

concesiones s.a.
transelec.

Annual Report



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Identification of the Entity

Firm Name	Transelec Concesiones S.A.
National Securities Registration	406
Legal Domicile	Santiago, while not restricting the establishment of agencies, branches or offices in other parts of the country or overseas.
Address	Orinoco 90, 14th floor, Las Condes
Phone	(56-2) 2246 7000
Tax List Number	76.524.463-3
Type of Entity	Closed Stock Corporation
E-mail	transelec@transelec.cl
Web Page	www.transelec.cl/empresas-relacionadas/

Property

The equity amounts \$5,000,000 of United States dollars divided into 5,000,000 registered shares of a single serial and without par value.

Transelec Holdings Rentas Limitada owns 4,995,000 shares while Rentas Eléctricas I Limitada owns 5,000 shares.

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The Company



Transelec Concesiones is a company engaged in the electricity transmission business. It is part of Transelec Group, which is characterized for being the country's main player in this industry. It contributes its vast experience and knowledge to the development and operation of energy projects in the regulated system, which is supported by more than 10,000 kilometers of transmission lines that it operates, more than 60 substations and close to 19,300 MVA of transformation capacity. All this is aimed at serving a wide range of customers in the electricity, mining, and industrial sectors throughout the country, who have relied on the support and excellence of the integrated transmission solutions provided by the Group.

History of the Company

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

The incorporation of Transelec Concesiones S.A. is evidenced by a public deed dated November 6, 2015, executed at Santiago Notary Office of Mr. Raúl Undurraga Laso, whose extract was recorded on page 85,649, number 50,023, in the Commercial Registry of the Santiago Real Estate Registry of 2015 and published in the Official Gazette on November 14, 2015.

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

On February 17, 2017, Transelec Holdings Rentas Limitada and Rentas Eléctricas I Limitada sold to Transelec Concesiones S.A. the amount of 2,497,500 and 2,500 subscribed and paid shares, respectively, of the company Pichirropulli Transmisora de Energía S.A., which, according to the Shareholders' Registry of said company, represent the totality of the shares of Pichirropulli Transmisora de Energía S.A.

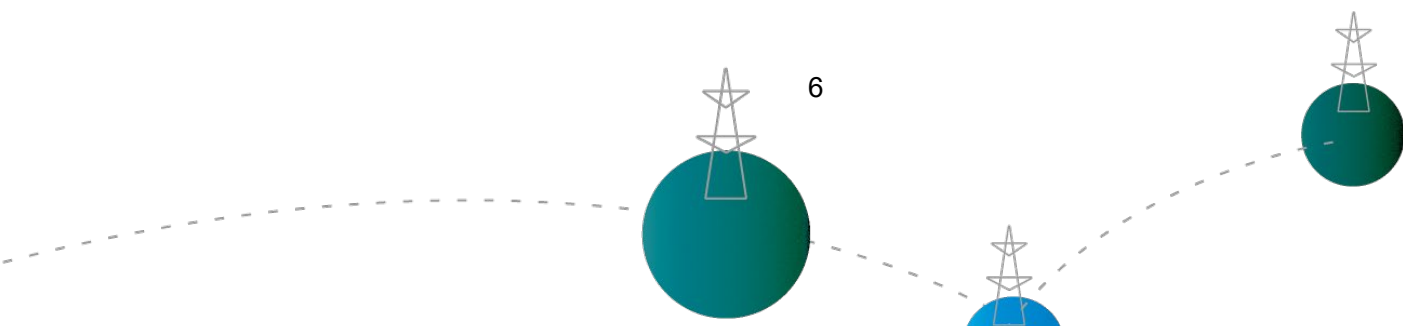
As a result of the share purchase and sale, all of the shares of Pichirropulli Transmisora de Energía S.A. have been merged into Transelec Concesiones S.A., and the latter company has been dissolved by absorption in accordance with the law.

On the same day, by means of two share purchase and sale agreements executed by private instruments, Transelec Holdings Rentas Limitada and Rentas Eléctricas I Limitada sold to Transelec Concesiones S.A. the amount of 4,995 and 5 subscribed and paid shares,

respectively, of Interconexión Los Changos S.A., which, according to the Shareholders' Registry of said company, represent all the shares of Interconexión Los Changos S.A.

As a result of this share purchase and sale, all of the shares of Interconexión Los Changos S.A. have been merged into Transelec Concesiones S.A. and, in accordance with the law, the latter company has been dissolved by absorption.

The ultimate shareholders of the Transelec Group are China Southern Power Grid International (CSGI), Canada Pension Plan (CPP), British Columbia Investment Management Corporation (BCI) and Public Sector Pension Investment (PSP). The Group benefits from an important and vast operational know-how, both for Transelec S.A., the most important electric transmission company in the country, and from the experience of CSGI, China's second largest power system operator.



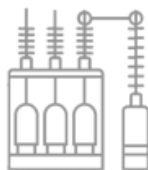
Business Activity

The exclusive purpose of Transelec Concesiones S.A. is to exploit and develop electric systems of its property, destined to the transport or transmission of electric energy, being able for such purposes to obtain, acquire and enjoy the respective concessions and permits and exercise all the rights and faculties that the legislation confers to the electric companies.



324.8 kms

of transmission lines to be added to the National Electric System



3,750 MVA

of transformation capacity, corresponding to 1 substation.

The company's business includes the transportation of energy through transmission lines and its transformation capacity through substations and associated equipment, so that the generating plants, whatever their nature, can transfer the electricity they produce and reach their consumption centers. Additionally, it includes the development of other commercial and industrial activities related to the use of the infrastructure destined to electric transmission.

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

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Corporate Governance

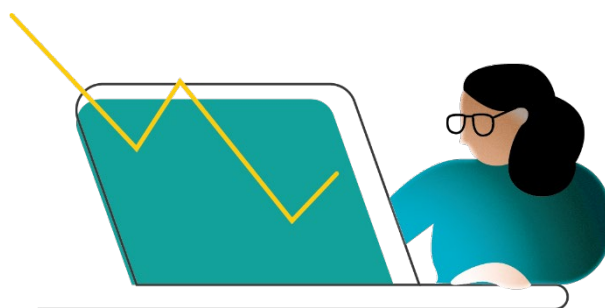


Board of Directors

In accordance with Article Six of the Company's bylaws, the Company will be managed and administered by a board of directors composed of three members elected by the ordinary shareholders' meeting, who will serve for two years and may be reelected indefinitely. It is not necessary to be a shareholder of the corporation to be a director.

The current Board of Directors of the Company was elected at the Ordinary Shareholders' Meeting held on April 27, 2021, and is composed as follows:

1. Francisco Castro Crichton (Chairman, Chilean, T.I.N: 9.963.957-1).
2. Arturo Le Blanc Cerda (Chilean, T.I.N: 10.601.441-8).
3. Rodrigo López Vergara (Chilean, T.I.N: 7.518.088-8).



Remunerations of the Board

According with the provisions of the Seventh Article of the social Bylaws, the directors are not remunerated.

