Interim Consolidated Financial Statements Unaudited

TRANSELEC S.A. AND SUBSIDIARY

Santiago, Chile
September 30, 2021 and as of December 31, 2020

Interim Consolidated Financial Statements Unaudited

TRANSELEC S.A. AND SUBSIDIARY

As of September 30, 2021 and December 31, 2020 and for the nine-month and three-month periods ended September 30, 2021 and 2020

(Translation of the Financial Statements originally issued in Spanish)

$	:	Chilean Pesos
ThCh$	:	Thousands of 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.
US$	:	US Dollars
ThUS$	:	Thousands of US Dollars

Interim Consolidated Financial Statements
TRANSELEC S.A. AND SUBSIDIARY

As of September 30, 2021 and December 31, 2020 and for the nine-month and three-month periods ended September 30, 2021 and 2020 (Unaudited)

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TRANSELEC S.A. AND SUBSIDIARY

Interim Consolidated Statements of Financial Position
As of September 30, 2021 and December 31, 2020 (Unaudited)
Expressed in thousands of Chilean pesos (ThCh$)
Translation of financial statements originally issued in Spanish-See Note 2.1

ASSETS	Note	09/30/2021 ThCh$	12/31/2020 ThCh$
CURRENT ASSETS			
Cash and cash equivalents	5	182,682,080	105,840,150
Other financial assets	8	1,609,576	1,149,191
Other non-financial assets	12	9,072,026	10,106,103
Trade and other receivables	6	96,765,750	119,373,154
Receivables from related parties	7	3,391,387	1,633,280
Inventory		617,372	428,238
Total current assets		294,138,191	238,530,116
NON-CURRENT ASSETS			
Other non-current financial assets	8	199,093,421	72,566,466
Other non-current non-financial assets		8,141,138	8,052,091
Receivables from related parties, non-current	7	233,315,787	206,388,399
Intangible assets other than goodwill	9	185,582,869	183,143,503
Goodwill	10	343,059,078	343,059,078
Property, plant and equipment, net	11	1,776,248,189	1,692,276,111
Total non-current assets		2,745,440,482	2,505,485,648
Total Assets		3,039,578,673	2,744,015,764

TRANSELEC S.A. AND SUBSIDIARY

Interim Consolidated Statements of Financial Position
As of September 30, 2021 and December 31, 2020 (Unaudited)
Expressed in thousands of Chilean pesos (ThCh$)
Translation of financial statements originally issued in Spanish-See Note 2.1

EQUITY AND LIABILITIES	Note	09/30/2021 ThCh$	12/31/2020 ThCh$
CURRENT LIABILITIES			
Other financial liabilities	14	21,012,810	24,508,712
Trade and other payables	15	112,947,795	56,778,382
Accounts payable related entities	7	-	28,722,472
Provisions for employee benefits, current	18	6,523,968	9,419,762
Other non-financial liabilities		8,356,823	5,288,022
Total current liabilities		**148,841,396**	**124,717,350**
NON-CURRENT LIABILITIES			
Other financial liabilities	14	1,648,165,564	1,517,636,647
Deferred tax liabilities	13	239,004,112	200,346,628
Provisions for employee benefits	18	3,472,839	3,472,839
Other non-financial liabilities		4,453,829	4,752,008
Total non-current liabilities		**1,895,096,344**	**1,726,208,122**
Total liabilities		**2,043,937,740**	**1,850,925,472**
EQUITY			
Paid-in capital	20	776,355,048	776,355,048
Retained earnings		201,281,565	134,234,420
Other reserves	20	18,004,320	(17,499,176)
Total equity attributable to owners of the parent		**995,640,933**	**893,090,292**
Non-controlling interest		-	-
Total equity		**995,640,933**	**893,090,292**
Total equity and liabilities		**3,039,578,673**	**2,744,015,764**

TRANSELEC S.A. AND SUBSIDIARY

Interim Consolidated Statements of Comprehensive Income by Function
For the periods of nine and three months ended September 30, 2021 and 2020 (Unaudited)
Expressed in thousands of Chilean pesos (ThCh$)
Translation of financial statements originally issued in Spanish-See Note 2.1

