TRANSELEC CONCESIONES S.A.

Financial statements for the years ended
december 31, 2019 and 2018 and
independent auditors report

Deloitte.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and the 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, 2021 and 2020, 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 Information

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (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 performed 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 includes 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, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with International Financial Reporting Standards 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 Shareholder's readers outside of Chile.

Deloitte

Santiago, Chile
March 25, 2021

Financial Statements

TRANSELEC CONCESIONES S.A.

Santiago, Chile
As of December 31, 2021, and 2020

Financial Statements

TRANSELEC CONCESIONES S.A.

Santiago, Chile
As of December 31, 2021, and 2020
(Translation of the Financial Statements originally issued in Spanish)

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

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FINANCIAL STATEMENTS

CLASSIFIED STATEMENTS OF FINANCIAL POSITION
TRANSELEC CONCESIONES S.A.
As of December 31, 2021 and 2020
(In thousands of US dollars (ThUS$))
(Translation of financial statements originally issued in Spanish-See Note 2.1)

ASSETS	Note	12-31-2021 ThUS$	12-31-2020 ThUS$
CURRENT ASSETS			
Cash and cash equivalents	5	38,500	25,058
Other current non-financial assets	8	9,240	20,574
Trade and other receivables	6	7,749	8,104
Total current assets		**55,489**	**53,736**
NON-CURRENT ASSETS			
Intangible assets other than goodwill	9	28,255	25,542
Deferred tax assets	11	8,010	14,602
Property, plant and equipment	10	334,624	295,399
Total non-current assets		**370,889**	**335,543**
TOTAL ASSETS		**426,378**	**389,279**

CLASSIFIED STATEMENTS OF FINANCIAL POSITION
TRANSELEC CONCESIONES S.A.
As of December 31, 2021 and 2020
(In thousands of US dollars (ThUS$))
(Translation of financial statements originally issued in Spanish-See Note 2.1)

LIABILITIES	Note	12-31-2021 ThUS$	12-31-2020 ThUS$
CURRENT LIABILITIES			
Other financial liabilities, current	13	8,478	7,839
Trade and other payables	12	4,218	2,594
Accounts payable to related companies, current	7	45,826	17,207
Other non-financial liabilities, current		302	454
Total current liabilities		**58,824**	**28,094**
NON-CURRENT LIABILITIES			
Other financial liabilities, non-current	13	214,807	236,713
Accounts payable to related companies, non-current	7	165,468	154,843
Total non-current liabilities		**380,275**	**391,556**
TOTAL LIABILITIES		**439,099**	**419,650**
EQUITY			
Issued capital	16	5,000	5,000
Accumulated gains (losses)	16	9,335	7,807
Other reserves	16	(27,056)	(43,178)
Total equity attributable to owners of the Parent		**(12,721)**	**(30,371)**
Non- controlling interest		-	-
TOTAL EQUITY		**(12,721)**	**(30,371)**
TOTAL EQUITY AND LIABILITIES		**426,378**	**389,279**

The accompanying notes 1 to 22 are an integral part of these financial statements

STATEMENTS OF COMPREHENSIVE INCOME BY FUNCTION
TRANSELEC CONCESIONES S.A.
As of December 31, 2021 and 2020
(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	01-01-2021 12-31-2021 ThUS$	01-01-2020 12-31-2020 ThUS$
Operating revenue	17	23,276	22,723
Cost of sales	18	(4,567)	(5,048)
Gross profit		**18,709**	**17,675**
Administrative expenses	18	(2,991)	(559)
Other income (losses)		55	160
Financial income	18	157	-
Financial expenses	18	(11,106)	(11,519)
Foreign exchange differences	18	(2,667)	775
Profit Before Income Taxes		**2,157**	**6,532**
Income tax expense	19	(629)	(1,649)
Profit from continuing operations		1,528	4,883
Profit from discontinued operations		-	-
Profit attributable to owners of the parent		**1,528**	**4,883**
Profit attributable to non-controlling interests		**-**	**-**
Profit		**1,528**	**4,883**

STATEMENTS OF COMPREHENSIVE INCOME BY FUNCTION
TRANSELEC CONCESIONES S.A.
As of December 31, 2021 and 2020
(In thousands of US dollars (ThUS$))
(Translation of financial statements originally issued in Spanish-See Note 2.1)

