TRANSELEC CONCESIONES S.A.

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

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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.

Deloitte
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 ThUS$	12-31-2021 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**

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 ThUS$	12-31-2021 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 12-31-2022 ThUS$	01-01-2021 12-31-2021 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 12-31-2022 ThUS$	01-01-2021 12-31-2021 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**

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 12-31-2022 ThUS$	01-01-2021 12-31-2021 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 entitiies	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**

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 listedunder 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.

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.

(In thousands of US dollars (ThUS$))

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.

(In thousands of US dollars (ThUS$))

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.

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.

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.

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.

(In thousands of US dollars (ThUS$))

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.

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.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Intangible assets

2.6.1 Rights of way

The rights of way are stated at historical cost. These rights have no defined useful life and, therefore, are not amortized. However, these indefinite useful lives are reviewed during each reporting year to determine if they remain indefinite. These assets are tested for impairment at each year end or at any moment if there are indicators of impairment.

2.6.2 Computer software

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

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

2.7 Impairment of non-financial assets

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

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

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

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

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Impairment of non-financial assets (continued)

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

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

2.8 Financial Instruments

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

1) Non-derivatives financial assets

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

a) Amortized cost:

In this category are classified the financial assets within the business model of the Company whose objective is to hold financial assets in order to collect contractual cash flows, which are generated on specified dates and are made up of principal and interest (SPPI criterion).

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

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Financial Instruments (continued)

1) Non-derivatives financial assets (continued)

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

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

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

c) Fair value through profit or loss

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

These are measured in the statement of financial position at their fair value and the changes on its fair value are recorded directly in profit or loss when occurred. Purchases or sales of financial assets are recorded at the date of the transaction.

2) Cash and cash equivalents

Cash and cash equivalents include cash on hand and in banks, time deposits and other short-term investments with maturities in less than 180 days as of the investment date, and which are highly liquid readily convertible to cash, and which are subject to an insignificant risk of changes in value. The balance of this account does not differ from that presented in the statement of cash flows. There is no restricted cash.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Financial Instruments (continued)

3) Impairment of financial assets

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

4) Non-derivatives financial liabilities

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

5) Derivatives and Hedge activities

The Company selectively uses derivative and non-derivative instruments, to manage its exposure to exchange rate risk (See Note 15).

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

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

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Financial Instruments (continued)

5) Derivatives and Hedge activities (continued)

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

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

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

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

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

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Financial Instruments (continued)

6) Embedded derivatives

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

7) Derecognition of financial assets and liabilities

Financial assets are derecognized when:

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

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

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

8) Offsetting of financial assets and liabilities

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

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

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

2.9 Inventories

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

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Paid-in capital

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

2.11 Income tax and deferred taxes

The result for income tax for the year is determined as the sum of the current tax arising from the application of the tax rate on taxable income, after allowed deductions, plus the change in assets and liabilities for deferred taxes and tax credits, both for tax losses and other deductions. Differences between the carrying value and tax base of assets and liabilities generate deferred tax asset and liability balances, which are calculated using tax rates expected to be in effect when the assets are realized, and the liabilities are settled.

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

Deferred tax assets and tax credits are recognized only when it is likely that there will be sufficient future taxable profits to recover the deductible temporary differences and to make the tax credits effective.

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

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

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

2.12 Provisions

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

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

Provisions are measured at the present value of management’s best estimate of the expenditures required to settle the obligation. The discount rate used to determine the present value reflects current market assessments, at the balance sheet date, of the time value of money and the specific risk associated with the particular liability, if applicable. Increases in provisions due to the passage of time are recognized in interest expense.

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

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Classification of current and non-current balances

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

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

2.14 Distribution of dividends

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

Company records a provision at the end of each year for the 30% of the profit of the year, in accordance with Law N° 18.046. Notwithstanding, due to the restrictions imposed by the financing contracts, the company has not recorded a provision for this concept.

2.15 Revenue recognition in Contracts with Customers

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

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

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

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

Note 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Revenue recognition in Contracts with Customers (continued)

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

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

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

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

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

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

(In thousands of US dollars (ThUS$))

Note 3 - RISK MANAGEMENT POLICY

3.1 Financial Risk

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

3.1.1 Market risk

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

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

(a) Investing cash surpluses in instruments maturing within no more than 180 days.

(b) Entering into 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.