Statement of comprehensive income by function	Note	01/01/21 09/30/2021 ThCh$	01/01/20 09/30/2020 ThCh$	07/01/21 09/30/2021 ThCh$	07/01/20 09/30/2020 ThCh$
Operating revenues	21	245,614,188	253,723,155	86,689,984	82,536,549
Cost of sales	22	(63,956,773)	(68,667,755)	(20,964,819)	(22,907,744)
Gross margin		**181,657,415**	**185,055,400**	**65,725,165**	**59,628,805**
Administrative expenses	22	(18,137,057)	(16,330,289)	(6,543,886)	(6,231,274)
Other gains		1,276,951	699,774	118,153	210,258
Financial income	22	6,639,491	8,880,879	2,450,925	2,409,854
Financial expenses	22	(51,897,821)	(57,754,098)	(17,128,880)	(19,470,455)
Foreign exchange differences	22	331,879	521,408	152,217	92,913
Income by indexed units	22	(27,280,455)	(10,669,065)	(10,139,217)	(283,940)
Profit Before Tax		**92,590,403**	**110,404,009**	**34,634,477**	**36,356,161**
Income tax expense	23	(25,542,730)	(30,021,933)	(9,774,929)	(9,697,625)
Profit from continuing operations		**67,047,673**	**80,382,076**	**24,859,548**	**26,658,536**
Profit (loss) from discontinued operations		-	-	-	-
Profit		**67,047,673**	**80,382,076**	**24,859,548**	**26,658,536**
Profit attributable to owners of the parent		67,047,673	80,382,076	24,859,548	26,658,536
Profit		**67,047,673**	**80,382,076**	**24,859,548**	**26,658,536**

Earnings per share					
Basic earnings per share/diluted from continuing operations (Ch$/sh)	24	67,048	80,382	24,860	26,659
Basic earnings per share/diluted (Ch$/sh)		**67,048**	**80,382**	**24,860**	**26,6597**

TRANSELEC S.A. AND SUBSIDIARY

Interim Consolidated Statements of Comprehensive Income by Function
For the periods of nine and three months ended September 30, 2021 and 2020 (Unaudited)
Expressed in thousands of Chilean pesos (ThCh$)
Translation of financial statements originally issued in Spanish-See Note 2.1

OTHER COMPREHENSIVE INCOME		01/01/2021 09/30/2021	01/01/2020 09/30/2020	07/01/2021 09/30/2021	07/01/2020 09/30/2020
		ThCh$	ThCh$	ThCh$	ThCh$
Total income (losses) for the year		67,047,673	80,382,076	24,859,548	26,658,536
Components of other comprehensive income that may be reclassified to income:					
(Loss) from foreign currency translation		-	(222,567)	-	(74,189)
(Loss) from cash flow hedges		48,634,926	16,511,501	27,946,803	544,434
Components of other comprehensive (loss) income that may be reclassified to income before taxes		48,634,926	16,288,934	27,946,803	470,245
Income taxes related to components of other comprehensive income that may be reclassified to income:					
Income taxes related to components of foreign currency translation		-	60,093	-	20,031
Income tax effect related to cash flow hedges		(13,131,430)	(4,458,105)	(7,545,637)	(146,997)
Total Income taxes related to components of other comprehensive income that may be reclassified to income		(13,131,430)	(4,398,012)	(7,545,637)	(126,966)
Other comprehensive (loss) for the year		35,503,496	11,890,922	20,401,166	343,279
Comprehensive income (loss) for the year		102,551,169	92,272,998	45,260,714	27,001,815
Comprehensive income (loss) attributable to:					
Comprehensive income attributable to owners of the Company		102,551,169	92,272,998	45,260,714	27,001,815
Comprehensive income attributable to non-controlling interests		-	-	-	-
Total comprehensive income (loss) for the year		**102,551,169**	**92,272,998**	**45,260,714**	**27,001,815**

TRANSELEC S.A. AND SUBSIDIARY

Interim Consolidated Statement of Changes in Equity
For the nine-month periods ended September 30, 2021 and 2020 (Unaudited)
Expressed in thousands of Chilean pesos (ThCh$)
Translation of financial statements originally issued in Spanish-See Note 2.1