STATEMENT OF COMPREHENSIVE RESULTS	01-01-2021 12-31-2021 ThUS$	01-01-2020 12-31-2020 ThUS$
Profit	1,528	4,883
Components of other comprehensive income, before taxes		
Gains (losses) on cash flow hedges		
Income taxes related to cash flow hedges	22,085	(33,132)
Total other comprehensive income that will be reclassified to income for the period, before taxes	**22,085**	**(33,132)**
Income taxes related to components of other comprehensive income that will be reclassified to the result of the period		
Income taxes related to cash flow hedges	(5,963)	8,946
Total income tax related to components of other comprehensive income that will be reclassified to the result of the period	**(5,963)**	**8,946**
Total comprehensive income	**16,122**	**(24,186)**
Total comprehensive income	**17,650**	**(19,303)**

Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	17,650	(19,303)
Comprehensive income attributable to non-controlling interests	-	-
Total comprehensive income and expense result	**17,650**	**(19,303)**

STATEMENTS OF CHANGES IN NET EQUITY
TRANSELEC CONCESIONES S.A.
As of December 31, 2021 and 2020
(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 01-01-2021		5,000	(43,178)	(43,178)	7,807	(30,371)	(30,371)
Changes in equity							
Comprehensive income							
Profit		-	-	-	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	**16**	**5,000**	**(27,056)**	**(27,056)**	**9,335**	**(12,721)**	**(12,721))**

Movements	Note	Capital emitido	Reservas por coberturas de flujos de efectivo	Total Reservas	Ganancias (pérdidas) acumuladas	**Patrimonio atribuible a los propietarios de la controladora**	**Patrimonio total**
		ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Equity at 01-01-2020		5,000	(18,992)	(18,992)	2,924	(11,068)	(11,068)
Changes in equity							
Comprehensive income							
Profit		-	-	-	4,883	4,883	4,883
Other comprehensive income		-	(24,186)	(24,186)	-	(24,186)	(24,186)
Total comprehensive income		-	**(24,186)**	**(24,186)**	**4,883**	**(19,303)**	**(19,303)**
Total increase (decrease) in equity		-	**(24,186)**	**(24,186)**	**4,883**	**(19,303)**	**(19,303)**
Equity at the end of12-31-2020	**16**	**5,000**	**(43,178)**	**(43,178)**	**7,807**	**(30,371)**	**(30,371)**

STATEMENT OF CASH FLOWS
TRANSELEC CONCESIONES S.A.
As of December 31, 2021 and 2020
(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	12-31-2021	12-31-2020
		ThUS$	ThUS$
Flujos de efectivo procedentes de (utilizados en) actividades de operación			
Cash flows provided by (used in) operating activities:			
Cash receipts from sales of goods and services		28,269	25,820
Other proceeds from operating activities		2,390	35,836
Classes of payments from operating activities:			
Payments to suppliers for goods and services		(218)	(4,085)
Other payments for operating activities		(1,428)	(2,164)
Interest paid		(8,384)	(8,731)
Interest paid to related companies		(325)	-
Administrative services paid to related		(3,557)	(562)
Net cash flows provided by operating activities		**16,747**	**46,114**
Cash flows provided by (used in) investing activities			
Additions of property, plant and equipment and intangible assets		(38,733)	(47,760)
Net cash flows used in investing activities		**(38,733)**	**(47,760)**
Fl Cash flows provided by (used in) financing activities			
Payments of bank liabilities (capital)		(1,603)	(1,406)
Loan collection to related entities		46,500	42,000
Payments for loans to related entities		(5,572)	(31,739)
Collection to receivables to related entities (trade)		-	532
Payments made to related entities (trade)		-	(418)
Net cash flows provided by (used in) financing activities		**39,325**	**8,969**
Net increase in Cash and Cash Equivalents, before exchange effect		**17,339**	**7,021**
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		(3,897)	1,227
Net increase (decrease) in Cash and Cash Equivalents		13,442	8,248
Cash and Cash Equivalents, at the beginning of the year	**5**	**25,058**	**16,810**
Cash and Cash Equivalents, at the end of the year	**5**	**38,500**	**25,058**

The accompanying notes 1 to 22 are an integral part of these financial statements

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.

Its registered office is located at Orinoco N°90, Floor 14, district of Las Condes, Santiago, Chile.

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

The Company is controlled directly by Transelec Holdings Rentas Limitada and indirectly by Rentas Eléctricas I Limitada.

The Financial Statements of the Company for the period ended as of December 31, 2021, were approved by the Company's Board of Directors in the Session n°36 as of March 25, 2022.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

The principal accounting policies applied in preparing the Interim Financial Statements are detailed below. These policies have been based on IFRS in effect as of December 31, 2021 and have been applied uniformly for the period presented.

2.1 Basis of preparation of the Financial Statements.

These Financial Statements as of December 31, 2021 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 CMF, 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 Statementsis 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, 2020, except for the adoption of new standards and interpretations in effect as of January 1, 2021, which did not materially affect the Financial Statements.

