión Los Changos S.A.

As a result of the previously mentioned purchase and sale of shares, all the shares of Interconexión Los Changos S.A. have been brought together in Transelec Concesiones S.A. and, in accordance with the law, the latter company has been dissolved by absorption.

The final shareholders of the Transelec Group are China Southern Power Grid International (CSGI), Canada Pension Plan (CPP), British Columbia Investment Management Corporation (BCI) and Public Sector Pension Investment (PSP). The Group benefits from significant and vast operational knowledge, both from Transelec S.A., the most important electricity transmission company in the country, and from the experience of CSGI, the second largest electricity system operator in China, and the financial strength of Canadian pension funds.

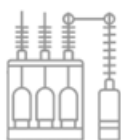
Company activity

Transelec Concesiones S.A. have as unique purpose to exploit and develop electrical systems owned by it, intended for the transportation or transmission of electrical energy, being able to obtain, acquire and enjoy the respective concessions, permits for such purposes, and exercise all the rights and powers conferred by law to power companies.



324.8 kms

of transmission lines in the
National Electric System



3,750 MVA

of transformation capacity, corresponding
to 1 substation.

The business of the company includes the transport of energy through the transmission lines and its transformation capacity through the substations and equipment associated with them, with the purpose that the generating plants, of whatever nature they may be, can transfer the electricity that produce and reach their centers of consumption. Additionally, it includes the development of other commercial and industrial

activities related to the use of infrastructure for electrical transmission.

In the fulfillment of its corporate purpose, the company may act directly or through subsidiaries or affiliated companies, both in the country and abroad.

**Corporate
Government**

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Directory

In accordance with Article Six of the company's Bylaws, it will be directed and managed by a board of directors made up of 3 members elected by the ordinary shareholders' meeting, who will serve for 2 years and may be re-elected indefinitely. To be a director it is not required to be a shareholder of the company.

The current Board of Directors of the company was elected at the Ordinary Shareholders' Meeting held on September 15, 2022, which is made up of the following:

1. Francisco Castro Crichton (Chairman of the Board, Chilean, R.U.N: 9.963.957-1).
2. Arturo Le Blanc Cerda (Chilean, R.U.N: 10.601.441-8).
3. Jorge Vargas Romero (Chilean, R.U.N: 12.691.972-7).

Board of Directors Remuneration

In accordance with what is indicated in Article Seven of the bylaws, the directors will not be remunerated.

Board expenses

During the year, no payments associated with directors' expenses were made.

Diversity

Diversity in the Board of Directors:

- Number of people by gender: 3 men.
- Number of people by nationality: 3 Chileans.
- Number of people by age range: 1 between 40 and 50 years old and 2 between 51 and 60 years old
- Number of people by seniority: The 3 directors have been with the company for more than 3 years.

Diversity in the Organization:

Transelec Concesiones S.A. does not have workers, it only has representatives whose purpose is to fulfill the purpose of the company.

Gender Salary Gap:

Not applicable, since there are no women within the organization.



The Business

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Regulatory Scenario

The regulatory framework that determines the operation of the transmission segment in Chile is based on Decree with Force of Law No. 4 of the Ministry of Economy, Development and Reconstruction of 2006. This Decree establishes the consolidated, coordinated, and systematized text of the Decree with Force of Law No. 1 of Mining of 1982, of the General Law of Electric Services (hereinafter and indistinctly "General Law of Electric Services" or "LGSE"). The LGSE and its complementary regulations determine the rules for the proper functioning of the electrical sector, governing the technical, economic, safety, coordination, quality, and information aspects to which any electrical installation in the country must abide, be it generation, transportation, or distribution.

The last relevant reform to the LGSE corresponds to Law No. 20,936 (Transmission Law) published on July 20, 2016, which establishes the following relevant modifications:

1. A single Coordinator of the National Electric System independent of the market players, replacing the Economic Load Dispatch Centers.
2. The redefinition of transmission systems, qualifying them as National Transmission System (formerly trunk), Zonal Transmission Systems (formerly sub-transmission), Dedicated Systems (formerly additional), and will incorporate two new segments: Transmission Systems for Poles of Development and International Interconnection Systems.
3. The incorporation of energy and transmission planning with a long-term horizon, which contemplates slack in the systems and where a more robust and secure system is sought.
4. Preliminary definition of routes for new works, through a Strip Study procedure by the Ministry for electrical transmission routes of public interest.
5. Open access to Universal Transmission Systems.
6. Regulates the pricing of the National Transmission Systems, Zonal, for Development Poles and the payment for use of the facilities of the Dedicated Transmission System by users subject to price regulation, among other matters.
7. The payment of the National, Zonal and Dedicated Transmission Systems used by users subject to price regulation, will be the responsibility of the free and regulated end users, unlike the previous law, in which the payment corresponded to the generating companies.

The current legal framework that governs the electricity transmission business in Chile classifies these facilities into four categories:

-National Transmission System: it is made up of the electrical lines and substations that allow the development of this market by interconnecting the other segments of the transmission and enable the supply of the entire demand of the electrical system under different scenarios of availability of the facilities generation, including contingency and failure situations.

-Zonal Transmission Systems: They are made up of electrical lines and substations arranged for the current or future supply of regulated clients, territorially identifiable, without prejudice to the use by free clients or means of generation connected directly or through transmission systems.

- Transmission Systems for Development Poles: They are made up of electrical lines and substations, designed to transport the electrical energy generated in the same development pole, to the transmission system, making efficient use of the national territory.

- Dedicated Transmission Systems: they are made up of electrical lines and substations that, being interconnected to the electrical system, are arranged for the supply of electrical energy to users not subject to price regulation or to inject the production of generating plants into the electrical system.

The first three systems have the character of public service, their rates are set by the Ministry of Energy and are subject to a universal open access regime under non-discriminatory conditions. For Dedicated Systems transmission facilities, access must be provided whenever there is available technical transmission capacity determined by the Coordinator, without prejudice to the contracted capacity or own projects that have been conclusively contemplated at the time of the request for use by the third party interested.

To date, several regulations associated with Law No. 20,936 have been published, which establish the necessary provisions for the execution of issues related to the National Electricity Coordinator, Panel of Experts, energy planning, preliminary strips, international interconnections, compensation for supply interruptions, issuance of Technical Standards and Complementary Services. Likewise, at the end of 2019 the Regulations for the Coordination and Operation of the National Electric System were published, while, during the year 2020, the Regulations for Qualification, Valuation, Pricing and Remuneration of transmission facilities, the Regulations for Means of Small-Scale Generation and Decree No. 42, which modifies the Regulation of Power Transfers between Generation Companies.

In addition to the above, during the year 2021 the Regulation of Transmission Systems and Transmission Planning was published, a regulation that establishes the applicable provisions, in accordance with the new Law 20.936, regarding the open access regime, transmission planning and the bidding process for expansion works. In addition, a modification to Supreme Decree No. 327 was published that establishes the Regulations of the General Law of Electric Services, which aims to digitize the process of concessions and easements. On the other hand, the Regulation that establishes criteria to determine companies that must report their energy information annually was also published, due to the new Energy Efficiency Law, which establishes various provisions in relation to energy efficiency. For those matters that have not yet been regulated, the National Energy Commission, hereinafter and indistinctly "Commission" or "CNE" has published several resolutions with transitory provisions regarding terms, requirements and conditions established in the new law.

Likewise, in 2022 the Regulation on Energy Management of Consumers with Energy Management Capacity and of Public Bodies and the Regulation on Electricity Supply for Electrodependent People were published. On the other hand, during this same year, the Executive withdrew new Regulation of Power Transfers between Generation Companies that seeks to establish a new methodology for calculating power sufficiency that is agnostic to the type of technology with the aim of evaluating adjustments to the form and timing of its implementation and installing a joint work table with the industry. It is important to point out that all the Regulations have been prepared by the Ministry and based on a participatory process with all the actors in the electricity market.

At the legislative level, in November 2022 the Storage and Electromobility Law was promulgated, which aims to promote the participation of renewable energies in the electrical matrix, allowing their collection and avoiding the dumping of the generated production, from the enabling the pure storage projects on the system.

Regulatory Measures before the Pandemic

On May 22, 2021, due to the health contingency caused by Covid-19, Law No. 21.340 was published during the month of May, extending Law No. 21.249. This provides, exceptionally, measures in favor of end users of sanitary services, electricity, and network gas, such as, for example, prohibiting the cut off of electricity and gas supply due to late payment until December 31, 2021, and expands the benefits of said Law. Subsequently, in February 2022, the Law that regulates the apportionment and payment of debts for sanitary and electrical services generated during the COVID-19 pandemic was published in the Official Gazette and establishes subsidies for customers vulnerable to pay them.

Other Regulatory Issues

Along with the above, it is relevant to highlight that during the year 2022 there has been activity in relation to the following Bills:

- On September 21, 2021, a new Bill was entered that modifies the General Electric Services Law, in terms of the remuneration of the members of the Panel of Experts and the Coordinator's Board of Directors. In this regard, said Bill is being processed in the Senate, but does not present any progress at present.
- On December 15, 2021, new Bills were entered into the Chamber of Deputies that seek to promote the participation of renewable energies in the national energy matrix and, on the other hand, promote the production and use of green hydrogen in the country. Said Bills are currently being processed. In this sense, the PdL that promotes the participation of renewable energies is currently being processed in Congress with urgent need for immediate discussion.
- On the other hand, a Bill that prohibits the installation and operation of coal-fired thermoelectric plants throughout the country as of the year 2025 is in the second constitutional process in the Senate. This project represents a new challenge for the operation of the Chilean electrical system. However, currently this project does not present progress in its discussion.
- At the beginning of 2021, the Ministry stated that it would suspend the processing in the Chamber of Deputies of the Electric Portability Bill, which aims to grant the right to users of the Electric System to choose their energy supplier, make the mechanism more flexible of supply tenders, ensure the entry of new players and competitors to the market, and ensure respect for the supply contracts tendered, through a gradual transition, with technical and objective criteria.

Additionally, it should be noted that, in May 2022, the preliminary draft of the updated National Energy Policy was published in the Official Gazette, which sets out commitments for the energy sector for the coming decades and is based on sustainability, resilience, accessibility, inclusiveness and respect. It should be noted that said process was conducted by the Ministry based on a participatory process with all the actors in the electricity market.

Business Description

The main activities conducted by Transelec Concesiones S.A. consist of providing electric power transmission or transportation services and the transformation of it, to help its customers, deliver power to their consumption centers. This is achieved thanks to the development and operation of infrastructure composed of transmission lines and electrical substations.

In this way, the company is part of the National Transmission System, through which it obtains the rights for the exploitation and execution of New Works tendered by the National Electricity Coordinator. This allows you to have a regulated income scheme, as detailed below.

Remuneration of the National Transmission System

The works awarded by Transelec Concesiones correspond to international tenders, carried out by the National Electrical Coordinator, for large expansion projects classified as new works. The awarded company is responsible for managing the corresponding permits and conducting the construction and operation of the works through a BOOT contract. The Annual Value of Transmission per Section (VATT) and its indexation contained in the tender offer constitute the remuneration of the new project for the following five tariff periods (20 years) from the entry into operation of the project.

This remuneration is applied for 20 years without any change except for the corresponding indexation. Only after this period, the assets and their valuation are considered as existing facilities, that is, they are reviewed and updated every 4 years through the Transmission Systems valuation studies.

Income is guaranteed, that is, the awarded company has the right by law to receive 100% of the agreed income.

Once the 20-year period is over, the income from existing facilities of the National Transmission System is constituted by the VATT, which is calculated based on the Annuity of the Investment Value (AVI), plus the Costs of Operation, Maintenance and Administration (COMA) for each of the sections that make up this system.