Movements	Note	Paid-in capital	Reserve for foreing translation adjustment	Reserve for cash flow hedges	Actuarial Losses	Total Other reserves	Accumulated gains (losses)	Equity attributable to owners of the parent	Total Equity
		ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Opening balance as of 01/01/2021		**776,355,048**	**-**	**(18,042,030)**	**542,854**	**(17,499,176)**	**134,234,420**	**893,090,292**	**893,090,292**
Changes in equity:									
Comprehensive income:									
Profit		-	-	-	-	-	67,047,673	67,047,673	67,047,673
Other comprehensive income		-	-	35,503,496	-	35,503,496	-	35,503,496	35,503,496
Total comprehensive income		-	-	35,503,496	-	35,503,496	67,047,673	102,551,169	102,551,169
Dividends		-	-	-	-	-	(528)	(528)	(528)
Total changes in equity		-	-	35,503,496	-	35,503,496	67,047,145	102,550,641	102,550,641
Closing balance on 09/30/2021 Unaudited	**20**	**776,355,048**	**-**	**17,461,466**	**542,854**	**18,004,320**	**201,281,565**	**995,640,933**	**995,640,933**

Movements	Note	Paid-in capital	Reserve for foreing translation adjustment	Reserve for cash flow hedges	Actuarial Losses	Total Other reserves	Accumulated gains (losses)	Equity attributable to owners of the parent	Total Equity
		ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Opening balance as of 01/01/2020		**776,355,048**	**216,632**	**(40,570,859)**	**405,358**	**(39,948,869)**	**110,543,991**	**846,950,170**	**846,950,170**
Changes in equity:									
Comprehensive income:									
Profit		-	-	-	-	-	80,382,076	80,382,076	80,382,076
Other comprehensive income		-	(162,474)	12,053,396	-	11,890,922	-	11,890,922	11,890,922
Total comprehensive income		-	(162,474)	12,053,396	-	11,890,922	80,382,076	92,272,998	92,272,998
Dividends		-	-	-	-	-	(43,852,484)	(43,852,484)	(43,852,484)
Total changes in equity		-	(162,474)	12,053,396	-	11,890,922	36,529,592	48,420,514	48,420,514
Closing balance on 09/30/2020 Unaudited	**20**	**776,355,048**	**54,158**	**(28,517,463)**	**405,358**	**(28,057,947)**	**147,073,583**	**895,370,684**	**895,370,684**

The accompanying notes number 1 to 30 form an integral part of these Interim Consolidated Financial Statements

TRANSELEC S.A. AND SUBSIDIARY

Interim Consolidated Statements of Cash Flows
For the nine-month periods ended September 30, 2021 and 2020 (Unaudited)
Expressed in thousands of Chilean pesos (ThCh$)
Translation of financial statements originally issued in Spanish-See Note 2.1

Direct Statement of Cash Flows	Note	09/30/2021 ThCh$	09/30/2020 ThCh$
Cash flows provided by (used in) operating activities			
Classes of receipts from operating activities			
Cash receipts from sales of goods and services		420,269,354	324,911,178
Cash receipts from related party for services rendered		5,883,204	7,838,275
Cash receipts from related party for interest received		4,156,095	4,518,231
Other proceeds from operating activities		321,443	58,790
Classes of payments			
Payments to suppliers for goods and services		(16,642,683)	(106,071,690)
Payments of interest for rights of use		(50,394)	(44,559)
Other payments for operating activities		(69,324,074)	(47,195,659)
Payments to and on behalf of employees		(16,827,143)	(13,721,212)
Interest paid		(60,864,167)	(62,713,969)
Net cash flows provided by operating activities		266,921,635	107,579,385
Cash Flows Provided by (Used in) Investing Activities			
Additions of property, plant and equipment		(161,284,220)	(162,678,782)
Loan collection to related entities		-	29,180,023
Accounts receivable from related entities - mercantile		-	(106,202)
Collections to related entities		28,818,987	44,451,714
Payments made to related entities		(28,818,987)	(34,798,213)
Net cash flows used in investing activities		(161,284,220)	(123,951,460)
Cash Flows Provided by (Used in) Financing Activities			
Loan Payment		-	75,706,000
Payment for rights of use		(1,081,658)	(1,087,186)
Dividends paid	20.3	(28,723,000)	(43,852,484)
Net cash flows from (used in) financing activities		**(29,804,658)**	**30,766,330**
Net Increase in Cash and Cash Equivalents, before exchange effect		**75,832,757**	**14,394,255**
Effect of the change in the exchange rate		1,009,173	7,851,108
Net Increase (Decrease) in Cash and Cash Equivalents		76,841,930	22,245,363
Cash and Cash Equivalents, at the beginning of the period	5	105,840,150	108,642,362
Cash and Cash Equivalents, at the ending of the period	5	**182,682,080**	**130,887,725**