As of December 31, 2021, and 2020, the Company has negative working capital and negative equity, which it expects to reverse in future periods due to its generation of income once it enters into normal operation of activities.

The Company made reclassifications to its financial statements regarding balances 2020. However, these reclassifications do not have a significant effect because they were made only for comparative purposes.

For the convenience of the reader, the Financial Statements and their accompanying notes have been translated from Spanish to English.

(In thousands of US dollars (ThUS$))

2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

2.2 New accounting pronouncements

The following new standards, amendments to IFRS and interpretations has been adopted in these Financial Statements.

IFRS	Amendments	Date of obligatory application
IFRS 4 - IFRS 7 - IFRS 9 - IFRS 16 - IAS 39	Interest Rate Benchmark Reform - Phase 2 (Amendment to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 01, 2021
IFRS-16	COVID 19-related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)	April 01, 2021

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. The Company has not adopted these standards in advance:

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

2.2.1 New Standards

IFRS 17 Insurance Policies

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 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 date of transition is the beginning of the period immediately preceding the date of application initial.

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

(In thousands of US dollars (ThUS$))

2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

2.2 International Financial Reporting Standards (continued)

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:

Normative	Enhancements and Modifications	Date of obligatory application
IAS 1	Classification of Liabilities as Current or Non-Current	January 1, 2023
IFRS 3	Reference to the Conceptual Framework	January 1, 2022
IAS 16	Property, Plant and Equipment – Proceeds before Intended Used	January 1, 2022
IAS 37	Onerous Contracts – Costs of Fulfilling a Contract	January 1, 2022
IFRS 1 - IFRS 9 - IFRS 16 - IAS 41	Annual Improvements to IFRS Standards 2018-2020	January 1, 2022
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

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

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

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

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

The Company's Management does not anticipate that the application of this regulation will have a significant impact on the Financial Statements.
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2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

2.2 International Financial Reporting Standards (continued)

2.2.2 Enhancements and Modifications (continued)

Reference to the Conceptual Framework (Amendments to IFRS 3)

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Finally, the amendments add an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after January 1, 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

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

Property, Plant and Equipment – Proceeds before Intended Use (Amendments to IAS 16)

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognizes such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

The amendments also clarify the meaning of ‘testing whether an asset is functioning properly’. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes. If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity’s ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize 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 the beginning of that earliest period presented.

The amendments are effective for annual periods beginning on or after January 1, 2022. 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.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

2.2 International Financial Reporting Standards (continued)

2.2.2 Enhancements and Modifications (continued)

Onerous Contracts – Costs of Fulfilling a Contract (Amendments to IAS 37)

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labor, materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognize 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 the date of initial application.

The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.

To date, the Company is evaluating the impacts that the modification could generate.

Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41)

The annual improvements include amendments to four Standards:

IFRS 1 First-time Adoption of IFRS

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated Interim Financial Statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1: D16(a).

2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

2.2 International Financial Reporting Standards (continued)

2.2.2 Enhancements and Modifications (continued)

Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41) (continued)

IFRS 9 Financial Instruments

The amendment clarifies that in applying the ‘10 per cent’ test to assess whether to derecognize a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other’s behalf.

The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

IFRS 16 Leases

The amendment removes the illustration of the reimbursement of leasehold improvements. As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.

IAS 41 Agriculture

The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pretax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

The amendment is applied prospectively, i.e. for fair value measurements on or after the date an entity initially applies the amendment.

The amendment is effective for annual periods beginning on or after January 1, 2022. 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.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

2.2 International Financial Reporting Standards (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)

Amended to 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.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

2.2 International Financial Reporting Standards (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.

(In thousands of US dollars (ThUS$))

2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

2.3 Foreign currency translation

2.3.1 Functional and presentation currency

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

2.3.2 Transactions and balances

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

2.3.3 Exchange rates

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

Currency or indexation unit	US dollars per unit	
	12-31-2021	12-31-2020
Unidad de Fomento	36.6901	40.8894
Chilean Peso	0.00118	0.00141

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.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (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 existences of such obligations, as well as, estimate of future disbursements are reviewed, increasing or decreasing the value of the asset based on the results of this estimate.

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.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

2.6 Intangible assets other than goodwill

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.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (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 the initial fair value, 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.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (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 has 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.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (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.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (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. The net investment hedges in foreign operations are those recorded similarly to the 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 of time.

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.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (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.

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 one or all of the counterparties.

2.9 Inventories

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

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.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

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 tax 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 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 PRINCIPLES (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.