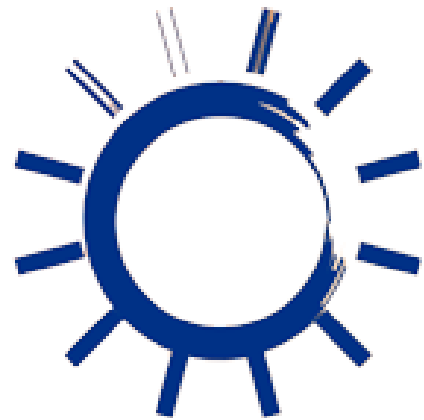
The sections that make up this system and their corresponding VATT are determined every four years by the Commission based on the Valuation Study of the National Transmission System conducted by a consultant chosen through an international public bidding process. As a result of this process, the CNE prepares a technical report and based on this, the Ministry of Energy

will set the rates for the next four-year period of the National Transmission System.

During the four-year period between two consecutive tariff processes, both the AVI and the COMA of each tranche will be indexed by

formulas whose purpose is to maintain the real value of the AVI and the COMA during that period. Both the indexation formulas and the periodicity of their application are determined in the corresponding tariff process.

For the purposes of collecting the income indicated above for the National Transmission System, a single charge for use determined by the CNE will be established, so that the collection associated with it constitutes the complement to the real tariff income to collect the VATT of each section. "Real tariff income per section" shall be understood as the difference resulting from the application of the marginal costs of the actual operation of the system, with respect to the injections and withdrawals of power and energy in said section. The payment of the National Transmission System will be the responsibility of the free and regulated end users.



Additionally, the CNE must conduct a transmission planning process each year, which must consider at least a 20-year horizon. This planning covers the necessary expansion works of the National Transmission System, which contain investments that must be classified as new works or works to expand existing facilities. As a result of this process, the CNE prepares a technical report and based on it, the Ministry of Energy will establish the Transmission System Expansion Plan for the next 12 months.

The National Electrical Coordinator is responsible for carrying out international public tenders for expansion projects, whether these are new works or expansion. The bidding for the construction and execution of the expansion works of existing facilities will be resolved according to the VI offered, and will be remunerated by the owner of the facility to the respective successful bidder, unlike what happens in the case of new works, where the exploitation and execution rights will be awarded to the proponent who presents the lowest VATT for the tendered project.

Transmission Equivalent Charge

On July 20, 2016, Law No. 20.936 was published in the Official Gazette, which establishes a new Electric Transmission System and creates an independent Coordinating Body of the National Electric System. According to said legal body, end users will pay a single charge for the use of the transmission networks to their suppliers, who must deliver it to the transmitters, which will be the complement of the tariff income that is produced in the balances of injections and withdrawals of energy and power from the short-term market, to complete the VATT to which they are entitled.

However, Law No. 20.936 established two transitional periods of application. The first of them extends from its publication date until December 31, 2018, in which the transmission companies must receive their remuneration in accordance with the norm prior to the legal change, that is, by charging transmission tolls to the generating companies and the aforementioned fee income. The second period runs from January 1, 2019, to December 31, 2034, in which the National Transmission System will be remunerated in a mixed way, partly through the old standard and partly through the new standard. This transition period carries out a gradual migration of both charging methodologies for said transmission system.



During the transition period, Law No. 20.936 established a mechanism under which generating companies could exempt themselves from paying injection tolls for the use of the National Transmission System through the modification of their supply contracts signed prior to the publication of said Law. In accordance with the law, generating companies had until July 2018 to agree with their customers a permanent reduction in the price of energy and power supply, for an amount equivalent to the injection toll. Said amount is called the Equivalent Transmission Charge, hereinafter “CET”, and had to be determined by the National Energy Commission for each individual energy and power supply contract of each generating company. In accordance with

the foregoing, the setting of unique transmission charges for the first half of 2019 should contain the exemption

from the injection tolls of the generating companies that have agreed with their clients to reduce their supply contracts.

The CET price setting process ended at the end of 2019, with more than a year of delay. This implied that, during 2019, the generation companies continued to pay the transmission companies their injection tolls. During the first semester of 2020, the National Electrical Coordinator settled the toll for the use of the National Transmission System, considering the agreements signed between the generating companies and their customers, by application of the CET mechanism.

This reliquidation implied for Concessions to pay the generating companies an amount of \$2,5 billion in June 2020, which corresponds to a relevant part of the remuneration for the use of the National Transmission System for the year 2019. As of the second semester of 2020, the National Energy Commission incorporated an adjustment to the single transmission charge to collect said remuneration for 2019. It is estimated that the total recovery of the amount will be achieved by mid-2023.

Project Award

By Exempt Decree No. 55 dated January 22, 2016, of the Ministry of Energy and published in the Official Gazette on January 29 of the same year, the Company was designated as the company awarded the exploitation and execution rights of the project. "Nueva Charrúa Substation, sectioning of 2x500 kV Charrúa Ancoa 1 and 2 lines and new 2x220 kV Nueva Charrúa - Charrúa line" which is part of the bidding process for new works indicated in Exempt Decree No. 201 of 2014 of the Ministry de Energía (the "Project").

By virtue of said decree and since said projects are in operation, the Company participates in the National Transmission System of the National Electric System defined by law and will have regulated income, in accordance with the VATT offered within the Project bidding process.

On the other hand, after the absorption conducted by Transelec Concesiones S.A. of Pichirropulli Transmisora de Energía S.A. and Interconexión Los Changos, Transelec Concesiones S.A. obtains:

- Rights of exploitation and execution of the work "Line 2x220 kV Pichirropulli-Nueva Puerto Montt, energized at 220 kV" (the "Project") that is part of the bidding process for new works indicated in Exempt Decree No. 201 of the year 2014 of the Ministry of Energy.

It consists of the construction of a new 2x500 kV Pichirropulli - Nueva Puerto Montt transmission line, energized at 220 kV, including the necessary 220 kV works at the Nueva Puerto Montt and Pichirropulli substations. This

includes the construction of the Nueva Puerto Montt sectioning substation and the sectioning of the 2x220 kV Rahue - Puerto Montt lines in the new substation. This new transmission line began its services on May 31, 2022.

- The rights of exploitation and execution of the work "New Line 2x500 kV 1500 MW between S/E Los Changos and S/E Nueva Crucero Encuentro, Banks of Autotransformers 2x750 MVA 500/220 kV in S/E Nueva Crucero Encuentro, Bank of Autotransformers 750 MVA 500/220 kV in S/E Los Changos and New Line 2x220 kV 1500 MW between S/E Los Changos and S/E Kapatur" which is part of the bidding process for new works indicated in Exempt Decree No. 158 of the year 2015 of the Ministry of Energy. The Project consists of the construction of a new 2x500 kV line between the Los Changos substation and the Nueva Crucero Encuentro substation, approximately 140 km long in double circuit structures, with a capacity of 1,500 MW. In addition, the work includes the installation of two banks of 500/220 kV autotransformers of 750 MVA each, plus a reserve unit for each bank, in the future Nueva Crucero Encuentro substation, together with the respective 500 kV yard. Additionally, the project includes the installation of a bank of 500/220 kV autotransformers of 750 MVA, plus a reserve unit, in the Los Changos substation, which is under construction. Also included is the construction of a new 2x220 kV line between the Los Changos and Kapatur substations under construction, with an approximate length of 3 km, in double circuit structures, and a nominal capacity of 1,500 MW.

In a first stage and for the purposes of the SING-SIC interconnection, the new 2x220 kV Los Changos – Kapatur line came into operation in November 2017. In a second stage in December 2019, the rest of the facilities of this project came into operation.

It is worth mentioning that, as indicated above, Transelec Concesiones S.A. was established after the projects were awarded and by express provision of the Decrees, for the purpose of developing said projects. Thus, in 2017, all the assets that were part of the three projects were transferred to Transelec Concesiones S.A., as a single legal universality, whose assets, initially, and for reasons of operational and administrative experience, had begun to build. Transelec S.A., a company related to Transelec Concesiones S.A.

National System Projects

The implementation of mitigation and control measures for the Covid19 pandemic, with a priority focus on the training and protection of workers and collaborating companies, and the implementation of acceleration plans with strict adherence to safety regulations, were key to guaranteeing the continuity of the development of the works. As a result, at the end of May 2022 the milestone of energization and entry into operation of the New Line 2x500 kV Pichirropulli – Tineo project was met.

New Projects

Studies:

During the period, no studies of new projects were developed.

Award:

During the period, no new construction projects were awarded.

Project development:

During the period, the development of the "New Line 2x500 kV Pichirropulli - Tineo" project finished, and was energized on May 31, 2022.

Entry into Operation:

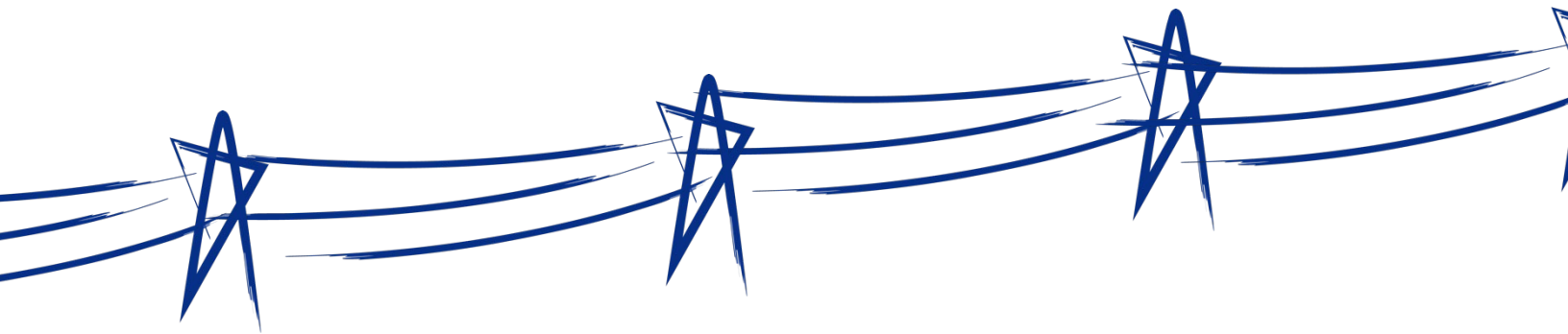
As of May 31, 2022, the National Electrical Coordinator authorizes the Entry into Operation of the Pichirropulli - Tineo 2x500 kV Line project, so the facilities remain available to be considered in the programming and economic dispatch, in accordance with the provisions of current regulations.