Expenses of the Board

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

Diversity

a) Board of Directors Diversity:

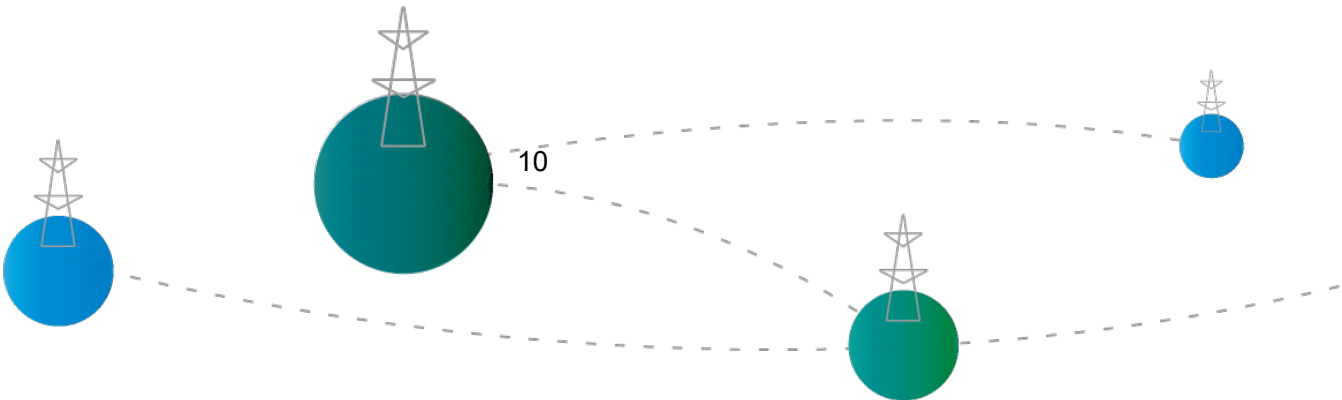
Number of persons by gender	3 men.
Number of persons by nationality	3 Chileans.
Number of persons by age range	1 person between 40 and 50 years 1 person between 51 and 60 years 1 person between 61 and 70 years
Number of persons by seniority	All 3 directors have been more than 3 years in the company.

b) Diversity in the Organization

Transelec Concesiones does not have any employees, it only has agents to fulfill the purpose of the company.

c) Wage gap by Gender

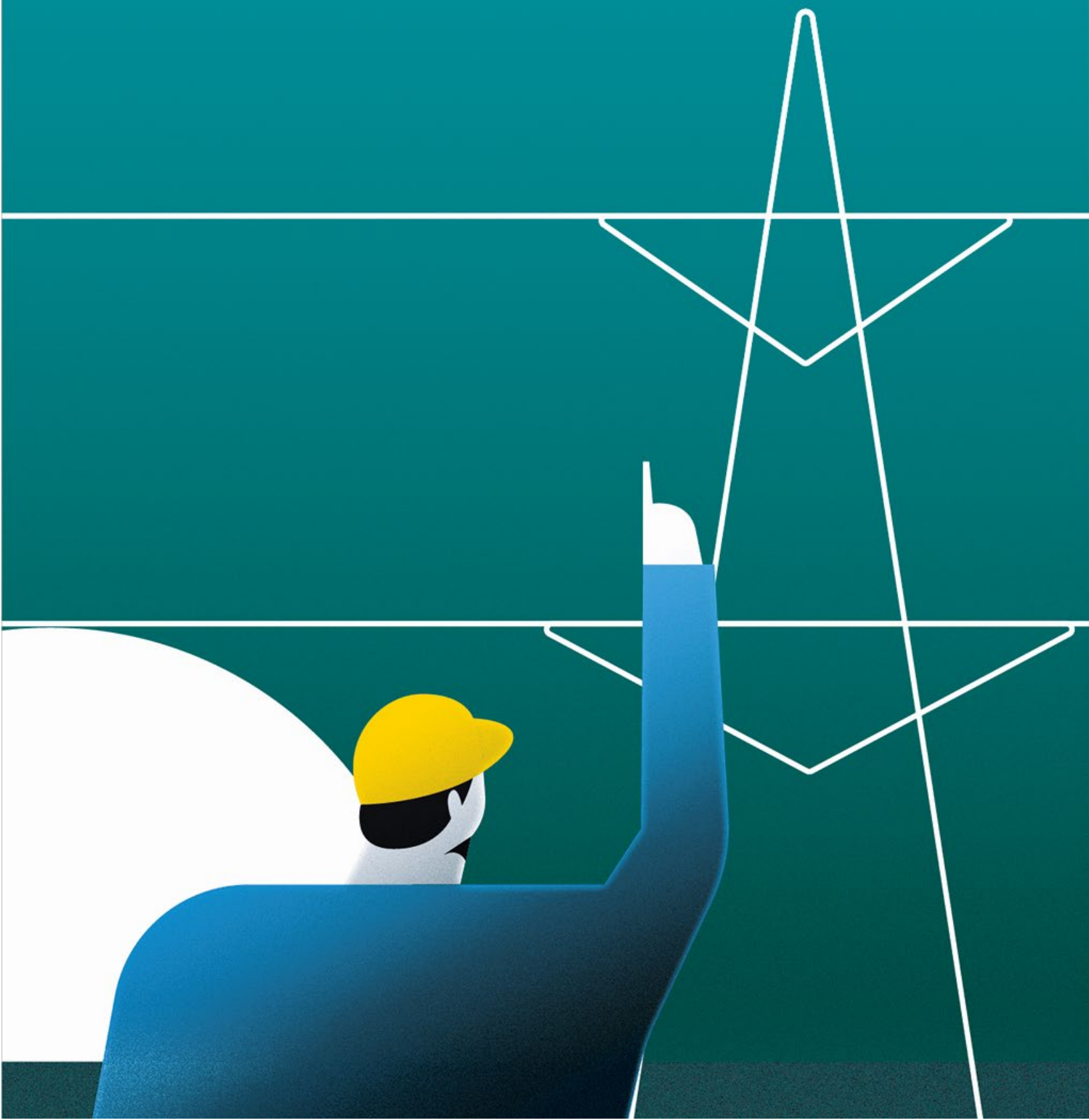
It does not apply given that there are no women within the organization.



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The Business

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Regulatory Framework

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

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

1. A single National Electric System Coordinator independent of the market players, replacing the Economic Load Dispatch Centers.
2. The redefinition of the transmission systems, qualifying them as the National Transmission System (formerly trunk), the Zonal Transmission Systems (formerly sub-transmission), the Dedicated Systems (formerly additional), and incorporating two new segments: Transmission Systems for Development Poles and International Interconnection Systems.
3. The incorporation of energy and transmission planning with a long-term horizon, which contemplates slack in the systems and seeks to achieve a more robust and secure system.
4. Preliminary definition of layouts for new projects, through a procedure for a Strip Study by the Ministry for electricity transmission layouts of public interest.



- 5. Open Access to Universal Transmission Systems.
- 6. Regulates the pricing of the National and Zonal Transmission Systems, for Development Poles and the payment for the use of the Dedicated Transmission System facilities by users subject to price regulation, among other matters
- 7. The payment of the National, Zonal and Dedicated Transmission Systems used by users subject to price regulation will be charged to the free and regulated end users, as opposed to the previous law, in which the payment corresponded to the generating companies.

The current legal framework that governs the electricity transmission business in Chile classifies its facilities into four¹ categories:

<ul style="list-style-type: none">▪ National Transmission System: it is made up of the power lines and substations that enable the development of this market by interconnecting the other transmission segments and make it possible to supply the total demand of the electric system under different scenarios of availability of the generation facilities, including contingency and failure situations.	<ul style="list-style-type: none">▪ Zonal Transmission Systems: these are constituted by the electric lines and substations arranged essentially for the current or future supply of regulated customers, territorially identifiable, without prejudice to the use by free customers or means of generation connected directly or through transmission systems dedicated to said transmission systems.
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¹ Article 73 of the LGSE: "The international interconnection systems are also part of the transmission system, which shall be subject to the special regulations issued for such purpose".

<p>▪ Transmission Systems for Development Poles:</p> <p>they are constituted by the electric lines and substations, destined to transport the electric energy generated in the same development pole to the transmission system, making an efficient use of the national territory.</p>	<p>▪ Dedicated Transmission Sysytems: they are made up of power lines and substations that, being interconnected to the electric system, are essentially arranged for the supply of electric power to users not subject to price regulation or to inject the production of generating plants into the electric system.</p>
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The first three systems have the character of public service, their tariffs are set by the Ministry of Energy and are subject to a universal open access regime under non-discriminatory conditions. For transmission facilities of Dedicated Systems, access must be provided whenever there is available technical transmission capacity determined by the Coordinator, without prejudice to the contracted capacity or own projects that have been reliably contemplated at the time of the request for use of the interested third party.