Should 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 is 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 regulatory framework that governs electrical transmission activity in Chile comes from the By-Law of the Electric Services dated 1982 (DFL (M) No. 1/82), and subsequent amendments thereto, including Law 19,940 (called also the “Short Law”) enacted on March 13, 2004, Law 20,018 (“Short Law II”), enacted on May 19, 2005 and Law 20,257 (Generation with Non-Conventional Renewable Sources of Energy), enacted on April 1, 2008. These are supplemented by the By-Law of the Electric Services Regulations dated 1997 (Supreme Decree No. 327/97 of the Mining Ministry), and its amendments, and by the Technical Standard for Liability and Quality of Service (R.M.EXTA No. 40 dated May 16, 2005) and subsequent amendments thereto. On July 11, 2016, the new Transmission Law was enacted, which creates an Independent Coordinating entity of the National Electrical System (NES), called National Electrical Coordinator (CEN, according to the Spanish acronym), which groups the previous DEC SIC and CDEC SING; in addition, it establishes a new Electrical Transmission System in which the trunk transmission system, the sub transmission system and additional systems now form part of National, Zone and Committed Transmission System, respectively. To the remuneration received from the transmitter, a variable discount rate will be applied with a minimum of 7% and a maximum of 10% after taxes. The law enters into effect immediately and gradually until its full application as of 2020.

Company’s revenues are generated mainly from the marketing of the capacity of the electrical transmission of the transmission facilities. The Company has basically one type of contract with customers, the regulated, which is subject to regulated tariffs.

2 – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

2.15 Revenue recognition in Contracts with Customers (continued)

The total revenues for the use of the Company's facilities includes in general two components: i) the AVI, which is the annuity of the Investment Value (VI), calculated in such a way that the present value of these annuities, using an annual real discount rate and the economic useful life of each of the facilities equals the cost of replacing the existing transmission facilities with new facilities with similar characteristics at current market prices, plus, ii) the COMA, which corresponds to the cost required to operate, maintain and administrate the corresponding facilities.

The Company has the right to collect from its customers a "toll" which is composed by an "AVI+COMA" related to the use of its facilities. The Electrical Law establishes these "AVI+COMA" as integral components in rendering the transmission service. Therefore, as these services are substantially the same and they have the same transference pattern to customers, in other words, both services are satisfied throughout time with a similar progress measurement, the company has defined that there is a single performance obligation and that this is satisfied during a period of time, therefore revenues are recognized in the same temporal base.

Revenues are recognized and invoiced on a monthly basis, using fixed monthly from the regulated tariffs In both cases, these values are indexed as appropriate. The transmission service is invoiced usually at the beginning of the month following the month when the service was rendered and thus the revenue recognized each month includes transmission service provided but not invoiced up to the month end.

(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 differentials, 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 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	195,891,636	Libor 3M	195,891,636	2.585%	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 and/or other comprehensive income. A positive percentage implies a strengthening of the Chilean peso with respect to the foreign currency; a negative percentage implies a weakening of the Chilean peso 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$)	1,177	(107)	131	-	-	-
VAT credit S/T (US$)	724	(66)	80	-	-	-
Inter-Co Loan (US$)	(5,492)	499	(610)	-	-	-
Payables to Suppliers (US$)	1,320	(120)	147	-	-	-
Total	(2,271)	206	(252)	-	-	-

(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	12-31-2021	12-31-2020
	THUS$	THUS$
Enel Group	6,341	5,042
AES Gener Group	3,977	3,805
CGE Group	3,303	3,025
Colbún Group	2,456	2,247
Engie (E-CL) Group	2,163	-
Other	5,036	8,604
Total	23,276	22,723
% Concentration of the main clients	78.36%	62.14%

3,2 Situation of Covid-19

Current situation of COVID-19 has had a minor impact so far on the financial and operative aspects of the Company. However, the Company has been making preventive decisions in order to keep the operative performance according to our pre-pandemic standard.

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 the 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, 2021 and December 31, 2020 is as follows:

Cash and cash equivalents	12-31-2021	12-31-2020
	THUS$	THUS$
Cash and banks	5,186	25,058
Short term deposits	33,314	-
Total	38,500	25,058

Cash and cash equivalents included in the statement of financial position as of December 31, 2021 and 2020 does not differ from those presented in the statement of cash flows.

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

	Currency	12-31-2021	12-31-2020
		THUS$	THUS$
Cash and cash equivalents	United States dollars	8,146	4,196
Cash and cash equivalents	Chilean pesos	30,354	20,862
Total		38,500	25,058

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

Note 6 - TRADE AND OTHER RECEIVABLES

The detail of this item as of December 31, 2021 and December 31, 2020 is as follows:

Item	12-31-2021	12-31-2020
	THUS$	THUS$
Trade receivables	7,749	8,104
Total Accounts receivable and other receivables	7,749	8,104

As of December 31, 2021, and December 31, 2020, the analysis of non-impaired debtors is as follows:

Item	12-31-2021	12-31-2020
	THUS$	THUS$
Maturing in less than 30 days	2,452	907
Maturing in more than 30 days up to 1 year	5,297	7,197
Total	7,749	8,104

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 companies

There are no accounts receivable as of December 31, 2021 and December 31, 2020.