Decree	Project	IV Ref.	Entrada en operación
		(US\$ mill)	
0201/2014	New 2x500 kV Line Pichirropulli - Tinea	81,51	31-may-22

Investment During the Year 2022

Project Type	Real investment (US\$ million)
new works	17,86
drag (*)	1,69
Total projects National System	19,55

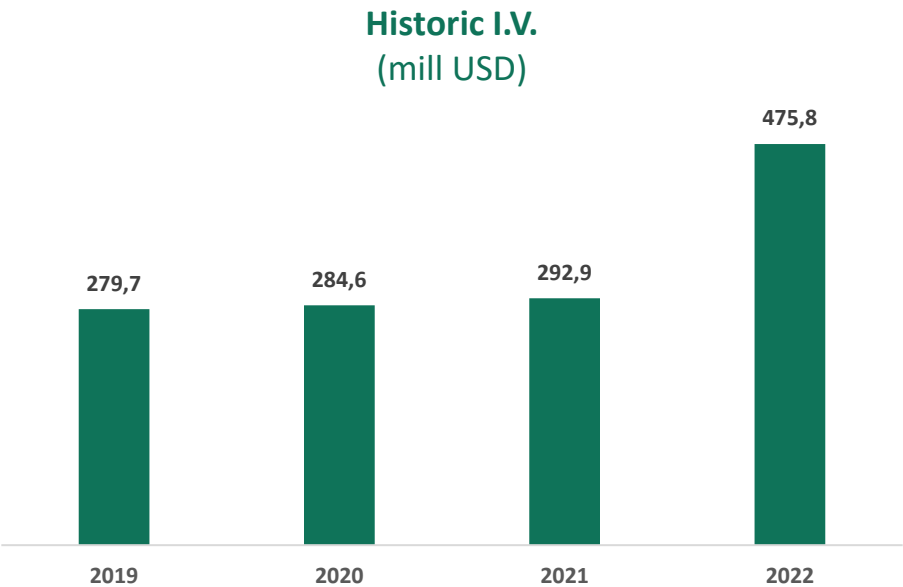
(*) Corresponds to payments made in 2022 for projects commissioned in 2021 or earlier.



Investment Value (I.V.)

The current regulatory framework establishes mechanisms for calculating and publishing the valuation of investments at market prices of transmission companies, information that is used for service pricing.

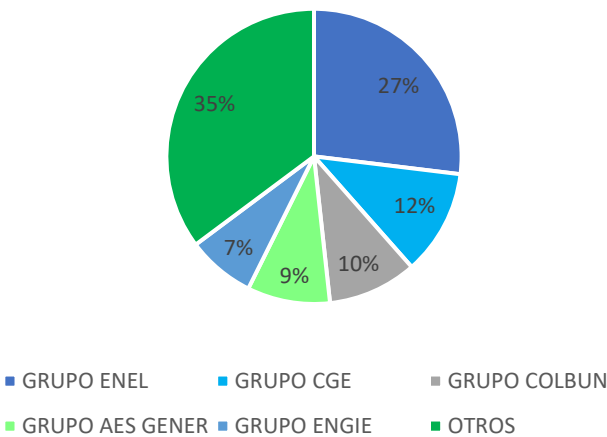
The valuation of the transmission facilities of Transelec Concesiones, as of December 31, 2022, amounts to US\$ 475,8 million. The increase compared to prior years is due to the commissioning of the Pichirropulli project on May 31, 2022.



Income

Revenues from Transelec Concesiones amount to US\$31,4 million and correspond entirely to regulated revenues from the National Transmission System. The Coordinator determines the counterparties that must pay the income to the company in each period.

Customer Participation



The Operation

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In line with the strong commitment that exists on the part of Transelec Concesiones to deliver a quality service to its customers, a service provision contract was established with Transelec S.A., a company that has its own staff, contractors, technological resources, and processes supported by demanding risk models. The experience of this key partner is one of the pillars on which compliance with the high quality and safety standards with which Transelec Concesiones provides its services is based on a daily basis.

Asset Management

During the year 2022 we continue to develop the implementation project of the Asset Management System, advancing in our level of maturity. Activities in 2022 focused mainly on defining models and techniques for the strategic and tactical phases, training activities related to asset management, and updating processes and standards for the asset life cycle.

New innovative maintenance techniques were explored, such as the use of drones to conduct inspections or insulation washing with the use of a helicopter. This strengthens and gives more tools to the company's maintenance strategy, focused on the end customer.

In addition, we worked to improve our processes, with the purpose of having a timely asset renewal and maintenance program, ensuring the minimization of the risk of failures and the continuity of the electrical service. These improvements translate into prioritized investments in OPEX (maintenance).

Asset Performance

During 2022, there were no deviations from regulatory compliance at the Transelec Concesiones facilities. Determining the failures that occurred during the year did not mean interruptions to the electricity supply of our clients.

Operation

The operation and maintenance of the assets of the company are done through service agreement with Transelec S.A.. Transelec's National Transmission Operation Center (CNOT) plays a fundamental role in ensuring service continuity. Its construction was completed in 2014 with the highest safety standards, and allowed Transelec to centralize the real-time operation of its facilities and, later, the facilities of Transelec Concesiones. In 2016, a competency management process for CNOT operators was established, a process that considered a survey of model aptitudes. During the year 2020, thanks to the previous implementation of the Operator Training System (OTS), the improvement of the technical and behavioral performance of the operators was deepened in a controlled environment, through the simulation of events and extreme conditions, replicating the real characteristics of the system. and your job.

After the pandemic period, Transelec reinforced the preparation of personnel for the operation. In addition, the operation between the backup and main CNOT control center was consolidated, which allows us to be better prepared to face an emergency scenario without compromising operational continuity.

Service Quality Indicators

The quality of service is one of the strategic pillars of the Company, and its result is a consequence of the management carried out by maintaining and modernizing its assets and by the capacity to respond to incidents in the network.

The evolution of the network topology, as well as the changes in quality standards, added to the increasingly demanding demands of society, make Transelec Concesiones continually challenge itself to improve its performance.

The Service Quality measurement reflects the impact of the performance of our assets and the way we operate for the end customer. For this, the following are the indicators that allow us to monitor them:

- **HIE:** High-impact events consider all those supply interruptions to the end customer that last longer than 1 hour, regardless of the number of customers. RESULT: 0 events.
- **UE:** Unserved Energy reflects the sum of the impacts of the different interruptions in the electricity supply to the end customer, measured in MWh, and is a variable used by the Superintendency of Electricity and Fuels to regularly calculate compensation. RESULT: 0 MWh.



Environment

Our business, energy transmission, plays a key role in society and at the same time has the potential to generate impacts on the environment since our high voltage lines cross various territories and ecosystems. A preventive culture is key to minimizing our socio-environmental impacts.

The operations of Transelec Concesiones are subject to Law No. 19.300/1994 on General Environmental Bases ("Environmental Law") and its subsequent amendments. The Environmental Law requires that the holders of new projects or modifications of high voltage transmission lines and electrical substations, submit to the Environmental Impact Assessment System (SEIA) and present Environmental Impact Studies (EIA) or Environmental Impact Statements (DIA), as appropriate, so that said projects are evaluated and qualified environmentally by the respective Commissions for Environmental Evaluation, and have final approval through an environmental qualification resolution. Additionally, the regulations establish that the owner of the project may request the Environmental Assessment Service a pronouncement on whether a project or its modification should be submitted to the SEIA. These presentations are called letters of relevance of admission to the SEIA.

In particular, the main reform made to the Environmental Law materialized through the promulgation of Law 20.417/2010, which introduced important changes to the current institutional framework, created new environmental management instruments, and modified existing ones.

On December 24, 2013, the updating of the Regulation of the Environmental Assessment System (DS No. 40/2012) entered into force, which establishes, among other matters, the requirements for the environmental impact assessment procedure for the Studies of Environmental Impact and Environmental Impact Statements and community participation, as well as consultation with indigenous peoples in said processes.

It should be noted that with the creation and entry into operation of the Environmental Courts on December 28, 2012, the supervisory and sanctioning capacity of the Superintendence of the Environment also came into full force.

One of the great challenges in environmental matters has been the "New Transmission Line 2x500 kV Pichirropulli-Tineo" project, which obtained its environmental qualification resolution (RCA) at the end of 2018. The project after almost 4 years of work, on May 30, 2022, it entered its operation phase.

Among the relevant environmental issues are the measures associated with flora and vegetation components. The challenge has been the reforestation of around 120 hectares of native forest, where by 2022, 90 hectares have been planted. By the end of 2022, it is still expected to conclude with the planting of the remaining hectares, the foregoing, due to delays in the evaluation processes of these forest management plans with the National Forestry Corporation (CONAF), and, on the other hand, to the needs of changes in the reforestation properties, which has led

to submitting these plans to modifications. Even so, it is expected that, during the year 2023, these can be duly executed to comply with the applicable regulations.

Among the relevant environmental issues addressed during the execution of this project, were:

- a) Flora and vegetation: the project contemplated the realization of a flora micro-routing, which allowed the rescue and relocation of species in a state of conservation, these were:
 - Copihue (*Lapageria rosea*)
 - Chupalla (*Fascicularia bicolor*)
 - Sucker (*Greigia sphacelata*)
- b) Bird protection: installation of flight deterrent devices on guard cables in structures along the transmission line.
- c) Soil compensation: work was done on a plan to improve the quality of class VI and VII soils present in 4 hectares in the Colonia Ponce sector, in Purranque, Los Lagos Region, where through drainage works it is expected that their quality improves to a type of soil for agricultural use, for a better use. These works are expected to be completed during the first quarter of 2023.
- d) Prevention of forest fires: through different means of dissemination, such as messages, brochures and signs, an active and informed campaign was maintained towards the community surrounding the project on how to prevent forest fires.

In the second semester of 2019, during the construction of the Transmission Line project located between the Changos Substation and the Kimal Substation, the archaeological/paleontological monitoring in towers 265 and 270 confirmed the paleontological finding, where a Pleistocene deposit was found. of the genus Aves, highlighting the discovery of a " macrauquenía " (macrauchenia) herbivorous animal in good conservation conditions. After a long work in stages, these remains were transferred for analysis in Santiago, where in 2022, after the pandemic, the analysis, packaging, and preparation work was resumed for its subsequent transfer to the Antofagasta Museum, where it will be deposited and stored.



Communities

Charrúa Substation – Entre Ríos

Since 2019, social investment projects have been developed with the communities surrounding the S/E Charrúa, which are Charrúa, El Progreso and Colicheu, and with the community surrounding the S/E Entre Ríos (Culenco). For 4 consecutive years (2019 - 2022), in these 4 locations we have carried out lines of work that range from the financing of social investment projects in priority issues such as green areas, health infrastructure, schools and sports, to the support to improve the conditions of social headquarters to promote the strengthening of the social fabric by having common spaces for recreation and meeting.

During the year 2022, the Charrúa Associative Board was established, an instance that brings together local private and public actors, through which a space for channeling social investment has been generated. Specifically, an agreement

was signed to improve a road, directly benefiting the community around the Charrúa Substation.

During 2022, additionally, new cycles were developed in the programs started in 2021 to support entrepreneurs and training and delivery of energy efficiency equipment in the 4 aforementioned communities.

Transmission Line Pichirropulli – Tineo

As of December 2021, 100% of the commitments acquired by the Company in terms of community relations and social investment had been completed. Fulfillment of the commitments has made it possible for 2022 to continue the Project and its subsequent operation, in good terms from the point of view of coexistence, social investment and relations with the surrounding communities.



Finances

concesiones s.a.
transelec



Debt

Transelec Concesiones is financed under a Project Financing structure, for which a contract was signed on December 21, 2018, with the following banks:

- Bank of Tokyo-Mitsubishi UFJ (MUFG)
- KfW IPEX Bank (KfW)
- Export Development Canada (EDC).

In January 2020, Bank of China bought part of MUFG's stake, since then being part of the four financing banks.

The amount of this credit corresponds to a total of approximately US\$342 million, which includes disbursements already made and others that will occur in the future. As of December 31, 2022, a total of US\$318 million has been disbursed. During 2022, disbursements were made for a total of ThUS\$118. Soon disbursements pending for this period will be requested.