1 - GENERAL INFORMATION

Rentas Eléctricas III Limitada was formed as a limited liability company by public deed on June 6, 2006. According to public deed dated May 9, 2007, the Company acquired 100 shares owned by Transelec Holdings Rentas Limitada, corresponding to 0.01% of the share capital of Transelec S.A. (formerly Nueva Transelec S.A.), leaving the Company with 100% ownership. Thus, the merger took place by absorption, and the assets, liabilities, rights and obligations of Transelec S.A. (formerly Nueva Transelec S.A.) passed to the Company. In this way, the Company directly assumed operation of the electricity transmission business previously conducted by the aforementioned subsidiary.

On March 26, 2007, it changed its name to Rentas Eléctricas III S.A. and became a corporation and June 30, 2007, Rentas Eléctricas III S.A. changed its name to its current name, Transelec S.A. (here and after “the Company” or “Transelec”).

On May 16, 2007, the Company was listed under number 974 in the Securities Registry of the Commission for the Financial Market (CMF) and is subject to its supervision. Simultaneously, it registered 1,000,000 shares, which corresponds to the total number of shares issued, subscribed and fully paid.

On December 1, 2014, Transelec S.A., merged with its subsidiary Transelec Norte S.A. through an acquisition of 0.01% of the shares of Transelec Norte S.A. owned by Transelec Holdings Rentas Limitada, becoming the owner of the 100% shares.

On September 1, 2015, Transelec S.A merged with its subsidiary Inversiones Electricas Transam Chile Ltda., which on August 1, 2015, had absorbed its subsidiaries: Transmisora Huepil Ltda, Transmisora Abenor Ltda y Transmisora Araucana de Electricidad Ltda. Through the acquisition of the investment complement which completes 100% of the ownership, in the merger processes mentioned above.

On March 31, 2017, Transelec S.A acquired 100% shares of the company Transmisión Del Melado SpA.; thus, taking control of this entity during April 2017. For this reason, Transelec S.A. changes from preparing the individual financial statements as of December 31, 2016, to preparing Interim Consolidated Financial Statements as of June 30, 2017.

The Company is domiciled at Orinoco No. 90, floor 14, 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 ETC Transmission Holdings S.L.

1 - GENERAL INFORMATION (continued)

The Interim Consolidated Financial Statements of the Company for the period ended September 30, 2021, were approved by the Board at its meeting N° 222 held on November 24, 2021.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

The principal accounting policies applied in preparing the Interim Consolidated Financial Statements are detailed below. These policies have been based on IFRS in effect as of September 30, 2021, and applied uniformly for the periods presented.

2.1 Basis of preparation of the Interim Consolidated Financial Statements

These Interim Consolidated Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), taking into account the presentation regulations of the CMF, which are not in conflict with IFRS.

These Interim Consolidated Financial Statements have been prepared from the accounting records maintained by the Company. The figures in these Interim Consolidated Financial Statements and their notes are expressed in thousands of Chilean pesos.

In preparing these Interim Consolidated Financial Statements, certain critical accounting estimates have been used to quantify some assets, liabilities, income and expenses. IFRS also requires management to exercise its judgment in the process of applying Transelec's accounting policies. Areas involving a greater degree of judgment or complexity or areas in which assumptions and estimates are significant for these Interim Consolidated Financial Statements are described in Note 4.

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

The accounting policies adopted in the preparation of the Interim Consolidated Financial Statements are consistent with those applied in the preparation of the annual individual financial statements of the Company for the year ended December 31, 2020, which did not materially affect the Interim Consolidated Financial Statements.

The Company made reclassifications to its financial statements regarding balances as of December 31, 2020. However, these reclassifications do not have a significant effect due to the fact 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.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (continued)

2.2 Basis of Consolidation of the Interim Consolidated Financial Statements

The Interim Consolidated Financial Statements comprise the financial statements of the Parent Company and its subsidiary, including all its assets, liabilities, revenue, expenses and cash flows after carrying out the amendments and eliminations related to the transactions between the companies that form part of the consolidation.