7.1.2 Accounts payable to related companies

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	
							12-31-2021	12-31-2020	12-31-2021	12-31-2020
							THUS$	THUS$	THUS$	THUS$
76.560.200-9	Transelec Holding Rentas Ltda	Chile	Loans	2022/2039(*)	Parent Company	USD	45,464	13,204	159,892	144,350
76.560.200-9	Transelec Holding Rentas Ltda	Chile	Loans	2023	Parent Company	CLP	31	2,372	5,576	10,493
76.555.400-4	Transelec SA	Chile	Mercantile account	Undefined	Indirect	CLP	331	1,631	-	-
Totales							45,826	17,207	165,468	154,843

(*) In relation to the structured loans 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 companies (continued)

a) Most significant transactions and their effects in income (loss)

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

Tax ID Number	Company	Country	Relationship	Description of the transaction	12.31.2021		12.31.2020	
					Amount	Efect on profits or loss	Amount	Efecto n profits or loss
					THUS$	THUS$	THUS$	THUS$
76.560.200-9	Transelec Holding Rentas Ltda	Chile	Parent Company	Loans received	46,500	-	42,000	-
76.560.200-9	Transelec Holding Rentas Ltda	Chile	Parent Company	Interest earned	1,369	(1,369)	6,426	(6,426)
76.560.200-9	Transelec Holding Rentas Ltda	Chile	Parent Company	Exchange difference	1,768	1,768	2,295	2,295
76.560.200-9	Transelec Holding Rentas Ltda	Chile	Parent Company	Loans payed	5,572		31,739	
76.560.200-9	Transelec Holding Rentas Ltda	Chile	Parent Company	Interest payed	325		302	
76.560.200-9	Transelec Holding Rentas Ltda	Chile	Parent Company	Merchant current account	-	-	393	-
76.555.400-4	Transelec S.A.	Chile	Indirect	Services earned	3,162	-(3,162)	1,973	(1,973
76.555.400-4	Transelec S.A.	Chile	Indirect	Merchant current account	-	-	139	-
76.555.400-4	Transelec S.A.	Chile	Indirect	Merchant current accoun payed	-	-	418	-
76.555.400-4	Transelec S.A.	Chile	Indirect	Services payed	3,557	-	562	-
76.555.400-4	Transelec S.A.	Chile	Indirect	Engineering services payed	905	-	-	-

There 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, 2021 and 2020 is as follows:

Item	12-31-2021	12-31-2020
	THUS$	THUS$
Expenses to be reported for easements	7,276	9,989
Advance payments to contractors	-	7,702
VAT credit	1,138	2,057
Other non-financial assets	826	826
Total	9,240	20,574

Note 9 - INTANGIBLE ASSETS OTHER THAN GOODWILL

The detail of this item as of December 31, 2021 and December 31, 2020 is as follows:

Intangible assets, net	12-31-2021	12-31-2020
	THUS$	THUS$
Rights of way	28,005	25,292
Other Intangible assets	250	250
Total intangible assets identified	28,255	25,542

Intangible assets, gross	12-31-2021	12-31-2020
	THUS$	THUS$
Rights of way	28,005	25,292
Other Intangible assets	250	250
Total intangible assets identified	28,255	25,542

Accumulated amortization and impairment	12-31-2021	12-31-2020
	THUS$	THUS$
Rights of way	-	-
Other Intangible assets	-	-
Total amortization acumulated	-	-

(In thousands of US dollars (ThUS$))

Note 9 - INTANGIBLE ASSETS OTHER THAN GOODWILL (CONTINUED)

Movements in intangible assets as of December 31, 2021 and 2020 is as follows:

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

Movements in intangible assets	Right-of-way	Other assets	Intangible assets, net
	THUS$	THUS$	THUS$
Opening balance as of 01-01-2020	17,136	250	17,386
Additions	8,156	-	8,156
Closing balance as of 12-31-2020	25,292	250	25,542

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 No. 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	12-31-2021	12-31-2020
	THUS$	THUS$
Land	889	889
Infrastructure constructions and works	23,969	71,239
Work in progress	143,732	99,816
Machinery and equipment	166,034	123,455
Total Property, plant and equipment, net	334,624	295,399