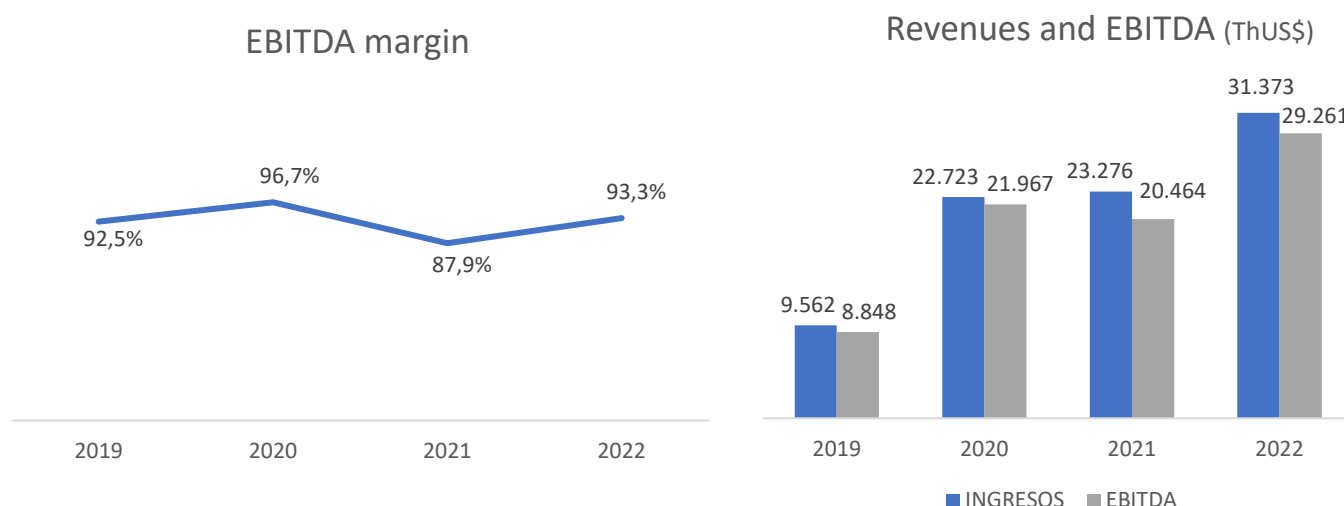
The contract seeks financing for the Company's new works projects: Nueva Charrúa Substation and Pichirropulli Transmission Lines – Nueva Puerto Montt, Los Changos – Nuevo Crucero Encuentro and Los Changos Kapatur.

Income

The reality of the electricity industry in Chile and the regulatory changes established in 2004 favor both the stability of income and margins received by Transelec Concesiones. This is due to the rate scheme that governs the industry, which provides a satisfactory level of certainty and low risk by generating income and margins that come 100% from take -type structures. or pay, without risk of transported volume.



The Ebitda of Traselec Concesiones was US\$ 29.261, with a considerable increase of 43% compared to the 2021 period. This, added to the 35% increase in Revenues for the period, resulted in an Ebitda Margin of 93.3%, which was higher than the previous year (87,9% in 2021). This margin is mainly due to the increase in income and the slight increase in costs and expenses during the analysis period.



Investment and Financing Policy

Traselec Concesiones S.A. does not have investment and financing policies.

Dividend Policy

On April 29, 2016, the Ordinary Shareholders' Meeting of the company was held, in which it was agreed that, in accordance with the provisions of article 79 of the Corporations Law, at least 30% of the Net profits for each year.

This policy will remain in force as long as it is not changed by the Company's Board of Directors and reported at a new Ordinary Shareholders' Meeting.

Risk factors

Both due to the characteristics of the Chilean electricity market and the regulations that regulate this sector, the company is not exposed to significant risks as a result of 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 to guarantee real annual profitability for the operator. The nature of the industry allows transmitters' income to be stable over time. These are complemented by the income obtained thanks to the existence of private contracts with large clients.

However, the fact that these rates are reviewed every four years in the National and Zonal Transmission Studies could face the Company with new rates that are detrimental or less attractive in relation to investments made when its assets have already exceeded the 20 years of the corresponding tariff award decrees.

Fines for Transmission Service Interruptions

Transelec Concesiones could face proceedings before the Superintendence of Electricity and Fuels (SEC), because of charges filed by the Authority for forced disconnections in the electric transmission service once the facilities come into service.

Operational risks

Without prejudice to the fact that management estimates that Transelec Concesiones maintains adequate risk coverage in accordance with industry practices, it is not possible to ensure that the preventive actions and mitigations implemented (asset management, security strip management, insurance policies, etc.) will be sufficient to cover certain operational risks, including forces of nature, damage to transmission facilities, cybersecurity incidents, work accidents and equipment failure. Any of these events could affect the financial statements of the company.



Environmental Institutionalality and Application of Environmental Regulations and/or Policies

Transelec Concesiones' projects are subject to Law No. 19,300/1994 on General Environmental Bases ("Environmental Law") and its subsequent amendments. Transelec Concesiones could face processing of its projects and environmental permits taking 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 2022, there were no fines or sanction processes associated with the operation of assets or construction of Transelec Concesiones projects.

Delays in the Construction of New Transmission Facilities

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

Technological changes

As indicated above, the remuneration for the investments that Transelec Concesiones makes in electrical transmission facilities is obtained through an annual valuation of existing facilities (AVI), at market price level, which are periodically recalculated. in accordance with the process established in the current standard. If there were important technological advances in the equipment that make up the company's facilities, said valuation could be diminished, which, in turn, would prevent the full recovery of the investments made.

Financial Risks

Interest rate risk

Significant variations in interest rates influence all those 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 cost variation risk 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 flows are denominated in dollars, and since this is its functional currency, there is no significant exposure to the exchange rate. 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 one, the risk is covered by 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 pay 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 planning of cash flows that allows the cash needs of the company to be put before the company.

Credit risk

Credit risk comes mainly from the possibility of uncollectibility of accounts receivable from the electricity transmission activity. This risk is historically limited in the industry, given the nature of the business, the clients, the Company, and the short period of collection from clients, which means that significant amounts are not accumulated.

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

Other Risks

In addition to the aforementioned, the Company faces other risks such as cybersecurity, legal, sociopolitical, market, counterparty, and reputational risks. During 2020, the risk associated with the effects of the Covid-19 pandemic arises, which were mitigated with various actions, which were maintained during 2021 and 2022, in a decreasing manner.



Relevant Facts

1. On March 28, 2022, and in compliance with the provisions of article 9 and the second paragraph of article 10 of Law No. 18.045, on the Securities Market, the following essential fact was reported:

That the board of directors of Transelec Concesiones S.A., in a meeting held on March 25, 2022, agreed to report as an essential fact the summons to the ordinary shareholders' meeting for April 28, 2022, to submit to the knowledge and approval of the shareholders, the following matters:

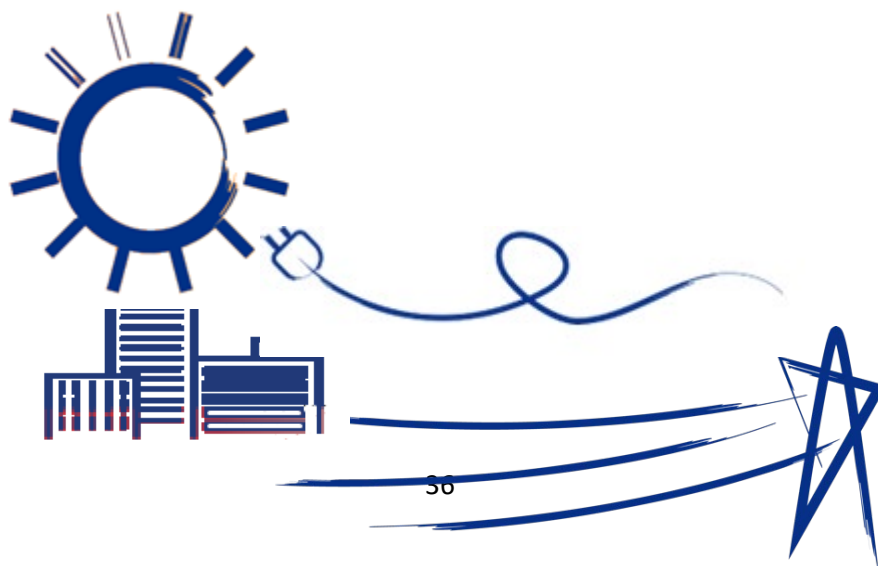
- Annual Report, Balance Sheet, Financial Statements and Report of the External Auditors, corresponding to the period ended December 31, 2021.
 - Distribution of the final dividend.
 - Appointment of External Auditors.
 - Newspaper to convene Shareholders' Meetings.
 - Resolutions adopted by the Board of Directors on matters contained in articles 146 et seq. of the Corporations Law.
 - Other matters of interest to the company and within the competence of the Board.
2. On April 28, 2022, and in compliance with the provisions of article 9 and the second paragraph of article 10 of Law No. 18.045, on the Securities Market, the following essential fact was reported:

That on April 28, 2022, the ordinary shareholders' meeting of the company was held, in which the following was agreed:

- Approve the Annual Report, the Balance Sheet, the Financial Statements, and the Report of the External Auditors, corresponding to the period ended on December 31, 2021.
- In relation to the final dividend, it was reported that there are no profits to distribute for the period ended December 31, 2021.
- It was agreed to renew the members of the Board of Directors, which was made up as follows: Messrs. Arturo Le Blanc Cerda, Francisco Castro Crichton, and Rodrigo López Vergara.
- Approve the appointment as external auditors of the company for the year 2021 to the firm Deloitte.
- Approve the designation of the Diario Financiero to publish summons notices to shareholder meetings.
- The resolutions adopted by the Board of Directors on matters contained in articles 146 et seq. of the Corporations Law were reported.

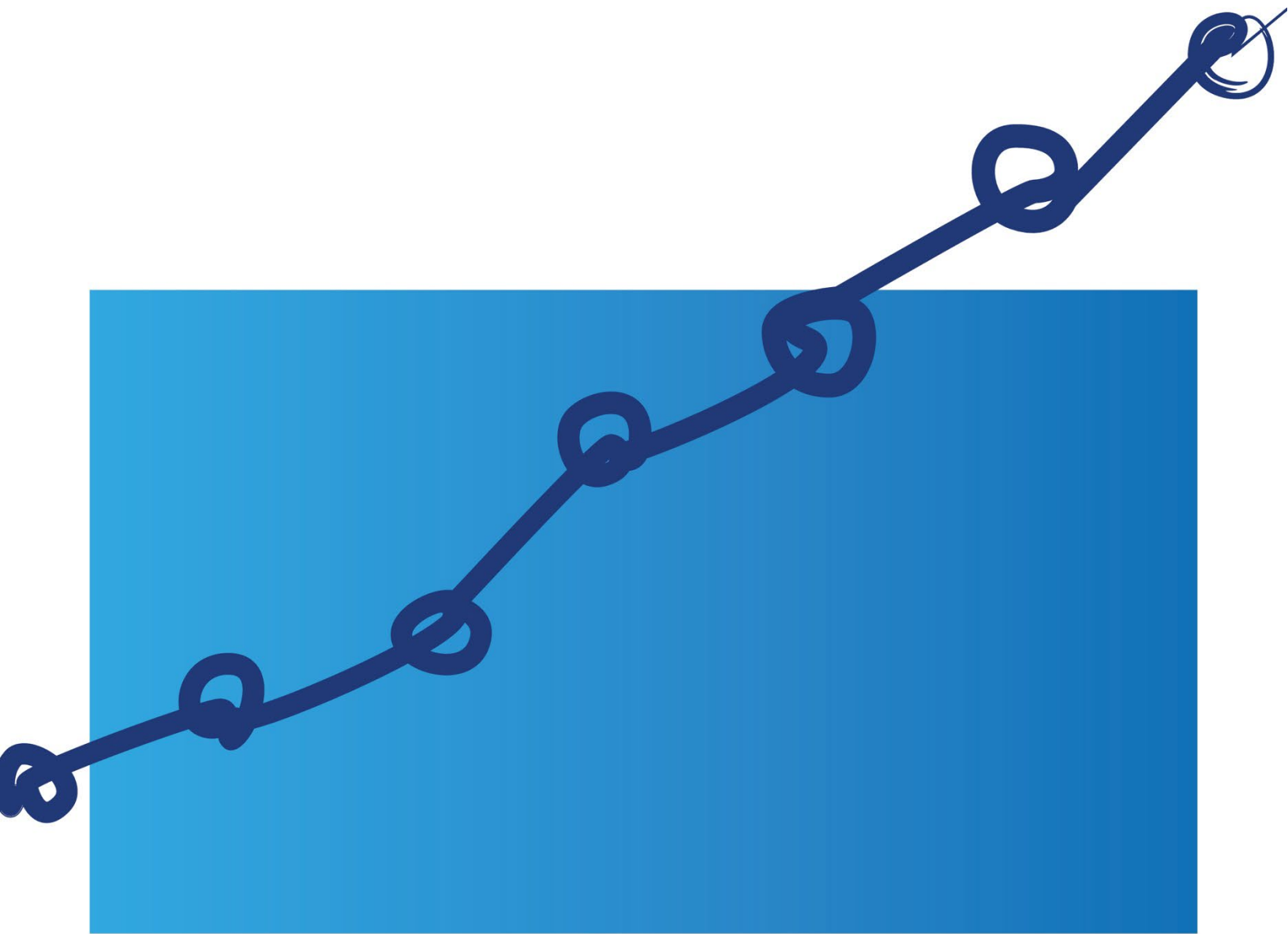
3. On July 4, 2022, in compliance with the provisions of article 9 and the second paragraph of article 10 of Law No. 18,045, on the stock market, it was reported as an essential fact that, in the Ordinary Session of Board of Directors held on that same date, the resignation of Mr. Rodrigo López Vergara from his position as director of the company was acknowledged and accepted.