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

In addition to the above, during the year 2021, the Regulation of Transmission Systems and Transmission Planning was published, which establishes the applicable provisions, in accordance with the new Law 20,936, regarding the open access regime, transmission planning and the bidding process for expansion projects. In addition, an amendment to Supreme Decree No. 327 was published, which establishes the Regulation of the General Law of Electric Services, which aims to digitalize the process of concessions and easements. On the other hand, the Regulation that establishes criteria to determine companies that must report their energy information on an annual basis was also published, due to the new Energy Efficiency Law, which establishes several provisions related to energy efficiency. For those matters that have not yet been regulated, the National Energy Commission, hereinafter and indistinctly "Commission" or "CNE" has published several resolutions with transitory provisions regarding deadlines, requirements and conditions established in the new law.

On the other hand, it should be noted that, at the regulatory level, the Regulation on Energy Management of Consumers with Energy Management Capacity and Public Bodies and the Regulation on Electricity Supply for Electrically Dependent Persons are currently under review by the Comptroller General of the Republic. Likewise, in September 2021, the new Regulation on Power Transfers between Generating Companies was submitted for public consultation, which seeks to establish a new methodology for calculating sufficiency power that is agnostic to the type of technology. It is important to point out that all the regulations have been prepared by the Ministry and based on a participative process with all the actors of the electricity market.



Regulatory Measures during the Pandemic

On May 22, 2021, due to the sanitary contingency caused by Covid-19, Law No. 21,340 was published during the month of May, extending Law No. 21,249. This law provides, on an exceptional basis, measures in favor of the final users of sanitary services, electricity and gas network, such as, for example, prohibits the cut-off of electricity and gas supply due to late payment until December 31, 2021, and extends the benefits of said Law. Subsequently, due to the extension of the economic effects caused by the pandemic, in August 2021, the Congress initiated the processing of a new Bill that extends the effects of the benefits granted by Law No. 21,249.



Other Regulatory Topics

In addition to the above, it is important to note that during the year 2021, activity has been presented in relation to the following bills:

- On September 21, 2021, a new bill was introduced to amend the General Law of Electric Services, regarding the remuneration of the members of the Panel of Experts and the Board of Directors of the Coordinator. In this respect, said Bill is currently being processed in the Senate.
- On December 2, 2021, a new bill promoting electric energy storage and electro-mobility was introduced in the Congress, which is a relevant

milestone to enable the implementation of large-scale energy storage in the electricity system. This bill is currently in process.

- On December 15, 2021, new bills were introduced in the Congress that seek to promote the participation of renewable energies in the national energy matrix and, on the other hand, to promote the production and use of green hydrogen in the country. These bills are currently being processed.
- Currently, a bill is in the second constitutional procedure in the Senate that prohibits the installation and operation of coal-fired thermoelectric power plants throughout the country as of 2025. This bill represents a new challenge for the operation of the Chilean electricity system.
- At the beginning of 2021, the Ministry stated that it would suspend the processing in the Congress of the Electricity Portability Bill, which aims to grant the right to users of the Electricity System to choose their energy supplier, make the supply bidding mechanism more flexible, ensure the entry of new players and competitors to the market, and ensure respect for the supply contracts tendered, through a gradual transition, with technical and objective criteria.
- Finally, it should be noted that on December 13, 2021, the Ministry initiated - and is still in progress - the public consultation process of the draft of the updated National Energy Policy, which sets out commitments for the energy sector for the coming decades and is based on sustainability, resilience, accessibility, inclusiveness, and respect. It should be noted that this process is being carried out by the Ministry based on a participatory process with all stakeholders in the electricity market.

Business Description

The main activities carried out by Transelec Concesiones S.A. consist of the provision of electric power transmission or transportation services and its transformation, to help its customers to deliver energy to their consumption centers. This is achieved through the development and operation of infrastructure consisting mainly of transmission lines and electrical substations.

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

National Transmission System Remuneration

The projects awarded by Transelec Concesiones correspond to international tenders, carried out by the National Electric Coordinator, for large expansion projects classified as new projects. The awarded company is responsible for managing the corresponding permits and carrying out the construction and operation of the projects through a BOOT contract. The Annual Transmission Value per Tranche (VATT) and its indexation contained in the bid offer constitute the remuneration of the new project for the following five

tariff periods (20 years) from the project's entry into operation.

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

Revenues for the first 20 years of service are guaranteed, i.e., the awarded company is entitled by law to receive 100% of the agreed revenues.

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

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

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

maintain the real value of the AVI and the COMA during said period. Both the indexation formulas and the periodicity of their application are determined in the corresponding tariff process.

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

Additionally, the CNE must carry out each year a transmission planning process, which must consider, at least, a 20-year horizon. This planning includes the necessary expansion projects of the National Transmission System, which contain investments that should be classified as new projects or expansion

projects of existing facilities. As a result of this process, the CNE prepares a technical report and based on this, the Ministry of Energy will set the Transmission System Expansion Plan for the next 12 months.

It is the responsibility of the National Electric Coordinator to carry out the international public bids for expansion projects, whether these are new or expansion projects. The bidding for the construction and execution

of projects for the expansion of existing facilities will be resolved according to the VI offered, and will be remunerated by the owner of the facility to the respective successful bidder, unlike what happens in the case of new projects, where the exploitation and execution rights will be awarded to the bidder that presents the lowest VATT for the tendered project.

Equivalent Transmission Charge

On July 20, 2016, Law No. 20,936 was published in the Official Gazette, which establishes a new Electric Transmission System and creates an independent Coordinating Body of the National Electric System. According to said legal body, end users will pay a single charge for the use of the transmission networks to their suppliers, who must deliver it to the transmitters, which will be the complement of the tariff income produced in the balances of injections and withdrawals of energy and power from the short-term market, to complete the VATT to which they are entitled.

However, Law No. 20,936 established two transitional periods of application. The first one extends from its publication date until December 31, 2018, in which the transmission companies must receive their remuneration according to the rule prior to the legal change, i.e., through the collection of transmission tolls from the generating companies and the tariff income mentioned above. The second period extends from January 1, 2019, to December 31, 2034, in which the National Transmission System will be remunerated in a mixed manner, partly under the old standard and partly under



the new standard. This transition period performs a gradual migration of both charging methodologies for said transmission system.

During the transition period, Law No. 20,936 established a mechanism under which generating companies could exempt themselves from the payment of injection tolls for the use of the National Transmission System through the modification of their supply contracts signed prior to the publication of such Law. According to the law, the generating companies had until July 2018 to agree with their customers a permanent reduction in the price of energy and power supply, for an amount equivalent to the injection toll. Such amount is called Equivalent Transmission Charge, hereinafter "CET", and had to be determined by the National Energy Commission for each individual energy and power supply contract of each generating company. According to the above, the fixing of single transmission charges for the first half of 2019 should contain the exemption of the injection tolls of the generating companies that had agreed with their customers the reduction of their supply contracts.

The CET pricing process culminated at the end of 2019, more than a year late. This meant that, during 2019, generating companies continued to pay their injection tolls to transmission companies. During the first half of 2020, the National Electric Coordinator re-settled the toll for the use of the National Transmission System, considering the agreements signed between the generating companies and their customers, by application of the CET mechanism.

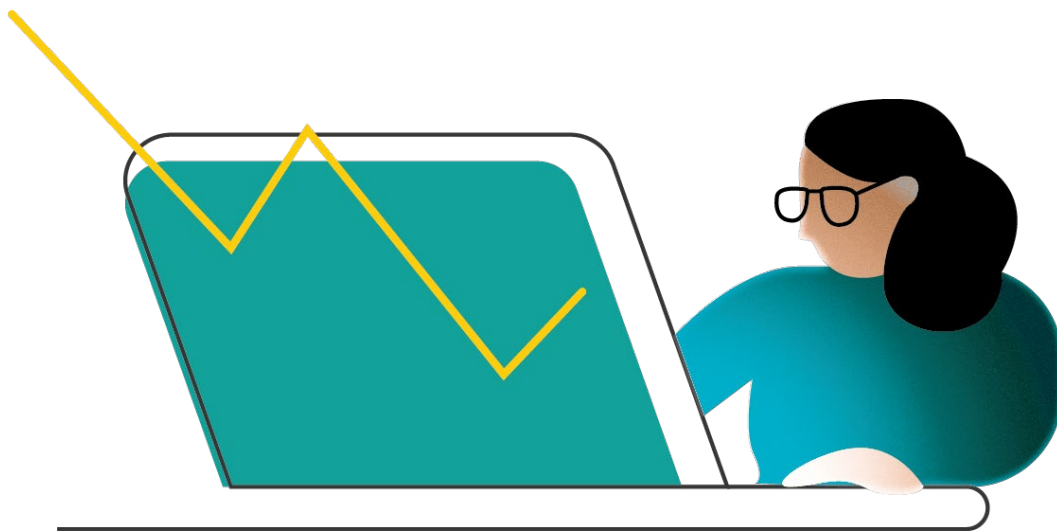
This re-settlement implied for Concesiones to pay the generating companies an amount of \$2,500 million in June 2020, which corresponds to a relevant part of the remuneration for the use of the National Transmission System for the year 2019. Starting in the second half of 2020, the National Energy Commission incorporated an adjustment to the single transmission charge to collect such remuneration for the year 2019. It is estimated that the total recovery of the amount will be reached by the end of 2022.