Property, plant and equipment, gross	12-31-2021	12-31-2020
	THUS$	THUS$
Land	889	889
Infrastructure constructions and works	25,235	72,954
Work in progress	143,732	99,816
Machinery and equipment	177,002	129,283
Total Property, plant and equipment, gross	346,858	302,942

Accumulated depreciation Property, plant and equipment	12-31-2021	12-31-2020
	THUS$	THUS$
Infrastructure constructions and works	(1,266)	(1,715)
Machinery and equipment	(10,968)	(5,828)
Total accumulated depreciation and impairment of PPE	(12,234)	(7,543)

(In thousands of US dollars (ThUS$))

Note 10 - PROPERTY, PLANT AND EQUIPMENT (continued)

10.2 Reconciliation of changes in plant and equipment properties

The following table shows the detail of changes in property, plant and equipment per type of assets for the periods ended as of December 31, 2021 and 2020:

Movement year 2021	Land	Buildings 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

Movement year 2020	Land	Buildings and infrastructure	Machinery and equipment	Work in progress	Property, plant and equipment, net
	THUS$	THUS$	THUS$	THUS$	THUS$
Opening balance at of 01-01-2020	889	72,698	126,687	73,885	274,159
Additions	-	-	-	25,931	25,931
Transfer	-	-	-	-	-
Depreciation expense	-	(1,459)	(3,232)	-	(4,691)
Closing balance as of 12-31-2020	889	71,239	123,455	99,816	295,399

(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, 2021, and 2020, the Company had commitments to acquire property, plant and equipment items derived from EPC (Engineering-Procurement-Construction) construction contracts in the amount of ThUS $22,893 and ThUS$27,319, at the close of each year, respectively.

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

Items	12-31-2021	12-31-2020
Capitalization rate (annual basis) (%)	3.19%	3.98%
Capitalized interest costs (ThUS$)	3,364	7,752

(In thousands of US dollars (ThUS$))

Note 11 - DEFERRED TAXES

11.1 Deferred taxes

Detail of deferred tax assets and liabilities

The origin of deferred taxes recorded as of December 31, 2021 and 2020 is as follows.

Temporary difference Assets / (Liabilities)	Net deferred taxes	
	12-31-2021	12-31-2020
	THUS$	THUS$
Depreciable fixed assets	(31,865)	(22,408)
Work in progress	(2,708)	(1,800)
Land	7	7
Intangible Assets	(299)	(233)
Banks loans	(2,745)	-
Tax loss	42,700	39,036
Total Deferred tax assets	8,010	14,602

Presentation in Statement of financial position:		
Deferred tax assets	8,010	14,602
Deferred tax liabilities	-	-
Net deferred taxes assets/(liabilities)	8,010	14,602

The tax loss balances amounts presented in deferred tax assets at December 31,2021 and 2020 are ThUS$ 168,963 and ThUS$ 144,578, respectively.

11.2 Deferred tax movements of the statement of financial position

The movements of the "Deferred Taxes" items of the Balance Sheet in the years as of December 31, 2021 and 2020 are as follows:

Deferred tax movements	Assets	Liabilities
	THUS$	THUS$
Balances as of 01-01-2020	7,305	-
Increase (decrease)	7,297	-
Balance as of 12-31-2020	14,602	-
Increase (decrease)	(6,592)	-
Balance as of 12-31-2021	8,010	-

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.

(In thousands of US dollars (ThUS$))

Note 12 - TRADE AND OTHER PAYABLES

The detail of this item as as of December 31, 2021 and 2020, respectively, is as follows:

Trade and other payables	12-31-2021	12-31-2020
	THUS$	THUS$
Trade payable	4,218	2,594
Total	4,218	2,594

Note 13 - OTHER FINANCIAL LIABILITIES

The other financial liabilities correspond to a bank loan that the Company maintains as of December 31, 2021 and 2020 respectively, and are detailed below:

Item	12-31-2021		12-31-2020	
	Current	Non-Current	Current	Non-Current
	THUS$	THUS$	THUS$	THUS$
Bank loan	2,231	183,657	161	184,776
Swap contract	6,247	31,150	7,678	51,937
Total Other Financial Liabilities	8,478	214,807	7,839	236,713

The other financial liabilities correspond to a bank loan held by the Company as of December 31, 2021 and, 2020, respectively, and are detailed below:

<table>
<tr><th rowspan="2">Creditor</th><th rowspan="2">Country</th><th rowspan="2">Currency</th><th rowspan="2">Effective interest rate</th><th rowspan="2">Maturity</th><th rowspan="2">Periodicity</th><th>31.12.2021</th><th>31.12.2020</th></tr>
<tr><th>THUS$</th><th>THUS$</th></tr>
<tr><td>Export Development Canada</td><td>Canadá</td><td rowspan="3">US$</td><td rowspan="3">2.67%</td><td rowspan="3">Dic 15, 2036</td><td rowspan="3">Half-yearly</td><td rowspan="3">185,888</td><td rowspan="3">184,937</td></tr>
<tr><td>KfW IPEX-Bank Gmbh</td><td>Alemania</td></tr>
<tr><td>MUFG Bank Ltd.</td><td>United States China</td></tr>
<tr><td colspan="6"></td><td>185,888</td><td>184,937</td></tr>
</table>

(In thousands of US dollars (ThUS$))

Note 14 - DERIVATE INSTRUMENTS

Transelec Concesiones S.A., as per its risk management policy, enters primarily into exchange rate derivatives (see Note 3). The Company classifies its hedges as:

- Cash flow hedging: Those that hedge the cash flows of the hedged underlying item.

In addition, the Company uses certain non-hedging derivatives: the instruments that do not meet the requirements of IFRS and thus do not qualify for hedge accounting.

14.1 Hedge assets and liabilities

Item	12-31-2021				12-31-2020			
	Assets		Liabilities		Assets		Liabilities	
	Current	Non-current	Current	Non-current	Current	Non-current	Corriente	No corriente
	THUS$	THUS$	THUS$	THUS$	THUS$	THUS$	THUS$	THUS$
Interest Rate Swap	-	-	6,247	31,150	-	-	7,678	51,937
Total	-	-	6,247	31,150	-	-	7,678	51,937

(In thousands of US dollars (ThUS$))

Note 14 – DERIVATE INSTRUMENTS (continued)

14.2 Other information

Below is a detail of the derivatives contracted by Transelec Concesiones S.A. as of December 31, 2021, and 2020, their fair value and the breakdown by maturity

Financial derivatives	Maturity							12-31-2021
	Fair value	2022	2023	2024	2025	2026	Posterior	Total
	THUS$	THUS$	THUS$	THUS$	THUS$	THUS$	THUS$	THUS$
Interest Rate Swap	(37,397)	(6,247)	(4,473)	(3,229)	(2,671)	(2,398)	(18,379)	(37,397)

Financial derivatives	Maturity							12-31-2020
	Fair value	2021	2023	2024	2025	2026	Posterior	Total
	THUS$	THUS$	THUS$	THUS$	THUS$	THUS$	THUS$	THUS$
Interest Rate Swap	(59,615)	(7,678)	(8,065)	(7,293)	(6,160)	(5,010)	(25,409)	(59,615)

The contractual notional amount of these contracts does not represent the risk assumed by Transelec Concesiones S.A., as it is only in response to the basis with which derivative settlements are calculated. As of December 31, 2021, and 2020, 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 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 14 – DERIVATE INSTRUMENTS (continued)

14.3 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, 2021 and 2020:

Financial instruments at fair value	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	37,397	-	37,397	-

Financial instruments at fair value	Fair value at the end of the reporting period using			
	12-31-2020	Level 1	Level 2	Level 3
	THUS$	THUS$	THUS$	THUS$
Interest Rate Swap	59,615	-	59,615	-
Total net	59,615	-	59,615	-

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(In thousands of US dollars (ThUS$))

Note 15 - FINANCIAL INSTRUMENTS

15.1 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		Total
		By result	By other integral result	12-31-2021
	THUS$	THUS$	THUS$	THUS$
Cash and cash equivalent	-	38,500	-	38,500
Trade and other receivables	7,749	-	-	7,749
Total	7,749	38,500	-	46,249

Items	Financial assets at amortized cost	Financial assets at fair value		Total
		By result	By other integral result	12-31-2020
	THUS$	THUS$	THUS$	THUS$
Cash and cash equivalent	-	25,058	-	25,058
Trade and other receivables	8,104	-	-	8,104
Total	8,104	25,058	-	33,162

(In thousands of US dollars (ThUS$))

Note 15 - FINANCIAL INSTRUMENTS (continued)

15.2 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
		By result	By other integral result	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

Items	Financial liabilities at amortized cost	Financial liabilities at fair value		Derivative instruments		Total
		By result	By other integral result	Hedge	No Hedge	12-31-2020
	THUS$	THUS$	THUS$	THUS$	THUS$	THUS$
Other financial liabilities, current	161	-	-	7,678	-	7,839
Trade and other payables	2,594	-	-	-	-	2,594
Accounts payable to related entities, current	17,207	-	-	-	-	17,207
Other financial liabilities, non-current	184,776	-	-	51,937	-	236,713
Accounts payable to related entities, non-current	154,843	-	-		-	154,843
Total	359,581	-	-	59,615	-	419,196

(In thousands of US dollars (ThUS$))

Note 16 - NET EQUITY

16.1 Subscribed and paid-in capital

As of December 31, 2021 and 2020, the authorized, subscribed and paid-in capital is to ThUS$5,000.