(In thousands of US dollars (ThUS$))

Note 3 - RISK MANAGEMENT POLICY (continued)

3.1.1.2 Exchange Rate Risk

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

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

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

3.1.2 Sensitivity analysis

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

Entry (Currency)	Position	Net income		Position	OCI	
	Long/ (short)	Change (-10%)	Change (+10%)	Long/ (short)	Change (-10%)	Change (+10%)
Cash (US$)	324	(29)	36	-	-	-
Time deposits (US$)	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	-	-	-

(In thousands of US dollars (ThUS$))

Note 3 - RISK MANAGEMENT POLICY (CONTINUED)

3.1.3 Credit Risk

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

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

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%

Note 4 - ESTIMATES AND JUDGMENTS OR CRITICAL CRITERIA USED BY MANAGEMENT

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

The Company performs estimates and assumptions about the future. The resulting accounting estimates, per definition, will rarely be equal to the actual outcomes. Estimates and assumptions with a significant risk to the Company are detailed below:

- The estimates of recoverable values of assets and goodwill to determine potential existence of impairment losses;
- The useful lives and residual values of properties, plants and equipment and intangible assets;
- The hypothesis used to calculate the fair value of the financial instruments;
- The actuarial assumptions used to calculate obligations with employees;
- The future fiscal results for purposes of determining the recoverability of deferred tax assets.
- Contingent assets and liabilities.
- Determination of existence and classification of financial or operating leases based on the transfer of risks and rewards of the leased assets (IFRS16), considerate the following:

  - Identification of whether a contract (or part of a contract) includes a lease.
  - Estimate the lease term.
  - Determine if it is reasonably true that it is an extension or termination option will be exercised.
  - Determination of the appropriate rate to discount lease payments.

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

(In thousands of US dollars (ThUS$))

Note 5 - CASH AND CASH EQUIVALENTS

(a) The detail of this item as of December 31, 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

(In thousands of US dollars (ThUS$))

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.

(In thousands of US dollars (ThUS$))

Note 7 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES

7.1 Balances and transactions with related companies

7.1.1 Accounts receivable from related entities

There are no accounts receivable as of December 31, 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.

(In thousands of US dollars (ThUS$))

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.

(In thousands of US dollars (ThUS$))

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 acumulated amortization	-	-

(In thousands of US dollars (ThUS$))

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.

(In thousands of US dollars (ThUS$))

Note 10 - PROPERTY, PLANT AND EQUIPMENT

10.1 Detail of items

The composition corresponds to the following detail:

Property, plant and equipment, net	12-31-2022	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)

(In thousands of US dollars (ThUS$))

Note 10 - PROPERTY, PLANT AND EQUIPMENT (continued)

10.2 Reconciliation of changes in property, plant and equipment

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

(In thousands of US dollars (ThUS$))

Note 10 - PROPERTY, PLANT AND EQUIPMENT (continued)

10.3 Additional information on property, plant and equipment

As of December 31, 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	-	-

(In thousands of US dollars (ThUS$))

Note 12 - DEFERRED TAXES

12.1 Deferred taxes

Detail of deferred tax assets and liabilities

The origin of deferred taxes recorded as of December 31, 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)

(In thousands of US dollars (ThUS$))

Note 12 - DEFERRED TAXES (Continued)

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

Concept	Assets	Liabilities	Net Assets/(Liabilities)	Impact of the period		
				Income	Equity	Total Variation
	THUS$	THUS$	THUS$	THUS$	THUS$	THUS$
Depreciable fixed assets	-	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

(In thousands of US dollars (ThUS$))

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

(In thousands of US dollars (ThUS$))

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

(In thousands of US dollars (ThUS$))

Note 15 – DERIVATE INSTRUMENTS (continued)

15.3 Other information

The detail of the derivatives contracted by Transelec Concesiones S.A. as of December 31, 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.

(In thousands of US dollars (ThUS$))

Note 15 – DERIVATE INSTRUMENTS (continued)

15.4 Fair value hierarchies

Financial instruments recognized at fair value in the statement of financial position are classified based on the following hierarchies: (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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(In thousands of US dollars (ThUS$))

Note 16 - FINANCIAL INSTRUMENTS

16.1 Financial Assets

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

Items	Financial assets at amortized cost	Financial assets at fair value		Derivative Instruments		Total
		through profit or loss	through other comprehensive income	Hedge	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

(In thousands of US dollars (ThUS$))

Note 16 - FINANCIAL INSTRUMENTS (continued)

16.2 Financial liabilities

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

Items	Financial liabilities at amortized cost	Financial liabilities at fair value		Derivative instruments		Total
		through profit or loss	through other comprehensive income	Hedge	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

(In thousands of US dollars (ThUS$))

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.

(In thousands of US dollars (ThUS$))

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

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

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

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

(In thousands of US dollars (ThUS$))

Note 19 - RELEVANT INCOME STATEMENT ACCOUNTS

19.1 Expenses by nature

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

Concepts	01-01-2022 12-31-2022 THUS$	01-01-2021 12-31-2021 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 12-31-2022 THUS$	01-01-2021 12-31-2021 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)

(In thousands of US dollars (ThUS$))

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 12-31-2022 THUS$	01-01-2021 12-31-2021 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 12-31-2022 THUS$	01-01-2021 12-31-2021 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 12-31-2022	01-01-2021 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%

(In thousands of US dollars (ThUS$))

Note 21 - ENVIRONMENT

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

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.