Project Awards

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

By virtue of said decree and the fact that said projects are in operation, the Company participates in the National Transmission System of the National Electric System defined by law and will have regulated revenues, according to the VATT offered within the bidding process of the Project.

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



- Exploitation and execution rights of the work "Line 2x220 kV Pichirropulli-Nueva Puerto Montt, energized in 220 kV" (the "Project") which is framed in the bidding process of the new projects indicated in the Exempt Decree No. 201 of the year 2014 of the Ministry of Energy.

It consists of the construction of a new 2x500 kV Pichirropulli - Nueva Puerto Montt transmission line, energized at 220 kV, including the necessary projects at 220 kV in the Nueva Puerto Montt and Pichirropulli substations. It includes the construction of the Nueva Puerto Montt substation and the sectioning of the 2x220 kV Rahue - Puerto Montt lines at the new substation.

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

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

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

National System Projects

During the year 2021 the development of projects was strongly affected by the Covid-19 pandemic. The main deviations are mainly explained by the implementation of sanitary measures required by the Health Authority, which resulted in:

- Impact on productive yields.
- Impacts on the process of obtaining the Electric Concession and Material Possession of the land.
- Delays in obtaining critical permits that allow the continuity of the works.
- Disruptions in logistics chains
- Restrictions in the movement of personnel
- Capacity limitations in food and lodging establishments, among others.

In this context, Transelec Concesiones has focused on containing project costs and during November 2021 obtained the approval by the Ministry of Energy of the request to increase the term of Relevant Milestone No. 5, corresponding to the construction of the 2x500 kV Pichirropulli - Tineo Line, defining April 2022 as the new date of entry into operation. This is the only project currently under construction.

New Projects

1. Studies

No new work studies were developed during the period.

2. Awards

No new construction projects were awarded during the period.

3. Projects Development

During the period, the development of the "New 2x500 kV Pichirropulli - Tineo Line" project continued, with a reference investment value of US\$ 81.51 million:

Decree	Project	VI Ref. (US\$ mill.)	Entry into Operation
0201/2014	New Line 2x500 kV Pichirropulli – Tineo	81.51	2nd Quarter, 2022

4. Entry into Operation

No new projects were energized during the period.

Expansion Projects

1. Studies

The National Electricity Coordinator initiated the bidding process for national expansion projects for a referential investment value of US\$33.33 million:

Decree	Project	VI Ref. (US\$ mill.)	Entry into Operation
0185/2021	Capacity Increase Line 2x220 kV Encuentro - Kimal	0.17	1st Quarter 2025
0185/2021	New Reactive Compensation Equipment in S/E Entre Ríos (STATCOM AT)	33.16	3rd Quarter 2025

2. Awards

No expansion projects were awarded during the period.

3. Projects Development

No expansion projects continued to be developed during the period.

4. Entry into Operation

No expansion projects were energized during the period.

Investment during 2021

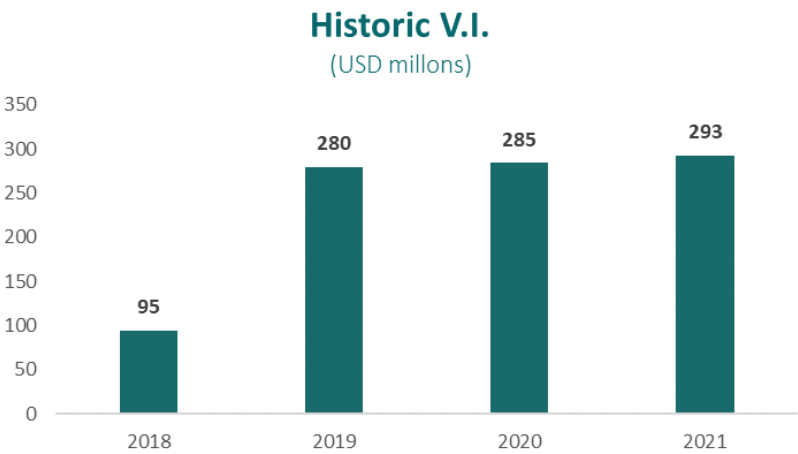
Type of Project	Real Investment (US\$ millions)
New Projects	34.06
Pull (*)	11.33
Total National System Projects	45.39

(*) Corresponds to payments made in 2021 for projects commissioned in 2020 or earlier.

Investment Value (VI)

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

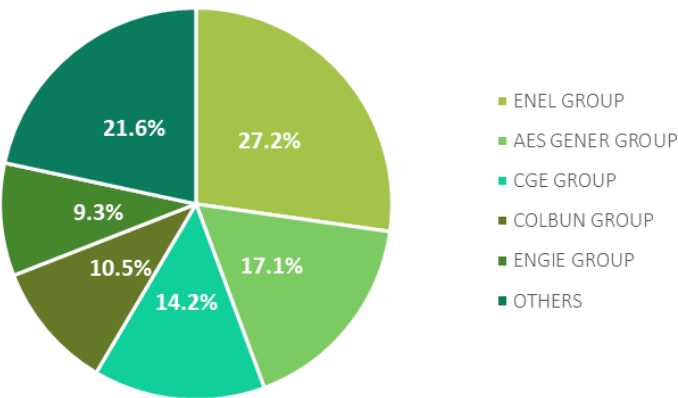
The valuation of the transmission facilities of Transelec Concesiones, as of December 31, 2021, amounts to US\$ 292.9 million.



Revenues

Transelec Concesiones' revenues amount to US\$ 23.28 million and correspond entirely to regulated revenues from the National Transmission System. The Coordinator determines the counterparties that must pay the revenues to the company in each period. The graph on the right shows the revenues divided according to the client from which they came during 2021:

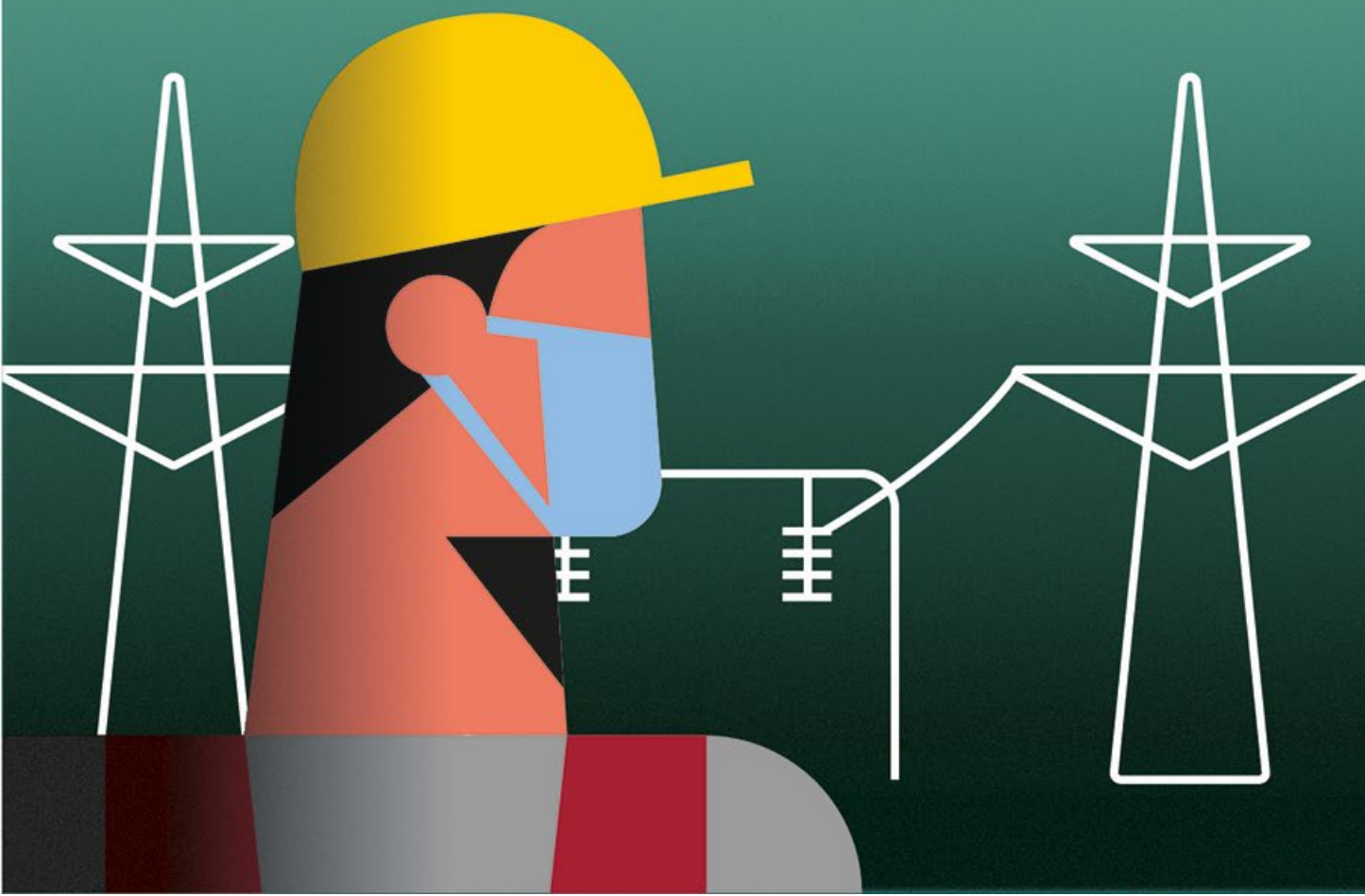
Transelec Concesiones Clients Share



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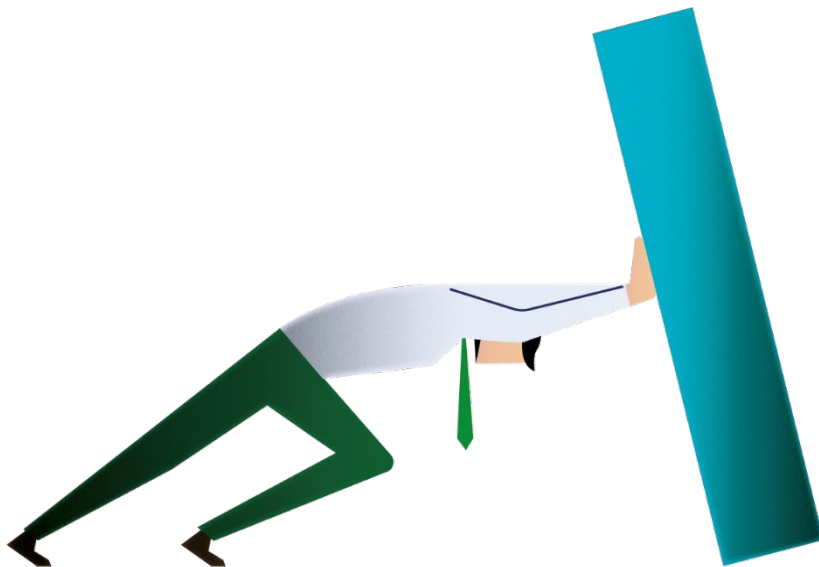
The Operation



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

Assets Management

In 2021, Transelec Concesiones continued to implement its operations and asset management strategy, maintaining its focus on the customer and risk management of the facilities. As part of the key activities, progress was made with the digital transformation initiatives associated with the replacement and optimal maintenance plan, in addition to updating the maintenance plans of the facilities. In addition, the implementation of an Asset Management System based on the ISO 55001 international standard was formally initiated. This is a key initiative for the development and evolution of the way in which Transelec's assets are managed.



These activities make it possible to define, prioritize and implement specific and dedicated measures and action plans to ensure the quality of service of each of the facilities through the renovation, modernization, and maintenance of the assets, which are activities leveraged by prioritized investments in OPEX and Sustainable CAPEX.

Assets Performance

During 2021, there were no deviations from regulatory compliance at Transelec Concesiones' facilities. However, a forced disconnection was recorded at the Entre Ríos substation (panel associated with the Charrúa - Entre Ríos 220 kV line), whose cause was due to SF6 gas leakage problems in GIS equipment, which has been managed with the manufacturer in order to determine its basic cause and prevent it from occurring again in the future.

Operation

Transelec's National Transmission Operation Center (CNOT) plays a fundamental role in ensuring service continuity. In 2014, its construction was completed with the highest safety standards, and allowed Transelec to centralize the real-time operation of its facilities and, subsequently, the facilities of Transelec Concesiones. In 2016, a competency management process was established for CNOT operators, a process that considered a survey of model skills. During 2020, thanks to the previous implementation of the Operator Training System (OTS), it has been possible to further improve the technical and behavioral performance of the operators in a controlled environment, through the simulation of extreme events and conditions, replicating the real characteristics of the system and its workplace.

In 2020, the Covid-19 pandemic forced Transelec to incorporate the necessary health measures to protect its personnel, making operational continuity a major challenge. The National Transmission Operation Center (CNOT) was a relevant part of the action plans, where the rigorousness of its implementation has been key to avoid community contagions and maintain the operational continuity of the control center.



Among these measures, it is worth mentioning the preparation of 26 people, including engineers and analysts, to temporarily assume the operation functions in case of any health contingency in the CNOT equipment.

During 2021, Transelec reinforced the preparation of personnel for the operation, in addition to consolidating the operation between the backup and main control center of the CNOT, allowing the isolation of the operation groups and thus avoiding community contagions, which allows us to be better prepared to face a health emergency scenario without compromising operational continuity.

Service Quality Indicators

The quality of service is one of the Company's strategic pillars, and its result is a consequence of the management that maintains and modernizes its assets, as well as its capacity to respond to incidents in the network.

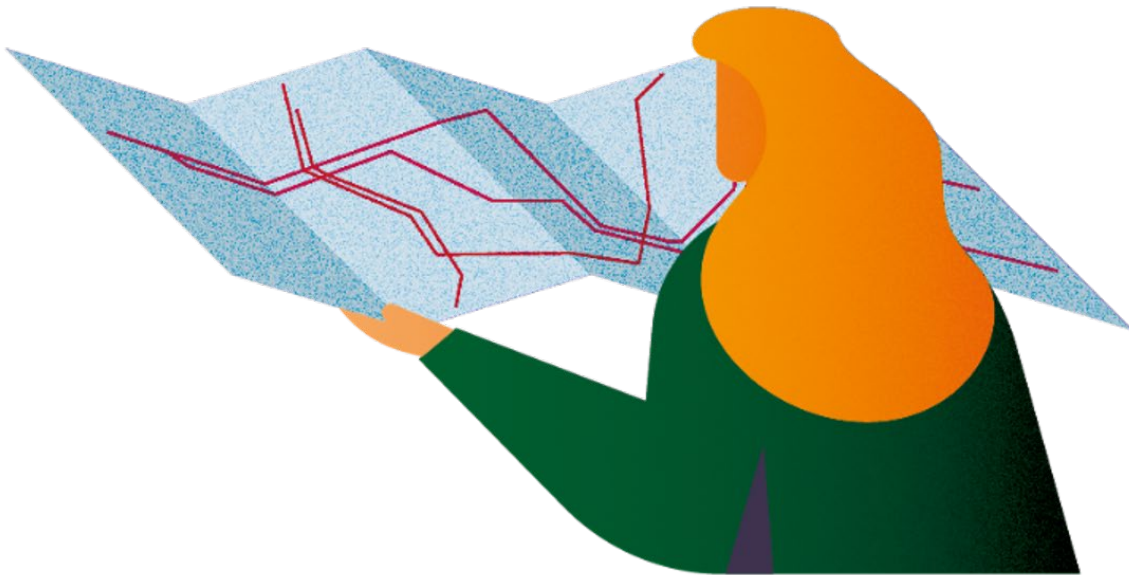
The evolution of the network topology, as well as the changes in quality standards, added to the increasingly demanding requirements of society, make Transelec

Concesiones continuously challenge itself to improve its performance.