4. On September 15, 2022, in compliance with the provisions of article 9 and the second paragraph of article 10 of Law No. 18,045, on the stock market, it was reported as an essential fact that, in an Extraordinary Session of Board of Directors held on that same date, the Board of Directors agreed to appoint Mr. Jorge Vargas Romero as the new director of the Company until the date on which the next ordinary shareholders' meeting of the Company is held.



Financial Statements

concesiones s.a.
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TRANSELEC CONCESIONES S.A.

Financial statements for the years ended
december 31, 2022 and 2021 and
independent auditors report

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Transelec Concesiones S.A. (the "Company"), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of comprehensive income, changes in equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Chile. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making, those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the entity's financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express such opinion. An audit also includes assessing the appropriateness of the accounting policies used and the reasonableness of the significant estimates made by the Company's Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Transelec Concesiones S.A., as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IASB”).

Other-matter – Translation into English

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

The logo for Deloitte, featuring the word "Deloitte" in a stylized, handwritten-style font.

March 31, 2023
Santiago, Chile

Financial Statements

TRANSELEC CONCESIONES S.A.

Santiago, Chile

As of December 31, 2022, and 2021

Financial Statements

TRANSELEC CONCESIONES S.A.

Santiago, Chile

As of December 31, 2022 and 2021

(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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CLASSIFIED STATEMENTS OF FINANCIAL POSITION
TRANSELEC CONCESIONES S.A.
As of December 31, 2022 and 2021
(In thousands of US dollars (ThUS\$))
(Translation of financial statements originally issued in Spanish-See Note 2.1)

ASSETS	Note	12-31-2022	12-31-2021
		ThUS\$	ThUS\$
CURRENT ASSETS			
Cash and cash equivalents	5	48,784	38,500
Other financial assets, current	11	8,202	-
Other current non-financial assets	8	9,479	9,240
Trade and other receivables	6	15,718	7,749
Total current assets		82.183	55.489
NON-CURRENT ASSETS			
Other financial assets, non-current	11	30,022	-
Intangible assets other than goodwill	9	29,270	28,255
Property, plant and equipment	10	347,647	334,624
Deferred tax assets	12	-	8,010
Total non-current assets		406,939	370,889
TOTAL ASSETS		489,122	426,378

The accompanying notes 1 to 24 are an integral part of these financial statements

CLASSIFIED STATEMENTS OF FINANCIAL POSITION
TRANSELEC CONCESIONES S.A.
As of December 31, 2022 and 2021
(In thousands of US dollars (ThUS\$))
(Translation of financial statements originally issued in Spanish-See Note 2.1)

LIABILITIES	Note	12-31-2022	12-31-2021
		ThUS\$	ThUS\$
CURRENT LIABILITIES			
Other financial liabilities, current	14	7,228	8,478
Trade and other payables	13	7,767	4,218
Accounts payable to related companies, current	7	20,961	45,826
Other non-financial liabilities, current		476	302
Total current liabilities		36,432	58,824
NON-CURRENT LIABILITIES			
Other financial liabilities, non-current	14	292,078	214,807
Accounts payable to related companies, non-current	7	93,662	165,468
Deferred tax liabilities	12	15,688	-
Total non-current liabilities		401,428	380,275
TOTAL LIABILITIES		437,860	439,099
EQUITY			
Issued capital	17	5,000	5,000
Accumulated gains		18,655	9,335
Other reserves	17	27,607	(27,056)
TOTAL EQUITY		51,262	(12,721)
TOTAL EQUITY AND LIABILITIES		489,122	426,378

The accompanying notes 1 to 24 are an integral part of these financial statements

STATEMENTS OF COMPREHENSIVE INCOME BY FUNCTION
TRANSELEC CONCESIONES S.A.
For the years ended December 31, 2022 and 2021
(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	01-01-2022	01-01-2021
		12-31-2022	12-31-2021
		ThUS\$	ThUS\$
Revenue	18	31,373	23,276
Cost of sales	19	(5,195)	(4,567)
Gross profit		26,178	18,709
Administrative expenses	19	(2,062)	(2,991)
Other income (losses)		(49)	55
Financial income	19	2,650	157
Financial expenses	19	(14,910)	(11,106)
Foreign exchange differences	19	993	(2,667)
Profit Before Income Taxes		12,800	2,157
Income tax expense	12-20	(3,480)	(629)
Profit from continuing operations		9,320	1,528
Profit from discontinued operations		-	-
Profit		9,320	1,528

STATEMENTS OF COMPREHENSIVE INCOME BY FUNCTION
TRANSELEC CONCESIONES S.A.
For the years ended December 31, 2022 and 2021
(In thousands of US dollars (ThUS\$))
(Translation of financial statements originally issued in Spanish-See Note 2.1)

STATEMENT OF COMPREHENSIVE INCOME	Note	01-01-2022	01-01-2021
		12-31-2022	12-31-2021
		ThUS\$	ThUS\$
Profit (lost)		9,320	1,528
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	15	74,881	22,085
Total other comprehensive income that will be reclassified to income for the period, before taxes		74,881	22,085
Income taxes related to components of other comprehensive income that will be reclassified to the income of the period			
Income taxes related to cash flow hedges	12	(20,218)	(5,963)
Total income tax related to components of other comprehensive income that will be reclassified to the income of the period		(20,218)	(5,963)
Total other comprehensive income		54,663	16,122
Total comprehensive income		63,983	17,650
Total comprehensive income and expense		63,983	17,650

The accompanying notes 1 to 24 are an integral part of these financial statements

STATEMENTS OF CHANGES IN NET EQUITY
TRANSELEC CONCESIONES S.A.
For the years ended December 31, 2022 and 2021
(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 (loss) Accumulated	Equity attributable to owners of parent	Total equity
		ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Equity at 01-01-2022		5,000	(27,056)	(27,056)	9,335	(12,721)	(12,721)
Changes in equity							
Comprehensive income							
Profit (loss)		-	-	-	9,320	9,320	9,320
Other comprehensive income		-	54,663	54,663	-	54,663	54,663
Total comprehensive income		-	54,663	54,663	9,320	63,983	63,983
Total increase (decrease) in equity		-	54,663	54,663	9,320	63,983	63,983
Equity at the end of 12-31-2022	17	5,000	27,607	27,607	18,655	51,262	51,262

Movements	Note	Issued capital	Reserve for cash flow hedges	Total reserves	Gain (loss) Accumulated	Equity attributable to owners of parent	Total equity
		ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Equity at 01-01-2021		5,000	(43,178)	(43,178)	7,807	(30,371)	(30,371)
Changes in equity							
Comprehensive income							
Profit (loss)		-	-	-	1,528	1,528	1,528
Other comprehensive income		-	16,122	16,122	-	16,122	16,122
Total comprehensive income		-	16,122	16,122	1,528	17,650	17,650
Total increase (decrease) in equity		-	16,122	16,122	1,528	17,650	17,650
Equity at the end of 12-31-2021	17	5,000	(27,056)	(27,056)	9,335	(12,721)	(12,721)

The accompanying notes 1 to 24 are an integral part of these financial statements

STATEMENT OF CASH FLOWS
TRANSELEC CONCESIONES S.A.
For the years ended December 31, 2022 and 2021
(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	01-01-2022	01-01-2021
		12-31-2022	12-31-2021
		ThUS\$	ThUS\$
Net cash flows provided by (used in) operating activities			
Classes of collections from operating activities:			
Cash receipts from sales of goods and services		30,011	28,269
Other receipts from operating activities		-	2,390
Classes of payments from operating activities:			
Payments to suppliers for goods and services		(1,950)	(218)
Other payments for operating activities		(600)	(1,428)
Interest paid		(7,788)	(8,384)
Interest paid to related companies	7	(5,705)	(325)
Administrative services paid to related entities	7	(1,873)	(3,557)
Net cash flows provided by operating activities		12,095	16,747
Cash flows provided by (used in) investing activities			
Acquisitions of property, plant and equipment and intangible assets		(19,195)	(38,733)
Net cash flows used in investing activities		(19,195)	(38,733)
Cash flows provided by (used in) financing activities			
Bank loans		118,056	-
Payments of bank liabilities (capital)		(3,183)	(1,603)
Payments for loans from related entities	7	(103,966)	(5,572)
Collections received (payments made) to related companies (commercial)	7	6,000	46,500
Net cash flows provided by (used in) financing activities		16,907	39,325
Net increase in Cash and Cash Equivalents, before exchange effect		9,807	17,339
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		477	(3,897)
Net increase (decrease) in Cash and Cash Equivalents		10,284	13,442
Cash and Cash Equivalents, at the beginning of the year	5	38,500	25,058
Cash and Cash Equivalents, at the end of the year	5	48,784	38,500

NOTES TO THE FINANCIAL STATEMENTS
TRANSELEC CONCESIONES S.A.
As of December 31, 2022 and 2021
(In thousands of US dollars (ThUS\$))
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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 year ended as of December 31, 2022, were approved by the Company's Board of Directors in the Session number 42 on March 31, 2023.

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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, 2022 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, 2022 and 2021, the comprehensive income of its operations, changes in equity and cash flows for the for the years ended December 31, 2022 and 2021 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, 2021.

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

As of December 31, 2022, the company has not made reclassifications to the Financial Statements as of December 31, 2021.

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

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Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 New accounting pronouncements

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

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

The application of these amendments has not had a significant effect on the amounts reported in these Financial Statements, however, might affect the accounting for future transactions or agreements.

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 New Standards

The Company has not adopted these standards in advance

IFRS	New standards	Date of obligatory application
IFRS 17	Insurance Contracts	January 01, 2023

IFRS 17 Insurance Contracts

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and replaces IFRS 4 Insurance Contracts. IFRS 17 establishes a general model, which is modified for insurance contracts with discretionary participation characteristics, described as the 'Variable Fee Approach'. The general model is simplified if certain criteria are met, by measuring the liability for remaining coverage using the 'Premium Allocation Approach'. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and explicitly measures the cost of that uncertainty; takes into account market interest rates and the impact of policyholders' options and guarantees.