A subsidiary is a company over which Transelec S.A. exercises control in accordance with IFRS 10. In order to comply with the definition of control according to IFRS 10, three criteria must be complied with, namely: (a) an investor has the power over the relevant activities of the investee, (b) the investor is exposed, or has rights to, variable returns from the share in the investee, (c) the investor has the ability to use its power over the investee to exercise influence over the amount of income of the investor. Non-controlling interest represents the amount of net assets and profit or loss that are not property of the Parent Company, which is presented separately in the comprehensive income statement and within equity in the consolidated statement of financial situation.

Acquisition of a subsidiary is recorded in accordance with IFRS 3 “Business Combinations”, using the equity method. This method requires the recognition of identifiable assets (including intangible assets previously unrecognized and goodwill) and liabilities acquired at fair value on the acquisition date. Non-controlling interest is recognized by the portion owned by minority shareholders on the value of recognized assets and liabilities.

The excess of acquisition cost on the fair value of the share of the Company in the acquired identifiable net assets is recognized as goodwill. If the acquisition cost is less than the fair value of the net assets of the acquired subsidiary, the difference is recognized directly in the income statement.

The financial statements of the subsidiary have been prepared on the same date as those of the Parent Company and the accounting policies have been applied uniformly, considering the specific nature of each business unit.

The information regarding the entity in which the Company has control and that forms part of the consolidation is detailed as follows:

TAX ID Number (RUT)	Subsidiary	Participation Share		Country of origin	Functional currency
		09/30/2021	12/31/2020		
76.538.831-7	Transmisión del Melado SpA	100%	100%	Chile	Ch$

2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (continued)

2.3 New standards and interpretations accounting

The following new standards, amendments and interpretations has been adopted in this Interim Consolidated Financial Statements:

IFRS	New standards, amendments and interpretations	Date of obligatory application
IFRS 4 - IFRS 7 - IFRS 9 - IFRS 16 - IAS 39	Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 4, IFRS 7, IFRS 9, IFRS 16, IAS 39)	January 01, 2021
IFRS 16	COVID-19 Related Rent Concessions beyond 30 June 2021 (Amendments 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 Interim Consolidated 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 1, 2023

2.3.1. New Standards

IFRS 17 Insurance policies

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation, and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. The new standard applies to all types of insurance contracts, regardless of the type of entities that issue them.

IFRS 17 is effective for reporting periods starting on or after January 1, 2021, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15.

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.

The Company is currently evaluating the impact that this new standard could generate.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (continued)

2.3 New standards and interpretations accounting (continued)

2.3.2 Enhancements and Modifications

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

IFRS	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 provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments affect only the presentation of liabilities in the statement of financial position — not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items. The amendments:

i. clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability;

ii. clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and

iii. make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and are to be applied retrospectively. Earlier application is permitted.

The Company is currently evaluating the impact that this new standard could generate.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (continued)

2.3.2 Enhancements and Modifications (continued)

Reference to the Conceptual Framework (Amendments to IFRS 3)

The changes in Reference to the Conceptual Framework (Amendments to IFRS 3) update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. In addition, they add to IFRS 3 a requirement that for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination. Finally, they add to IFRS 3 an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

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

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

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.

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

2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (continued)

2.3.2 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 make 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 Interim Consolidated 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).

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.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (continued)

2.3.2 Enhancements and Modifications (continued)

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

IFRS 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.

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

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. Applying the amendments, an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments to IAS 1 are made to explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendments, the IASB 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 and are applied prospectively. Earlier application is permitted. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.

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

2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (continued)

2.3.2 Enhancements and Modifications (continued)

Definition of Accounting Estimates (Amendments to IAS 8)

IAS 8 is 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 IASB clarifies that a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, 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 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.

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

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

For some transactions, IFRS Standards require the simultaneous recognition of an asset and a liability. A consequence is that IAS 12 could also require the recognition of offsetting temporary differences. Before the amendments, it was not clear whether IAS 12 required recognition of deferred taxes for these temporary differences or whether the initial recognition exemption applied. That exemption prohibits an entity from recognizing deferred tax assets and liabilities on initial recognition of an asset or liability in a transaction which is not a business combination and affects neither accounting nor taxable profit.