As a result of the strategic change proposed in 2019, the way in which we measure Quality of Service was improved from 2021, allowing us to measure more effectively the effect on the end customer, changing the TEI for 3 strategic indicators:



- **SAIDI:** It is an indicator that measures the time that a locality was without electricity supply and, through it, the impact of Transelec Concesiones on the final customer is measured in the 13 most critical points of the system, either because of its historical performance or its most vulnerable topology. **RESULT: 0 hours.**
- **EAI:** High impact events consider all those supply interruptions to the final customer that exceed 1 hour in duration, regardless of the number of customers. **RESULT: 0 events.**
- **Compensations Exposure:** The purpose of this indicator is to quantify the impact that failures have on the end customer for Transelec Concesiones through compensations, which are ruled by regulation. **RESULT: 0 MMUS\$.**



Environment

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

Transelec Concesiones' operations are subject to Law No. 19,300/1994 on General Bases for the Environment ("Environmental Law") and its subsequent modifications. The Environmental Law requires that the owners of new projects or modifications of high voltage transmission lines and electrical substations submit to the Environmental Impact Assessment System (SEIA) and present Environmental Impact Studies (EIA) or Environmental Impact Statements (DIA), as appropriate, so that such projects are evaluated and environmentally qualified by the respective Environmental Assessment Commissions, and have as a final result the approval by means of an environmental qualification resolution. In addition, the regulations establish that the owner of the

project may request the Environmental Evaluation Service to issue an opinion on whether a project or its modification should be submitted to the SEIA. These submissions are called letters of relevance for submission to the SEIA.

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

On December 24, 2013, the updated Regulation of the Environmental Assessment System (D.S. N°40/2012) came into force, which establishes, among other matters, the requirements for the environmental impact assessment procedure for Environmental Impact Studies and Environmental Impact Statements and community participation, as well as consultation with indigenous peoples in such processes.

It should be noted that with the creation and entry into operation of the Environmental Courts on December 28,

2012, the supervisory and sanctioning capacity of the Superintendency of the Environment also came into full effect.

One of the great challenges in environmental matters has been the "New 2x500 kV Pichirropulli- Tineo Transmission Line" project, which obtained its Environmental Qualification Resolution (RCA) at the end of 2018. The project is in the construction stage.

Among the relevant environmental issues are the measures associated with flora and vegetation components. The challenge has been the reforestation of more than 80 hectares of native forest, and projects

associated with the reforestation of approximately another 20 hectares remaining to meet the obligations of the applicable regulations are still being implemented.

Other issues addressed during the execution of this project have been measures associated with cultural heritage and archeology, care and protection of birds and terrestrial fauna, industrial waste management, and the human environment. Consequently, a series of measures associated with communities within the project's area of influence have been developed.

Communities

Charrúa – Entre Ríos Substation

Since 2019, social investment projects have been developed with the communities surrounding the S/E Charrúa, which are Charrúa, El Progreso and Colicheu, and with the community surrounding the S/E Entre Ríos (Culenco). During 3 consecutive years (2019 - 2021), in these 4 locations we have carried out lines of work ranging from the financing of social investment projects in priority areas such as green areas, health infrastructure, schools and sports, to support to improve the conditions of social venues to facilitate meetings and have common spaces for recreation. Likewise, from 2020 and under pandemic conditions, in addition to social investment projects, we prioritized work in the areas of health

and hygiene, as well as the installation of internet in common spaces in the localities to improve their connectivity, and thus be able to continue working with our neighbors remotely, and that young people can use it to continue their studies.

During 2021, in addition, programs were developed to support entrepreneurs and provide training and equipment for energy efficiency in the 4 communities mentioned above.

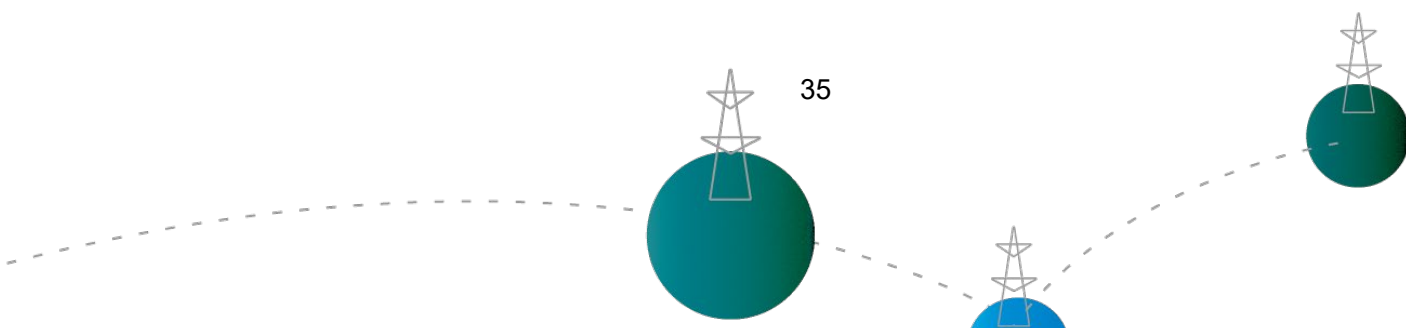
Pichirropulli – Tineo Transmission Line

In the context of the development of the "S/E Pichirropulli - S/E Tineo Transmission System" project, and as measures associated with compliance with the RCA of the project, social investment projects have been developed with communities neighboring the future facilities such as Paillaco, La unión, Río Bueno, San Pablo, Osorno, Río Negro, Purranque, Frutillar and Llanquihue. The voluntary environmental commitments incorporated into the environmental impact assessment (EIA) have been framed in 3 areas:

- Promotion of Tourism Activities
- Promotion of the Mapuche - Huilliche identity
- Local Economy and Employment Promotion

In 2020, there were decreases in the interaction with the communities due to the Covid-19 pandemic, however, the work with the communities continued and the program advanced while the risk of contagion was minimized.

As of December 2021, 100% of the commitments acquired by the Company in terms of community relations and social investment have been fulfilled.



5.

Finance

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Debt

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

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

In January 2020, Bank of China purchased part of MUFG's stake, and since then it has been one of the four banks in the financing.

The amount of this loan corresponds to a total of approximately US\$358 million, which includes disbursements already made and others that will occur in the future. As of December 31, 2021, a total of US\$199.5 million has been disbursed. No disbursements were made during 2021, due to the negotiation of some changes in the financing agreement.

The contract seeks to finance the Company's new construction projects: Nueva Charrúa substation and Pichirropulli - Nueva Puerto Montt, Los Changos - Nuevo Crucero Encuentro and Los Changos Kapatur transmission lines.