In June 2020, the IASB issued Amendments to IFRS 17 to address implementation considerations and challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after January 1, 2023. At the same time, the IASB issued Extension of the Temporary Exception to Apply IFRS 9 (Amendments to IFRS 4) that extend the fixed expiration date of the temporary exception to apply IFRS 9 in IFRS 4 to annual periods beginning on or after January 1, 2023.

IFRS 17 should be applied retrospectively unless it is impracticable, in which case the modified retrospective approach or the fair value approach is applied. For purposes of the transition requirements, the date of initial application is the beginning of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

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Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 New accounting pronouncements (continued)

2.2.1 New Standards (continued)

IFRS 17 Insurance Contracts (continued)

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

2.2.2 Enhancements and Modifications

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

Amendments	Enhancements and Modifications	Mandatory Effective Date
IAS 1	Classification of Liabilities as Current or Non-Current	January 1, 2024
IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	January 1, 2023
IAS 8	Definition of Accounting Estimates	January 1, 2023
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	January 1, 2023
NIIF 16	Lease liability in a sale with leaseback	January 1, 2024
IAS 1	Non-current liabilities with debt agreements	January 1, 2024

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

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

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

The amendments are applied retrospectively for annual periods beginning on or after January 1, 2024. Early application is permitted.

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

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

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

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Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 New accounting pronouncements (continued)

2.2.2 Enhancements and Modifications (continued)

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) (continued)

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

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

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

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

Definition of Accounting Estimates (Amendments to IAS 8)

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

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

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

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

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

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

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Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 New accounting pronouncements (continued)

2.2.2 Enhancements and Modifications (continued)

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

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

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

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

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

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

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

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

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

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

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

The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognize a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date. The amendments do not affect the gain or loss recognized by the seller-lessee relating to the partial or full termination of a lease.

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Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 New accounting pronouncements (continued)

2.2.2 Enhancements and Modifications (continued)

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

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 does not anticipate that the application of this regulation will 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 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 does not anticipate that the application of this regulation will have a significant impact on the Financial Statements.

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.

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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 indexation unit	US dollars per unit	
	12-31-2022	12-31-2021
Unidad de fomento	41.0242	36.6901
Chilean peso	0.00117	0.00118

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.

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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	
	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.

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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.

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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.

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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.

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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.

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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 this 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.

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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.

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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.

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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.

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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.

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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 swap 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)	Fixed rate (liability leg)	Frequency
01-07-2019	12-28-2018	06-15-2045	USD	350,525,952	Libor 3M	350,525,952	2.557%	Quarterly

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

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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\$)	324	(29)	36	-	-	-
Time deposits (US\$)	38,558	(3,505)	4,284			
VAT credit S/T (US\$)	995	(90)	111	-	-	-
Inter-Co Loan (US\$)	(6,573)	598	(730)	-	-	-
Accounts payable to Suppliers (US\$)	(410)	37	(46)	-	-	-
Total	32,893	(2,990)	3,655	-	-	-

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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:

Item	12-31-2022	12-31-2021
	THUS\$	THUS\$
Enel Group	8,449	6,341
AES Gener Group	3,624	3,977
CGE Group	3,068	3,303
Colbún Group	2,850	2,456
Engie (E-CL) Group	2,340	2,163
Other	11,042	5,036
Total	31,373	23,276
% Concentration of the main clients	64.80%	78.36%

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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.

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Note 5 - CASH AND CASH EQUIVALENTS

(a) The detail of this item as of December 31, 2022 and 2021 is as follows:

Cash and cash equivalents	12-31-2022	12-31-2021
	THUS\$	THUS\$
Cash and banks	9,584	5,186
Time deposits	39,200	33,314
Total	48,784	38,500

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

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

Detail	Currency	12-31-2022	12-31-2021
		THUS\$	THUS\$
Cash and cash equivalents	United States dollars	8,468	8,146
Cash and cash equivalents	Chilean pesos	40,316	30,354
Total		48,784	38,500

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, 2022 and 2021 is as follows:

Item	31-12-2022	31-12-2021
	THUS\$	THUS\$
Invoiced trade debtors	661	467
Provisioned trade debtors	15,057	7,282
Total Trade and other receivables	15,718	7,749

b) The aging analysis for trade debtors is as follows

Item	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

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Note 6 - TRADE AND OTHER RECEIVABLES (CONTINUED)

b) The aging analysis of trade debtors is as follows (continued)

Item	Invoiced trade debtors	Provisioned trade debtors	12-31-2021
	THUS\$	THUS\$	THUS\$
Non-past due	4	7,282	7,286
1-30 days	463	-	463
31-60 days	-	-	-
61-90 days	-	-	-
91-180 days	-	-	-
181-365 days	-	-	-
365 days or more	-	-	-
Total	467	7,282	7,749

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.

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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, 2022 and 2021.

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	
							12-31-2022	12-31-2021	12-31-2022	12-31-2021
							THUS\$	THUS\$	THUS\$	THUS\$
76.560.200-9	Transelec Holding Rentas Ltda	Chile	Structured loan	2022/2039(*)	Parent Company	USD	14,758	45,464	93,662	159,892
76.560.200-9	Transelec Holding Rentas Ltda	Chile	Structured loan	2023	Parent Company	CLP	6,041	31	-	5,576
76.555.400-4	Transelec SA	Chile	Mercantile account	Undefined	Indirect	CLP	162	331	-	-
Total							20,961	45,826	93,662	165,468

(*) 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 2022 to 2039.

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

7.1 Balances and transactions with related entities (continued)

a) 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	12-31-2022		12-31-2021	
					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	-	46,500	-
76.560.200-9	Transelec Holding Rentas Ltda	Chile	Parent Company	Loans paid	103,966	-	5,572	-
76.560.200-9	Transelec Holding Rentas Ltda	Chile	Parent Company	Accrued paid	5,704	-	325	-
76.560.200-9	Transelec Holding Rentas Ltda	Chile	Parent Company	Accrued interest	7,227	(7,227)	1,369	(1,369)
76.560.200-9	Transelec Holding Rentas Ltda	Chile	Parent Company	Exchange difference	59	59	1,768	1,768
76.555.400-4	Transelec S.A.	Chile	Indirect	Accrued services	2,147	(1,358)	3,162	(2,572)
76.555.400-4	Transelec S.A.	Chile	Indirect	Administrative services paid	1,873	-	3,557	-
76.555.400-4	Transelec S.A.	Chile	Indirect	Engineering services paid	443	-	905	-

These operations are in accordance with the provisions of Articles N° 44 and 49 of Law N° 18.046 on Corporations.

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Note 8 - OTHER NON-FINANCIAL ASSETS

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

Item	12-31-2022	12-31-2021
	THUS\$	THUS\$
Expenses to be reported for easements	7,657	7,276
VAT credit	996	1,138
Other	826	826
Total other non-financial assets	9,479	9,240

Note 9 - INTANGIBLE ASSETS OTHER THAN GOODWILL

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

Intangible assets, net	12-31-2022	12-31-2021
	THUS\$	THUS\$
Rights of way	29,020	28,005
Other Intangible assets	250	250
Total intangible assets identified	29,270	28,255

Intangible assets, gross	12-31-2022	12-31-2021
	THUS\$	THUS\$
Rights of way	29,020	28,005
Other Intangible assets	250	250
Total intangible assets	29,270	28,255

Accumulated amortization and impairment	12-31-2022	12-31-2021
	THUS\$	THUS\$
Rights of way	-	-
Other Intangible assets	-	-
Total accumulated amortization	-	-

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Note 9 - INTANGIBLE ASSETS OTHER THAN GOODWILL (CONTINUED)

Movements in intangible assets as of December 31, 2022 and, 2021 are as follows:

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	-	1,015
Closing balance as of 12-31-2022	29,020	250	29,270
Movements in intangible assets	Right-of-way	Other assets	Intangible assets, net
	THUS\$	THUS\$	THUS\$
Opening balance as of 01-01-2021	25,292	250	25,542
Additions	2,713	-	2,713
Closing balance as of 12-31-2021	28,005	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.

NOTES TO THE FINANCIAL STATEMENTS**TRANSELEC CONCESIONES S.A.****As of December 31, 2022 and 2021****(In thousands of US dollars (ThUS\$))****(Translation of financial statements originally issued in Spanish-See Note 2.1)****Note 10 - PROPERTY, PLANT AND EQUIPMENT****10.1 Detail of items**

The composition corresponds to the following detail:

Property, plant and equipment, net	12-31-2022	12-31-2021
	THUS\$	THUS\$
Land	889	889
Constructions and Infrastructure	162,262	23,969
Work in progress	22,911	143,732
Machinery and equipment	161,585	166,034
Total Property, plant and equipment, net	347,647	334,624

Property, plant and equipment, gross	12-31-2022	12-31-2021
	THUS\$	THUS\$
Land	889	889
Constructions and Infrastructure	164,273	25,235
Work in progress	22,911	143,732
Machinery and equipment	177,002	177,002
Total Property, plant and equipment, gross	365,075	346,858

Accumulated depreciation of Property, plant and equipment	12-31-2022	12-31-2021
	THUS\$	THUS\$
Constructions and Infrastructure	(2,011)	(1,266)
Machinery and equipment	(15,417)	(10,968)
Total accumulated depreciation of Property, plant and equipment	(17,428)	(12,234)

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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, 2022 and 2021:

Movement year 2022	Land	Constructions and infrastructure	Machinery and equipment	Work in progress	Property, plant and equipment, net
	THUS\$	THUS\$	THUS\$	THUS\$	THUS\$
Opening balance at 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

Movement of year 2021	Land	Constructions and infrastructure	Machinery and equipment	Work in progress	Property, plant and equipment, net
	THUS\$	THUS\$	THUS\$	THUS\$	THUS\$
Opening balance at of 01-01-2021	889	71,239	123,455	99,816	295,399
Additions	-	-	-	43,916	43,916
Transfer	-	(45,811)	45,811	-	-
Depreciation expense	-	(1,459)	(3,232)	-	(4,691)
Closing balance as of 12-31-2021	889	23,969	166,034	143,732	334,624

The accompanying notes 1 to 24 are an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
TRANSELEC CONCESIONES S.A.
As of December 31, 2022 and 2021
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Note 10 - PROPERTY, PLANT AND EQUIPMENT (continued)

10.3 Additional information on property, plant and equipment

As of December 31, 2022, and 2021, the Company had commitments to acquire property, plant and equipment items derived from EPC (Engineering-Procurement-Construction) construction contracts in the amount of ThUS \$17,039 and ThUS\$22,893, at the closing of each period, respectively.

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

Items	12-31-2022	12-31-2021
Capitalization rate (annual basis) (%)	4.75%	3.19%
Capitalized interest costs (ThUS\$)	2,034	3,364

Note 11 – OTHER FINANCIAL ASSETS

The detail of other current and non-current financial assets as of December 31, 2022 and 2021, is presented below:

Concept	12-31-2022		12-31-2021	
	Current	Non-Current	Current	Non-Current
	THUS\$	THUS\$	THUS\$	THUS\$
Swap contracts (see note 15)	8,202	30,022	-	-
Total other financial assets	8,202	30,022	-	-

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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, 2022 and 2021 is as follows.