The IASB amended IAS 12 to provide 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 Leases 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 amendments also apply to taxable and deductible temporary differences associated with right-of-use assets and lease liabilities, and decommissioning obligations and corresponding amounts recognized as assets at the beginning of the earliest comparative period presented.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Early application is permitted.

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

2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (continued)

2.4 Foreign currency translation

2.4.1 Functional and presentation currency

The Company's functional currency is the Chilean peso. These Interim Consolidated Financial Statements are presented in Chilean pesos.

2.4.2 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.

2.4.3 Exchange rates

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

Currency or indexing unit	Chilean pesos per unit	
	09/30/2021	12/31/2020
Unidad de Fomento	30,088.37	29,070.33
US$	811.90	710.95
Euro	939.48	873.30

2.5 Financial reporting by operating segments

The Company manages its operations and presents information in the Interim Consolidated Financial Statements based on a single operating segment, Electricity transmission.

The source of the revenues that generates the company and its assets are located in Chile.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (continued)

2.6 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 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 S.A. and its subsidiary must make to close their facilities are incorporated into the value of the asset at present value, recording the corresponding provision. 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.

Assets under construction are transferred to operating assets once the testing period has been completed when they are available for use, at which time depreciation begins.

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. Periodic maintenance, conservation and repair expenses are recorded directly in income 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:

2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (continued)

2.6 Property, plant and equipment (continued)

Property, plant and equipment	Range of estimated useful life	
	Minimum	Maximum
Buildings 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 and Sales Expenses.

2.7 Intangible assets

2.7.1 Goodwill

Goodwill represents the excess of acquisition cost on the fair value of net assets acquired in a business combination. Goodwill is not amortized, it is annually tested for impairment, regardless if there is any indication of impairment.

For impairment testing, goodwill acquired in a Business combination is assigned as of the acquisition date to the cash generation units that are expected to benefit from said combination.

During the periods covered by those Interim Consolidated Financial Statements, there were no impairment losses of goodwill.

2.7.2 Rights of way

Rights of way are presented 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 and if there are indicator of impairment.

2.7.3 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 income statement under costs of sales and administrative expenses.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (continued)

2.8 Impairment of non-financial assets

Assets with an indefinite useful life, such as land and rights of way, are not amortized and are tested annually for impairment. Amortized assets are tested for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable.

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

The recoverable amount is the higher of its fair value less costs to sell and its value in use this being the present value of the expected future cash flows.

The Company has defined its only operating segment the Transmission of Electricity as a Cash Generating Unit (CGU) for the purposes of impairment tests and, therefore, both goodwill and intangible assets with an indefinite useful life existing at the date of the impairment test are completely assigned to this CGU.

The variable to which the value in use model is most sensitive is the discount rate. The main variables considered in the impairment test are:

Variable	09/30/2021	12/31/2020	Description
Discount rate	4,90%	4,90%	The discount rate used is the weighted average cost of capital (WACC) of the Company, measured before taxes.
Growth rate	3.00%	3.00%	The growth rate is applied to the perpetuity and is based on the estimation of the long-term inflation expectation established by the Central Bank of Chile.
Period of estimation of flows	5 years	5 years	The estimation period is 5 years, based on the Company's internal business plan plus perpetuity.

Impairment losses from continuing operations are recognized in the income statement in the expenses categories in accordance with the function of the impaired assets. In the case of goodwill see Note 2.7.1.

Non-financial assets other than goodwill that 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.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (continued)

2.9 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 and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Non-derivatives financial assets that that accomplish with the conditions stated in IFRS 9 to be classified at amortized cost are: account receivables, loans granted and cash equivalents. These assets are recorded at amortized cost which is its initial fair value, minus the payments of principal, plus the non-collected accrued interests calculated according to the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortized cost of a financial liability.

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

In this category are classified the financial assets within the Business Model of the Company whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These financial assets are recognized into the Consolidated Financial Statement at its fair value when it can be feasible determined. Changes in its fair value, net of tax effect, are recorded into the Other Comprehensive Income Statement until those financial assets are derecognized which is the moment when the accumulated effect is recycle into the Profit or Loss of the period. If the fair value of the financial assets is lower than the acquisition cost, and if there is objective evidence that the financial assets have an impairment that is not reversible, the difference has to be recorded as a loss of the period.

SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (continued)

2.9 Financial instruments (continued)

1) Non-derivatives Financial Assets (continued)

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 financial assets are measured in the Consolidated Financial Statement at its fair value and the changes on its fair value are recorded directly in profit or loss at the moment when they occurred, Purchases or sales of financial assets are recorded at the date of the transaction.

2) Cash and Cash Equivalent

Cash and cash equivalents include cash, bank balances, time deposits and other deposits short-term, whose term is equal to or less than 90 days from the investment date, highly liquid investments that are easily convertible into known amounts of cash and that they are subject to negligible 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.

3) Impairment of financial assets

According to IFRS 9, the Company 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 its fair value. In the case of loans, they also include the 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 17).

2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (continued)

2.9 Financial instruments (continued)

5) Derivatives and Hedge activities (continued)

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 the transaction on the Interim Consolidated Financial Statements. 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 9 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 that the Company perform 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 years presented.

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) Hedge of a net investment in a foreign operation (hedge of a net investment): Hedges of net investments in foreign operations are accounted for to similarly to cash flow hedges. The exchange differences originated by a net investment in a foreign entity and those derived from the hedging operation must be recorded in a reserve of the Equity, under the item Other reserves until the disposal of the investment occurs.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (continued)

2.9 Financial instruments (continued)

5) Derivatives and Hedge activities (continued)

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. Other derivatives are presented as current assets or liabilities.

6) Embedded derivatives

Derivatives embedded in other financial instruments or other contracts are treated as derivatives when their risks and characteristics are not closely related to the principal contracts and the principal 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 Interim Consolidated 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, and only when:

a) The contractual rights to the cash flows from the financial asset expire or, the Company retains the contractual rights to receive the cash flows but assumes a contractual obligation to pay those cash flows to one or more entities.

b) The Company has substantially transferred the risks and benefits derived from its ownership or, if it has not substantially transferred or retained them, when it does not retain control of the assets.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (continued)

2.9 Financial instruments (continued)

8) Compensation of financial assets and liabilities

The Company compensate financial assets and liabilities, presenting the net amount in its Interim Consolidated Financial Statements, only when:

a) Exist a legal right to compensated both amounts; and
b) Exist the intention of settle the transaction on a net basis, or to collect the asset and pay the liability simultaneously.

These rights can only be legally enforceable during the normal course of the business, or in case insolvency, payment problems or bankruptcy, of any one or all of the parties involved in the transaction.

2.10 Inventory

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

2.11 Paid-in capital

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

2.12 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 book 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 assets are realized, and 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 are future taxable profits sufficient against which the deductible temporary differences and the carry forward of unused tax credit can be utilized.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (continued)

2.12 Income tax and deferred taxes (continued)

The carrying amount of deferred income tax assets is reviewed at each reporting date consolidated 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. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will 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 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.

2.13 Employee benefits

2.13.1 Staff severance indemnity

The Company records liabilities for staff severance indemnity obligations based on collective and individual employment contracts, payable when their employees cease to provide services.

This benefit is recorded at nominal value.

The Company records liabilities for severance obligations personnel services for their employees, based on the provisions of the collective and individual staff contracts. If this benefit is contractual, the obligation is treated in the same way as defined benefit plans in accordance with IAS 19 and is recorded using the projected unit credit method.

Defined benefit plans define the amount of the benefit that an employee will receive upon termination of employment, which usually depends on one or more factors such as the employee's age, rotation, years of service and compensation.

The liability recognized in the statement of financial position represents the present value of the defined benefit obligation plus/minus adjustments for unrecorded actuarial gains or losses and past service costs. The present value of the defined benefit obligation is determined by discounting cash outflows estimated using as a reference BCU (rate of Chilean Central Bank bonds denominated in Unidades de Fomento) interest rates for terms similar to the maturity of the staff severance indemnity obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in other comprehensive income.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (continued)

2.13 Employee benefits (continued)

2.13.2 Profit sharing

The Company recognizes a liability and an expense for profit sharing arrangements based on respective collective and individual contracts with its employees and executives, using a formula that takes into account the net income attributable to the Company's shareholders after certain adjustments. Transelec recognizes a provision when it has a contractual obligation or when a past practice has created a constructive obligation of agreement to IAS 19.