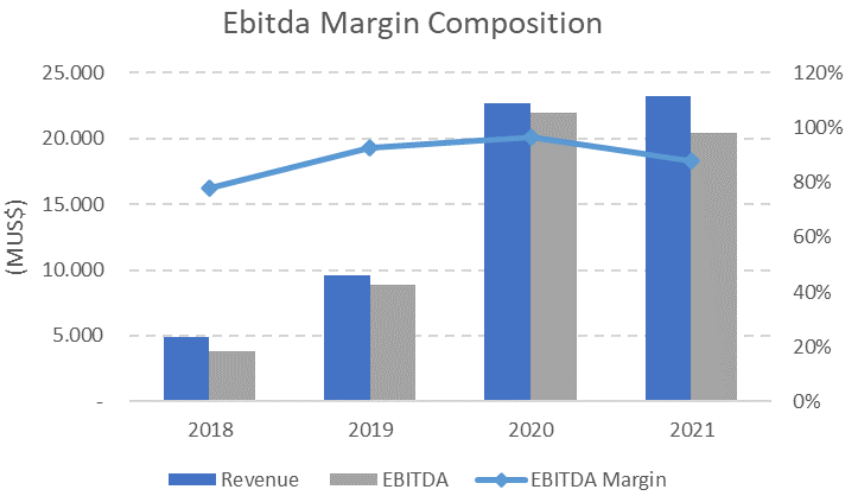
Revenues

The reality of the electricity industry in Chile and the regulatory changes established in 2004 favor both the stability of revenues and margins received by Transelec Concesiones. This is mainly due to the tariff scheme that governs the



industry, which provides a good level of certainty and low risk by generating revenues and margins that come 100% from take or pay type structures, with no risk of volume transported.

Transelec Concesiones' Ebitda was MUS\$ 20,464, slightly lower than in 2020. This, added to the 2.43% increase in revenues for the period, resulted in an Ebitda Margin of 87.9%, which is slightly lower than the previous year (96.7% in 2020). The year 2020 had some uncollected costs, which is why it presented a higher margin. The evolution of Transelec Concesiones' Ebitda margin composition over the last 4 years is presented below:



Investment and Financing Policy

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



Dividends Policy

On April 29, 2016, the Ordinary Shareholders' Meeting of the Company was held, at which it was agreed that, in accordance with the provisions of Article 79 of the Corporations Law, at least 30% of the net income of each year will be distributed.

This policy will remain in effect until it is changed by the Company's Board of Directors and reported at a new Ordinary Shareholders' Meeting.

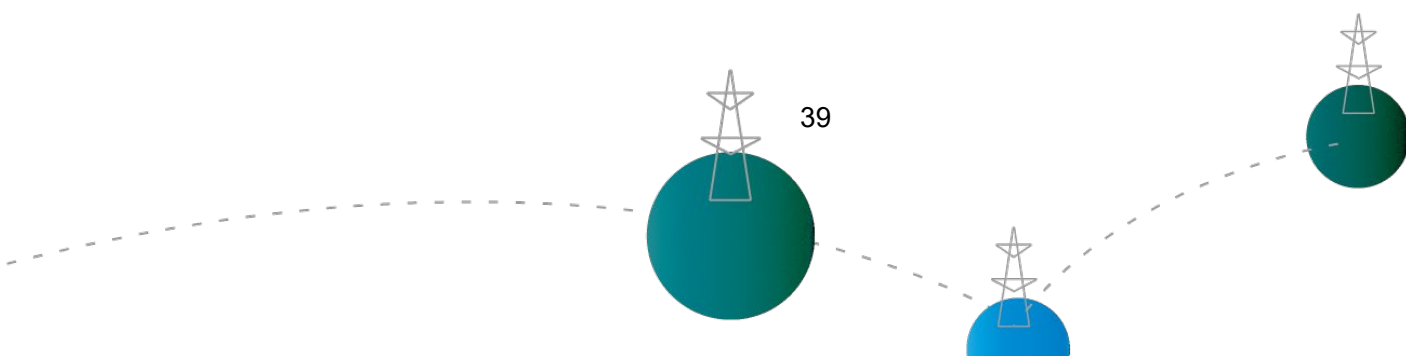
Risk Factors

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

Regulatory Framework

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

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



Transmission Service Interruption Penalties

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

Operative Risks

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

Environmental Institutionalility and Enforcement of Environmental Regulations and/or Policies

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

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

Delays in the Construction of New Transmission Facilities

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

Technology Changes

As mentioned above, the remuneration of the investments that Transelec Concesiones makes in electricity transmission facilities is obtained through an annuity of the valuation of existing facilities (AVI), at market prices, which are periodically recalculated according to the process

established by current regulations. periodically recalculated according to the process established in the current standard.

If there were important technological advances in the equipment that make up the company's facilities, this valuation could be reduced, which, at the same time, would prevent the total recovery of the investments made.



Financial Risks

i. Interest Rate Risk

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

ii. Exchange Rate Risk

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

iii. Liquidity Risk

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

iv. Credit Risk

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

However, revenues are highly concentrated in a few customers that make up a large part of Transelec Concesiones' projected cash flow. A material change in

the assets, financial condition and/or operating results of those particular companies could adversely affect the Company.

Other Risks

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

Relevant Facts

1. On March 31, 2021, and in compliance with the provisions of Article 9 and the second paragraph of Article 10 of Law No. 18,045, on the Securities Market, the following essential fact was reported:

That the Board of Directors of Transelec Concesiones S.A., in a meeting held on March 29, 2021, agreed to report as an essential fact the summons to an ordinary shareholders' meeting for April 27, 2021, to submit for the knowledge and approval of the shareholders, the following matters:

- Annual Report, Balance Sheet, Financial Statements and Report of Independent Auditors for the period ended December 31, 2020.
- Distribution of final dividends.
- Appointment of External Auditors.
- Journal to call Shareholders Meetings.

- Resolutions adopted by the Board of Directors on matters contained in Articles 146 and following of the Corporations Law.
- Other matters of interest to the Company and within the competence of the Board.

2. On April 27, 2021, and in compliance with the provisions of Article 9 and the second paragraph of Article 10 of Law No. 18,045, on the Securities Market, the following essential fact was reported:

That on April 27, 2021, the ordinary shareholders' meeting of the Company was held, at which it was resolved as follows:

- To approve the Annual Report, the Balance Sheet, the Financial Statements and the External Auditors' Report, corresponding to the period ended December 31, 2019.
- In relation to the final dividend, it was informed that there are no profits to be distributed for the period ended December 31, 2020.
- Approve the appointment of the firm Deloitte as external auditors of the Company for the fiscal year 2021.
- Approve the designation of Diario Financiero to publish the notices of shareholders' meetings.
- The resolutions adopted by the Board of Directors on matters contained in Articles 146 and following of the Corporations Law were reported.

3. On June 6, 2021, and in compliance with the provisions of Article 9 and the second paragraph of Article 10 of Law No. 18,045, on the Securities Market, it was reported that on May 31, 2021, at the Ordinary Board of Directors' Meeting No. 33 of Transelec Concesiones S.A., Mr. Francisco Castro Crichton was elected as Chairman of the Board of Directors.

6.

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Financial Statements



TRANSELEC CONCESIONES S.A.

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

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.

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

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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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	12-31-2020
		ThUS\$	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

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

LIABILITIES	Note	12-31-2021	12-31-2020
		ThUS\$	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	01-01-2020
		12-31-2021	12-31-2020
		ThUS\$	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

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)

STATEMENT OF COMPREHENSIVE RESULTS	01-01-2021	01-01-2020
	12-31-2021	12-31-2020
	ThUS\$	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)

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

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 of 12-31-2020	16	5,000	(43,178)	(43,178)	7,807	(30,371)	(30,371)

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

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)
FI 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

NOTES TO THE FINANCIAL STATEMENTS
TRANSELEC CONCESIONES S.A.
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Note 1 - GENERAL INFORMATION

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

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

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

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.

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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 Statements is the responsibility of the Company's management.

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

NOTES TO THE FINANCIAL STATEMENTS
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(In thousands of US dollars (ThUS\$))
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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.

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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.

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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)

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).

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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)

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.

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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)

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.

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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)

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.

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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.

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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.

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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.

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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.

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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.

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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.

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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.

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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.

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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.

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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.

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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.

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Note 3 - RISK MANAGEMENT POLICY

3.1 Financial Risk

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

3.1.1 Market risk

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

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Note 3 - RISK MANAGEMENT POLICY (continued)

3.1.1.2 Exchange Rate Risk

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

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

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

3.1.2 Sensitivity analysis

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

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Note 3 - RISK MANAGEMENT POLICY (CONTINUED)

3.1.3 Credit Risk

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

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

Item	12-31-2021	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.