Temporary difference Assets / (Liabilities)	Net deferred taxes	
	12-31-2022	12-31-2021
	THUS\$	THUS\$
Depreciable fixed assets	(42,368)	(31,865)
Tax loss	30,417	45,620
Work in progress	(101)	(2,708)
Intangible Assets	(324)	(299)
Loans effective interest rate	(3,319)	(2,745)
Land	7	7
Total Deferred tax assets/(liabilities)	(15,688)	8,010

Presentation in Statement of financial position:		
Deferred tax assets	-	8,010
Deferred tax liabilities	(15,688)	-
Net deferred taxes assets/(liabilities)	(15,688)	8,010

The balances of accumulated tax losses that give rise to the balance presented in deferred tax assets as of December 31, 2022 and 2021 are ThUS\$112,656 and ThUS\$ 168,963, respectively.

12.2 Deferred tax movements of the statement of financial position

The movements of the "Deferred Taxes" items of the Balance Sheet in the years ended as of December 31, 2022 and 2021 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	-	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)
Total as of 12-31-2022	30,424	46,112	(15,688)	(3,480)	(20,218)	(23,698)

The accompanying notes 1 to 24 are an integral part of these financial statements

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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	-	31,865	(31,865)	(9,457)	-	(9,457)
Work in progress	-	2,708	(2,708)	(2,708)	-	(2,708)
Land	7	-	7	7	-	7
Intangible Assets	-	299	(299)	1,727	-	1,727
Bank loans	-	2,745	(2,745)	(2,745)	-	(2,745)
Tax loss	45,620	-	45,620	12,547	-	12,547
Cash flow hedge reserves	-	-	-	-	(5,963)	(5,963)
Total as of 12-31-2021	45,627	37,617	8,010	(630)	(5,963)	(6,593)

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, 2022 and 2021, respectively, are detailed below:

Trade and other payables	12-31-2022	12-31-2021
	THUS\$	THUS\$
Trade payable billed (*)	207	546
Trade payable unbilled	7,560	3,672
Total	7,767	4,218

As of December 31, 2022 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, 2022 and 2022 is as follows:

Billed trade payable (*)	Suppliers up to date		Suppliers overdue	
	12-31-2022	12-31-2021	12-31-2022	12-31-2021
	THUS\$	THUS\$	THUS\$	THUS\$
Up to 30 days	82	242	-	303
31 and 60 days	-	-	11	-
61 and 90 days	-	-	2	-
91 and 120 days	-	-	-	-
121 and 365 days	-	-	11	-
More than 365 days	-	-	101	1
Total Billed trade payables	82	242	125	304

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Note 14 - OTHER FINANCIAL LIABILITIES

The detail of other financial liabilities as of December 31, 2022 and 2021, is as follow:

Item	12-31-2022		12-31-2021	
	Current	Non-Current	Current	Non-Current
	THUS\$	THUS\$	THUS\$	THUS\$
Bank loan	7,228	292,078	2,231	183,657
Swap contracts	-	-	6,247	31,150
Total Other Financial Liabilities	7,228	292,078	8,478	214,807

The other financial liabilities correspond to a bank loan held by the Company as of December 31, 2022 and, 2021, respectively, and are detailed below:

Creditor	Country	Currency	Effective interest rate	Maturity	Periodicity	12-31-2022	12-31-2021
						THUS\$	THUS\$
Export Development Canada	Canada	US\$	6.31%	December 15, 2036	Semmi-annual	299,306	185, 888
KfW IPEX-Bank Gmbh	Germany						
MUFG Bank Ltd.	United States						
						299,306	185,888

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Note 15 - DERIVATE INSTRUMENTS

Transelec Concesiones S.A., as per its risk management policy, hire contracts of interest rate derivatives (see Note 3).

15.1 Description of derivatives

As of December 31, 2022, 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 (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 current net asset of ThUSD\$8,202 and a non-current net asset of ThUSD\$30,022.

As of December 31, 2021, 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, 2021, the fair value recorded for these derivatives corresponds to a net current liability of ThUSD\$6,247 and a net non-current liability of ThUSD\$31,150.

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	12-31-2022				12-31-2021			
	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	8,202	30,022	-	-	-	-	6,247	31,150
Total	8,202	30,022	-	-	-	-	6,247	31,150

The accompanying notes 1 to 24 are an integral part of these financial statements

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Note 15 – DERIVATE INSTRUMENTS (continued)

15.3 Other information

The detail of the derivatives contracted by Transelec Concesiones S.A. as of December 31, 2022, and 2021, including its fair value and the breakdown by maturity, is as follow:

Financial derivatives	Maturity										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

Financial derivatives	Maturity										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	12-31-2021
	THUS\$	THUS\$	THUS\$	THUS\$	THUS\$	THUS\$	THUS\$	THUS\$	THUS\$	THUS\$	THUS\$
Interest rate Swap	(1,161)	(5,086)	(6,247)	(4,473)	(3,229)	(7,702)	(2,671)	(2,398)	(5,069)	(18,379)	(37,397)

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, 2022, and 2021, Transelec Concesiones S.A. had not recognized any gains or losses for ineffectiveness of cash flow hedges.

Derivatives are valued considering valuation techniques which include observable data. The most commonly used valuation techniques include forward pricing and swap valuation models using present value calculations. The models include several inputs including, foreign exchange spot rates, forward rates and interest rate curves in Chilean peso and US dollar.

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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: (a) Level 1: Quoted (unadjusted) price in an active market for identical assets and liabilities, (b) 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 (c) Level 3: Inputs for assets or liabilities that are not based on observable market information (non-observable inputs).

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

Financial instruments at fair value (financial asset)	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	-

Financial instruments at fair value (financial liability)	Fair value at the end of the reporting period using			
	12-31-2021	Level 1	Level 2	Level 3
	THUS\$	THUS\$	THUS\$	THUS\$
Interest rate Swap	(37,397)	-	(37,397)	-
Total net derivative	(37,397)	-	(37,397)	-

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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	No 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

Items	Financial assets at amortized cost	Financial assets at fair value		Derivative Instruments		Total
		through profit or loss	through other comprehensive income	Hedge	No Hedge	12-31-2021
	THUS\$	THUS\$	THUS\$	THUS\$	THUS\$	THUS\$
Cash and cash equivalent	38,500	-	-	-	-	38,500
Trade and other receivables	7,749	-	-	-	-	7,749
Total	46,249	-	-	-	-	46,249

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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	No 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

Items	Financial liabilities at amortized cost	Financial liabilities at fair value		Derivative instruments		Total
		through profit or loss	through other comprehensive income	Hedge	No Hedge	12-31-2021
	THUS\$	THUS\$	THUS\$	THUS\$	THUS\$	THUS\$
Other financial liabilities, current	2,231	-	-	6,247	-	8,478
Trade and other payables	4,218	-	-	-	-	4,218
Accounts payable to related entities, current	45,826	-	-	-	-	45,826
Other financial liabilities, non-current	183,657	-	-	31,150	-	214,807
Accounts payable to related entities, non-current	165,468	-	-	-	-	165,468
Total	401,400	-	-	37,397	-	438,797

The accompanying notes 1 to 24 are an integral part of these financial statements

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Note 17 - NET EQUITY

17.1 Subscribed and paid-in capital

As of December 31, 2022 and 2021, 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, 2022.

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, 2022 and 2021 is as follows:

Items	12-31-2022	12-31-2021
	ThUS\$	ThUS\$
Gains (losses) on cash flow hedges	37,691	(37,190)
Income tax related to cash flow hedges	(10,084)	10,134
Total Other comprehensive income	27,607	(27,056)

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.

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Note 18 - REVENUE

18.1 Revenue

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

Type of ordinary revenue	01-01-2022	01-01-2021
	12-31-2022	12-31-2021
	ThUS\$	ThUS\$
Regulated transmission services	31,373	23,276
Total ordinary revenue	31,373	23,276

Type of ordinary revenue	01-01-2022	01-01-2021
	12-31-2022	12-31-2021
	ThUS\$	ThUS\$
Regulated revenues	31,373	23,276
Total	31,373	23,276

Type of ordinary revenue	01-01-2022	01-01-2021
	12-31-2022	12-31-2021
	ThUS\$	ThUS\$
National revenue	31,373	23,276
Total	31,373	23,276

Type of ordinary revenue	01-01-2022	01-01-2021
	12-31-2022	12-31-2021
	ThUS\$	ThUS\$
Transferred services over time	31,373	23,276
Total	31,373	23,276

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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 years ended December 31, 2022 and 2021, is as follows:

Concepts	01-01-2022	01-01-2021
	12-31-2022	12-31-2021
	THUS\$	THUS\$
Cost of sales		
Depreciation	(5,194)	(4,691)
Other	(1)	124
Total Cost of sales	(5,195)	(4,567)
Administration expenses		
Operation expenses	(2,062)	(2,991)
Total Administration expenses	(2,062)	(2,991)
Total	(7,257)	(7,558)

19.2 Financial results

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

Items	01-01-2022	01-01-2021
	12-31-2022	12-31-2021
	THUS\$	THUS\$
Financial income:	2,650	157
Interests earned	2,650	157
Financial costs:	(14,910)	(11,106)
Interest and expenses for loans	(5,701)	(4,116)
Swap Interest	(1,038)	(4,652)
Intercompany interest	(7,227)	(1,369)
Other expenses	(944)	(969)
Net exchange differences:	993	(2,667)
Intercompany Loans	59	1,768
Other	934	(4,435)
Total financial income / (expense)	(11,267)	(13,616)

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Note 20 - INCOME TAX RESULT

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

Items	01-01-2022	01-01-2021
	12-31-2022	12-31-2021
	THUS\$	THUS\$
Deferred tax expense relating to origination and reversal of temporary differences	3,480	629
Income tax expense	3,480	629

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

Items	01-01-2022	01-01-2021
	12-31-2022	12-31-2021
	THUS\$	THUS\$
Tax expense by using the legal rate	3,456	582
Other differences	24	47
Total adjustments to tax expense using the legal rate	24	47
Expense (income) for Taxes using the Effective Rate	3,480	629

Items	01-01-2022	01-01-2021
	12-31-2022	12-31-2021
Income tax expense (income) using the Legal Tax Rate	27.00%	27.00%
Others Increases (Decreases)	0.19%	2.19%
Adjustments to tax expense using statutory rate	0.19%	2.19%
Income tax expense using the Effective Tax Rate	27.19%	29.19%

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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.

During the years ended December 31, 2022 and 2021, the Company has made disbursements related to this matter, which have been capitalized according to the following detail:

Company	Project	12-31-2022	12-31-2021
		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)	220	420
Total		220	420

Note 22 - LAWSUITS AND CONTINGENCIES

As of December 31, 2022, the Company does not maintain provisions for litigation and arbitration obligations.