16.2 Number of subscribed and paid-in shares

Shares	No. subscribed shares	No. 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 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, 2020.

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.

16.3 Other reserves

The detail of other reserves as of December 31, 2021 and 2020 is as follows:

Items	12-31-2021	12-31-2020
	ThUS$	ThUS$
Gains (losses) on cash flow hedges	(37,190)	(59,274)
Income tax related to cash flow hedges	10,134	16,096
Total Other reserves	(27,056)	(43,178)

Note 16 – NET EQUITY (continued)

16.4 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 levels 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 17 - REVENUE

17.1 Operating revenue

The detail of operating income for the years ended December 31, 2021 and 2020, is as follows:

Type of ordinary income	01-01-2021 12-31-2021 THUS$	01-01-2020 12-31-2020 THUS$
Regulated transmission services	23,276	22,723
Total ordinary income	23,276	22,723

Type of ordinary income	01-01-2021 12-31-2021 THUS$	01-01-2020 12-31-2020 THUS$
Revenues regulated	23,276	22,723
Total	23,276	22,723

Type of ordinary income	01-01-2021 12-31-2021 THUS$	01-01-2020 12-31-2020 THUS$
National System Income	23,276	22,723
Total	23,276	22,723

Type of ordinary income	01-01-2021 12-31-2021 THUS$	01-01-2020 12-31-2020 THUS$
Transferred services over time	23,276	22,723
Total	23,276	22,723

(In thousands of US dollars (ThUS$))

Note 18 - RELEVANT INCOME STATEMENT ACCOUNTS

18.1 Expenses by nature

The composition of expenses by nature, included in cost of sales and administrative for the years ended December 31, 2021 and 2020, is as follows:

Items	01-01-2021 12-31-2021 THUS$	01-01-2020 12-31-2020 THUS$
Operating expenses	(2,867)	(916)
Depreciation, amortization and write-offs	(4,691)	(4,691)
Total	(7,558)	(5,607)

18.2 Financial results

The detail of the financial result for the years ended December 31, 2021 and 2020, is as follows:

[

Items	01-01-2021 12-31-2021 THUS$	01-01-2020 12-31-2020 THUS$
Finance income:	**157**	**-**
Interests on related loans	157	-
Financial expenses:	**(11,106)**	**(11,519)**
Bank interest	(4,116)	(4,269)
Swap Interest	(4,652)	(3,681)
Intercompany interests	(1,369)	(2,675)
Other expenses	(969)	(894)
Net exchange differences:	**(2,667)**	**775**
Intercompany Loans	1,768	2,295
Others	(4,435)	(1,520)
Total financial income/(loss)	(13,616)	(10,744)

(In thousands of US dollars (ThUS$))

Note 19 - INCOME TAX RESULT

The income tax result for the years ended December 31, 2021 and 2020, is the following:

Items	01-01-2021 12-31-2021 THUS$	01-01-2020 12-31-2020 THUS$
Deferred tax expense relating to origination and reversal of temporary differences	629	1,649
Income tax expense (income), total	629	1,649

The following table reconciles income taxes resulting from applying statutory tax rate to the "Profit before Taxes" to the income tax expense recorded in the income statement for the years ended December 31, 2021 and 2020:

Items	01-01-2021 12-31-2021 THUS$	01-01-2020 12-31-2020 THUS$
Reconciliation of Tax Expense Using the Legal Rate with Tax Expense	**582**	1,764
Others differences	47	(115)
Total adjustments to tax expense using the legal rate	47	(115)
Tax Expense Using the Effective Rate	629	1,649

Items	01-01-2021 12-31-2021	01-01-2020 12-31-2020
Income tax expense (income) using the Legal Tax Rate	**27.00%**	**27.00%**
Others Increases (Decreases)	2.19%	(1.76%)
Adjustments to tax expense using statutory rate	2.19%	(1.76%)
Income tax expense (income) using the Effective Tax Rate	29.19%	25.24%

(In thousands of US dollars (ThUS$))

Note 20 - ENVIROMENT

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). 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 for the period ended December 31, 2021 and 2020, the Company has made disbursements related to this matter, which have been capitalized according to the following detail>

Company making disbursement	Proyect	12-31-2021	12-31-2020
		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)	420	584
Total		420	584

Note 21 - LAWSUITS AND CONTINGENCIES

As of December 31, 2021, the Company has no lawsuits or arbitrations.

Note 22 - SUBSEQUENT EVENTS

Between January 01, 2022 and the 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.