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

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

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

- The estimates of recoverable values of assets and goodwill to determine potential existence of impairment losses;
- The useful lives and residual values of 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.

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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.

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Note 7 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES

7.1 Balances and transactions with related companies

7.1.1 Accounts receivable from related 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.

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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.

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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	-	-

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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.

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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)

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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

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

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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

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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.

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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:

Creditor	Country	Currency	Effective interest rate	Maturity	Periodicity	31.12.2021	31.12.2020
						THUS\$	THUS\$
Export Development Canada	Canadá	US\$	2.67%	Dic 15, 2036	Half-yearly	185,888	184,937
KfW IPEX-Bank Gmbh	Alemania						
MUFG Bank Ltd.	United States China						
						185,888	184,937

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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

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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.

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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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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

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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

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

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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 (Transelect 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)

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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.

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

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

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

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

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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	01-01-2020
	12-31-2021	12-31-2020
	THUS\$	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	01-01-2020
	12-31-2021	12-31-2020
	THUS\$	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)

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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	01-01-2020
	12-31-2021	12-31-2020
	THUS\$	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	01-01-2020
	12-31-2021	12-31-2020
	THUS\$	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	01-01-2020
	12-31-2021	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%

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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.

7.

concesiones s.a.
transelec

Reasoned Analysis



Reasoned Analysis

Executive Summary

Transelec Concesiones has been awarded three new construction projects in the National Transmission System.

As of December 31, 2021, the following projects are operational:

- "New Line 2x500 kV 1500 MW between S/E Los Changos and S/E Nueva Crucero Encuentro, Autotransformer Banks 2x750 MVA 500/220 kV in S/E Nueva Crucero Encuentro, 750 MVA 500/220 kV Autotransformer Banks at S/E Los Changos (Stage I) and New 2x220 kV 1500 MW Line between S/E Los Changos and S/E Kapatur (Stage II)", recognizing the entry into operation of Stage I in the last quarter of 2017 and Stage II in the last quarter of 2019.
- Nueva Charrúa substation, recognizing the entry into operation in the third quarter of 2018.

On the other hand, progress has continued in the construction of the remaining project "Line 2x500 kV Pichirropulli - Nueva Puerto Montt".

As of December 31, 2021, Transelec Concesiones has financing for its projects, through the Project Finance modality with the participation of the banks MUFG, EDC, KfW and Bank of China. Disbursements totaling US\$199 million have already been received, which corresponds to part of the complete financing of the project, however, no disbursement has been made during 2021.

The CET (Transmission Equivalent Charge) is a transitory process that occurred due to the change of the transmission paying agent according to the 2016 Transmission Law. In June 2020, Transelec Concesiones made the payment of the CET (CLP2.5 billion) to the generation companies. This amount does not affect the Income Statement, and for free customers began to be recovered in the third quarter of 2020. It is estimated that the total recovery of the amount will be reached by the end of 2022.

Income Statement Analysis

As of December 31, 2021, Revenues from Ordinary Activities reached MUS\$23,276, presenting an increase of 2.43% in relation to the same period of 2020 (MUS\$22,723). This increase is fully due to the indexation effect of regulated revenues.

As of December 31, 2021, Transelec Concesiones recorded an EBITDA of MUS\$20,464, 6.8% lower than that obtained in 2020 (MUS\$21,967). The decrease in EBITDA was due to the increase in administrative expenses during the period, mainly expenses for Operation and Maintenance services provided by Transelec (+MUS\$2.400 approx.) corresponding to 2020 but charged in 2021.

In the Non-Operating Result as of December 2021, there is a relevant increase in the loss from Exchange Difference, which reached - MUS\$2,667, compared to the gain of MUS\$775 in 2020. This was mainly due to the depreciation of the CLP during the year, which impacted the value of the Company's Recoverable Taxes.

The Profit for the Period (Earnings) obtained by the Company as of December 31, 2021 was MUS\$1,528, registering a drop of 68.7% in relation to 2020, in which a profit of MUS\$4,883 was recorded.

Balance Sheet Analysis

As of December 31, 2021, Assets amounted to MUS\$426,378, presenting an increase of 9.5% compared to the same period of 2020 (MUS\$389,279). The increase in Assets is explained, on the one hand, by an increase in Non-Current Assets associated to Property, Plant and Equipment due to the progress of the projects under construction, and, on the other hand, by an increase in the Cash and cash equivalents.

As of December 31, 2021, Liabilities and Shareholders' Equity reached MUS\$426,378, higher than the same period of 2020 (MUS\$389,279). The increase in total Liabilities and Shareholders' Equity is mostly due to an increase in Accounts Payable to Related Entities (both current and non-current), which were affected by project financing. A large part of the increase in the Equity account is due to the improvement in the mark-to-market position resulting from derivatives contracted by the company that act under hedge accounting to mitigate exposure to financial risks.

Cash Flow Analysis

As of December 31, 2021, the cash flow used in operating activities reached a cash inflow of MUS\$16,747, which is 63.4% lower than the same flow of the previous year, mainly explained by the VAT refund that occurred in 2020 that affected the account of Other Collections from Operating Activities, for approximately US\$35 million.

During the same year, the cash flow used in investing activities was a disbursement of MUS\$38,733, which is due to the disbursements required to continue developing its projects under construction.

As of December 2021, the cash flow from financing activities reached MUS\$39,325. The flow is mainly explained by the positive difference between the loans received from related entities and the payments made for this concept.

Electric Transmission Market

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

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

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

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

1. New functional definition of the Transmission Systems.

2. New long-term Energy Planning and Transmission Planning process.
3. New pricing and remuneration scheme for the different segments of the Transmission System.
4. Preliminary definition of transmission line layouts for certain new projects, through a Strip Study Procedure, in charge of the Ministry of Energy.
5. New universal Open Access regime.
6. New regulation of compensation to end users for unauthorized unavailability of supply, based on security supply, based on previously established safety and quality standards.
7. Creates a new Independent Coordinator of the National Electric System, hereinafter the Coordinator, which replaces the former Economic Load Dispatch Centers (CDECs).

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

Risk Factors

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

Regulatory Framework

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

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

Transmission Service Interruption Penalties

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

Operational Risks

Notwithstanding that management believes that Transelec Concesiones maintains adequate risk coverage in accordance with industry practices, there can be no assurance that the preventive actions and mitigations implemented (asset management, buffer strip management, insurance policies, etc.) will be sufficient to cover certain operating risks,

including forces of nature, damage to transmission facilities, cybersecurity incidents, labor accidents and equipment failures. Any of these events could affect the company's financial statements.

Environmental Institutional and Enforcement of Environmental Regulations and/or Policies

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

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

Delays in the Construction of New Transmission Facilities

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

Technology Changes

As mentioned above, the remuneration of the investments that Transelec Concesiones makes in electricity transmission facilities is obtained through an annuity of the valuation of existing facilities (AVI), at market prices, which are periodically

recalculated according to the process established in the current regulations. If there were important technological advances in the equipment that make up the company's facilities, this valuation could be reduced, which, at the same time, would prevent the total recovery of the investments made.

Financial Risks

Interest Rate Risk

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

Exchange Rate Risk

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

Liquidity Risk

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

Credit Risk

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

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

Other Risks

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

10.

Liability Statement

concesiones s.a.
transelec



RESPONSIBILITY STATEMENT


Both the Directors and the CEO of Transelec Concesiones S.A., which are signing this declaration, are responsible, under oath, regarding the accuracy of the information provided in this 2021 Annual Report, pursuant to General Norm No. 30, issued by the Superintendency of Securities and Insurance, today the Commission for the Financial Market.



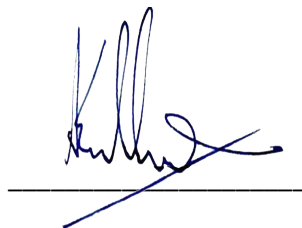
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Arturo Le Blanc (Mar 29, 2022 22:17 ADT)

Arturo Le Blanc Cerda
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Andrés Kuhlmann Jahn
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