Note 23 – SANCTIONS

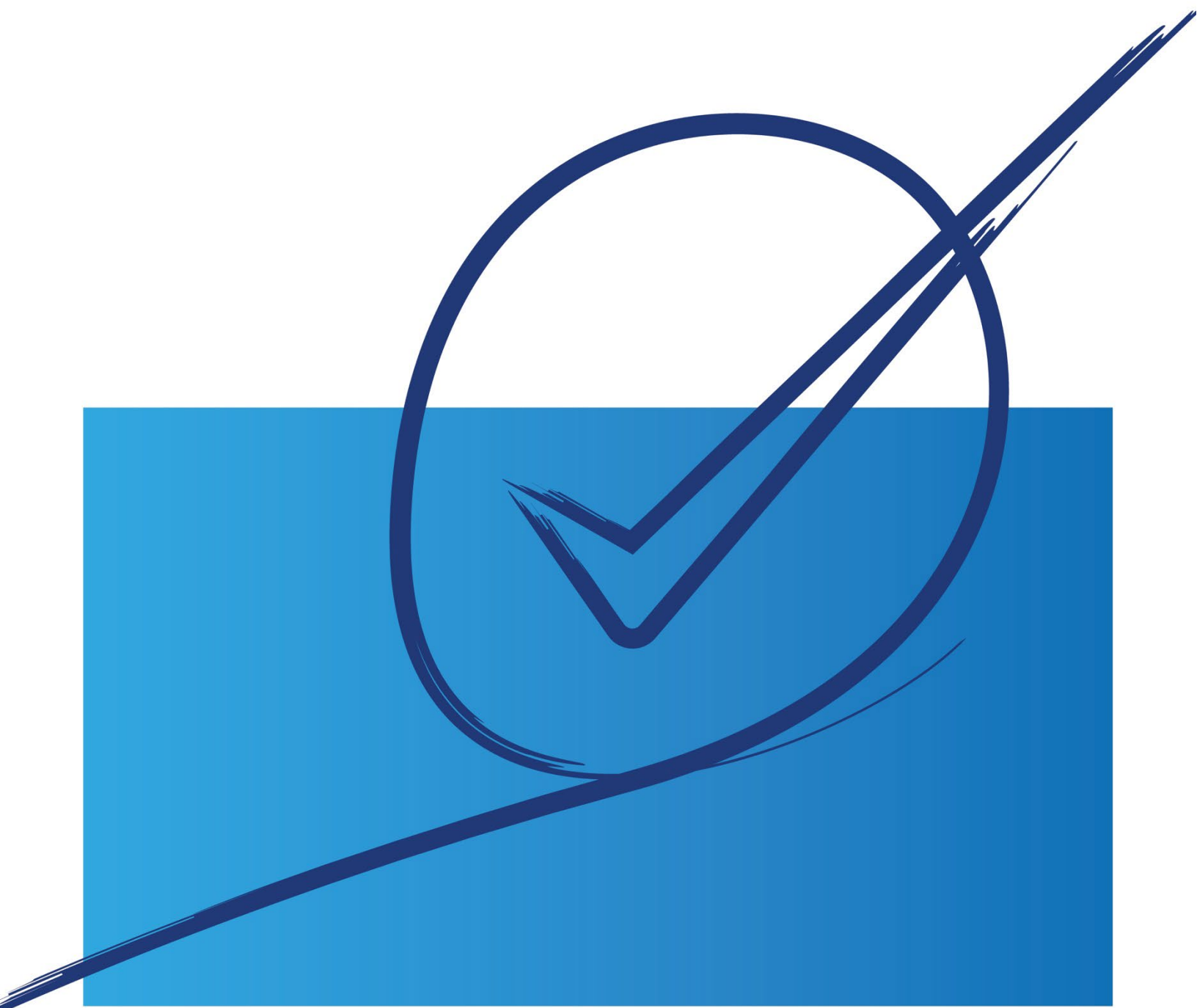
The Company, its directors or administrators have not been affected by sanctions of any nature by supervisory bodies or other administrative authorities.

Note 24 - SUBSEQUENT EVENTS

Between December 31, 2022, 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

concesiones s.a.
transelec



EXECUTIVE SUMMARY

Transec 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 period of analysis the project "Line 2x500 kV Pichirropulli - Nueva Puerto Montt" has been put into operation.

As of December 31, 2022, Transec Concesiones has financing for its projects, through a Project Finance with the participation of banks MUFG, EDC, KfW and Bank of China. Disbursements have already been received for a total of MUS\$299, which corresponds to part of the complete financing of the project. During this year, disbursements were made for a total of MUS\$118. Soon disbursements pending for this period will be requested.

INCOME STATEMENTS

STATEMENTS OF COMPREHENSIVE INCOME BY FUNCTION	31-12-2022	31-12-2021
	ThUS\$	ThUS\$
Revenues	31.373	23.276
Cost of sales	-5.195	-4.567
Gross Profit	26.178	18.709
Administrative expenses	-2.062	-2.991
Other income (losses)	-49	55
Financial income	2.650	157
Financial expenses	-14.910	-11.106
Foreign exchange differences	993	-2.667
Profit Before Income Taxes	12.800	2.157
Income tax expense	-3.480	-629
Profit from continuing operations	9.320	1.528
Profit from discontinued operations	-	-
Profit	9.320	1.528

As of December 31, 2022, Income from Ordinary Activities reached ThUS\$31.373, presenting an increase of 34,78% in relation to the same period of 2021 (ThUS\$23.273). 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 2022.

As of December 31, 2022, Transelec Concesiones registered an EBITDA of ThUS\$29.261, 43% higher than that obtained in 2021 (ThUS\$20.464). The increase in EBITDA was essentially due to the increase in income from ordinary activities and a decrease in administrative expenses during the analysis period.

In the Non-operating Result as of December 2022, a significant increase in the gain from Exchange Difference stands out, which reached ThUS\$993, contrasted with the loss of -ThUS\$2.667 in 2021. This difference is due to a loan that Transelec maintains Concessions with its parent Transelec Holdings Rentas for the financing of VAT, which was in CLP local currency, which explains the impact on the exchange difference.

In addition to the above, there was a significant increase in financial income, mainly due to interest paid by banking entities, going from ThUS\$157 to ThUS\$2.650 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, 2022, was ThUS\$9.320, registering an increase of ThUS\$7.792 in relation to the year 2021, in which a profit of ThUS\$1.528 was recorded. Which is explained by the above.

BALANCE SHEET

ASSETS	12-31-2022	12-31-2021
	ThUS\$	ThUS\$
CURRENT ASSETS		
Cash and cash equivalents	48.784	38.500
Other financial assets	8.202	-
Other non-financial assets	9.479	9.240
Comercial debts and other counts under charge	15.718	7.749
Total current assets	82.183	55.489
NON-CURRENT ASSETS		
Other financial assets	30.022	-
Intangible assets other than goodwill	29.270	28.255
Property, plant, and equipment	347.647	334.624
Deferred tax assets	-	8.010
Total non-current assets	406.939	370.889
TOTAL ASSETS	489.122	426.378

As of December 31, 2022, Assets reached ThUS\$489.122, presenting an increase of 14,72% in relation to the same period of 2021 (ThUS\$426.378). The increase in Assets is explained, on the one hand, by an increase in Non-Current Assets associated with Property, Plant and Equipment due to the progress of the projects under construction and the commissioning of the project "Pichirropulli 2x500 kV Line - Nueva Puerto Montt ". On the other hand, the increase in assets is explained by the increase in Other Financial Assets, both current and non-current, which increased this year due to the signing of new Swap contracts (for more information see EEFF note 15), due to the increase in the Cash and cash equivalents account due to the increase in the interest rate in Chile, and due to the increase in debts receivable from provisioned trade debtors.

LIABILITIES	12-31-2022	12-31-2021
	ThUS\$	ThUS\$
CURRENT LIABILITIES		
Other financial liabilities	7.228	8.478
Trade accounts payable and other accounts payable	7.767	4.218
Accounts payable to related entities	20.961	45.826
Other non-financial liabilities	476	302
Total current liabilities	36.432	58.824
NON-CURRENT LIABILITIES		
Other financial liabilities	292.078	214.807
Accounts payable to related entities	93.662	165.468
Deferred tax liabilities	15.688	-
Total non-current liabilities	401.428	380.275
TOTAL LIABILITIES	437.860	439.099
HERITAGE		
Issued capital	5.000	5.000
Retained earnings	18.655	9.335
Other reserves	27.607	-27.056
TOTAL ASSETS	51.262	-12.721
TOTAL EQUITY AND LIABILITIES	489.122	426.378

As of December 31, 2022, Liabilities and Equity reached ThUS\$489.122, higher than the same period of 2021 (ThUS\$426.378). The increase in total Liabilities is mostly due to the increase in other non-current financial liabilities, which They correspond mainly to an increase in the bank loan due to a disbursement carried out in December 2022.

The detail of the loan is presented below:

Creditor	Country	Currency	effective interest rate	Expiration	Periodicity	12-31-2022	01-01-2021
						ThUS\$	ThUS\$
Export Development Canada	Canada	Dollars	6.31%	Dec 15, 2036	Biannual	299.306	185.888
KFW IPEX-Bank GmbH	Germany						
MUFG Bank Ltd.	USA						

A large part of the increase in the Equity account is essentially due to the increase in reserves and accumulated earnings during the period under analysis, and to the improvement in the mark-to-market position from derivatives contracted by the company that act under hedge accounting. to mitigate exposure to financial risks.

STATEMENT OF CASH FLOWS

Cash flows from (Used in) operating activities	12-31-2022	12-31-2021
	ThUS\$	ThUS\$
Types of charges for operating activities:		
Receipts from the sale of goods and provision of services	30.011	28.269
Other charges for operating activities	-	2.390
Types of payments for operating activities:		
Payments to suppliers for the supply of goods and services	-1.950	-218
Other payments for operating activities	-600	-1.428
Interest paid	-7.788	-8.384
Interest paid to related companies	-5.705	-325
Administrative services paid to related parties	-1.873	-3.557
Net cash flows from operating activities	12.095	16.747

As of December 31, 2022, the flow used in operating activities reached a cash inflow of THUS\$12.095, which is 27,7% less than the same flow of the previous year, mainly explained by the increase in interest paid to related companies, which amounted to ThUS\$5.705. This value is explained by the payment of interest from Transelec Concesiones S.A. to Transelec Holding Rentas Ltda. for the loan that the company maintained for ThUS\$109.670 on account of the structured loans that the companies maintain.

Below are the loan balances that the company maintains with its associates:

Society	Current		Non-current	
	12-31-2022	12-31-2021	12-31-2022	12-31-2021
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Transelec Holding Rentas Ltda.	14.758	45.464	93.662	159.892
Transelec Holding Rentas Ltda.	6.041	31	-	5.572
Transelec S.A.	162	331	-	-

Information corresponding to note No. 7 of the EEFF.

Cash flows from (used in) investing activities	12-31-2022	12-31-2021
	ThUS\$	ThUS\$
Purchases of property, plant and equipment and intangibles	-19.195	-38.733
Net cash flows used in investing activities	-19.195	-38.733

During the same year, the cash flow used in investment activities was a disbursement of ThUS\$19.195, which represents a decrease compared to the previous period due to lower disbursements for the purchase of property, plants and equipment given the completion and Commissioning of the project “Pichirropulli 2x500 kV Line – Nueva Puerto Montt”.

Cash flows from (used in) financing activities	12-31-2022	12-31-2021
	ThUS\$	ThUS\$
Bank loans	118.056	-
Capital payments bank obligations	-3.183	-1.603
Payments for loans from related entities	-10.966	-5,572
Collections received (payments made to) related companies	6.000	46.500
Net cash flows from financing activities	16.907	39.325

As of December 2022, the cash flow from financing activities reached ThUS\$16.907. The flow is mainly explained by the positive difference that occurred between the loans received from banking entities, and the payments made to related companies.

RESPONSIBILITY STATEMENT

Both the Directors and the CEO of Transelec Concesiones S.A., which are signing this declaration, are responsible, under oath, regarding the accuracy of the information provided in this 2022 Annual Report, pursuant to General Norm No. 30, issued by the Superintendency of Securities and Insurance, today the Commission for the Financial Market.



Francisco Castro Crichton
Chairman
I.D.: 9.963.957-1


Jorge Vargas Romero. (Apr 18, 2023 14:43 EDT)

Jorge Vargas Romero
Director
I.D.: 12.691.972-7



Arturo Le Blanc Cerda
Director
I.D.: 10.601.441-8



Arturo Le Blanc Cerda
CEO
I.D.: 10.601.441-8