2.14 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 implicit, as a result of past events.
- It is more likely than not that an outflow of resources will be required to settle the obligation.
- The amount can be reliably estimated.

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, as of the reporting date, of the time value of money, as well as the specific risk related to the particular liability, if appropriate. Increases in provisions due to the passage of time are recognized in interest expense.

As of the date of issuance of these Interim Consolidated Financial Statements, Transelec have no obligation to establish provision for environmental restoration and similar expenses.

2.15 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.

2.16 Revenue recognition

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 complemented 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 there to. On July 11, 2016, the new Transmission Law was enacted,

2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (continued)

2.16 Revenue recognition (continued)

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 las enters into effect immediately and gradually until its full application as of 2020.

Company's revenues are generated by the remuneration from customers for the use of its transmission facilities. The Company has two types of contracts with customers: regulated and contractual. The first one is subject to regulatory rates while the second one is related to contractual agreements with the user of the transmission facilities.

The total revenues for the use of the transmission facilities for both regulated and contractual arrangements 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 transmission 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 transmission facilities. The Electrical Law stablishes these "AVI+COMA" as integral components in rendering the transmission service. Therefore, due to these services are substantially the same and they have the same stream of transference to customers, in other words, both services are satisfied through the time with a similar progress measurement; The company has defined that there is a unique performance obligation, and it is satisfied during a period of time, therefore revenues are recognized in the same base.

Revenues from both regulatory and contractual arrangements are recognized and invoiced on a monthly basis, using fixed monthly amounts resulting from values stipulated in the contracts or resulting from the regulated tariffs and indexed as applicable. 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.

2.17 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at the inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or whether or not the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (continued)

2.17 Leases (continued)

2.17.1 The Company as lessor

The assets held under a finance lease are presented in other financial assets at an amount equal to the net investment in the lease, being the aggregate of: (i) minimum lease payments receivable and (ii) any unguaranteed residual value accruing to the Company discounted at the interest rate implicit in the lease. The income (interest) is recognized on a pattern reflecting a constant periodic rate of return on the net investment in the lease; this income is presented in the statement of income in operating revenues. Lease payments relating to the period, excluding costs for any separate services, are applied against the gross investment in the lease to reduce both the principal and the unearned finance income.

Assets subject to operating leases are presented in the statement of financial position according to the nature of the asset. Lease income from operating leases is recognized in income on a straight-line basis over the lease term, unless another
systematic basis is more representative to reflect time pattern in which use benefit derived from the leased asset is diminished.

2.17.2 The Company as lessee

Finance leases in which acts as lessee are recognized when the agreement begins, recording an asset based on the nature of the lease and a liability for the same amount, equal to the lesser of the fair value of the leased asset or the present value of the minimum lease payments.

Subsequently, the minimum lease payments are divided between finance expense and reducing the debt. The finance expense is recorded in the income statement and distributed over the period of the lease term so as to obtain a constant interest rate for each period over the balance of the debt pending amortization. The asset is amortized in the same terms as other similar depreciable assets, as long as there is reasonable certainty that the lessee will acquire ownership of the asset at the end of the lease. If no such certainty exists, the asset will be amortized over the lesser term between the useful life of the asset and the term of the lease.

2.17.3 Rights from Use of Lease

The company has lease agreements on several Property, Plant and Equipment items. Under IAS 17, the Company classified each of its assets on the date of origin as a finance lease or an operating lease. Leases were classified as finance leases if they substantially transferred to the company all the risks and rewards incidental to ownership of the leased asset; otherwise, they were classified as operating leases.

In adopting IFRS 16, the Company applied a single recognition and measurement approach to all leases (in which the Company acts as lessee), except for short-term leases and low-value assets. In addition, the standard provides specific transition requirements and practical solutions, which the Company has applied.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (continued)

2.17 Leases (continued)

2.17.3 Rights from Use of Lease (continued)

2.17.3.1 Leases previously classified as operating leases

The Company recognized assets for right of use and lease liabilities in regards to leases previously classified as operating leases (in which the Company acts as lessee), except in the case of short-term leases and leases of low-value assets.

The right-of-use assets in the case of most leases were recognized based on book value as if the Standard had always been applied, except for the use of the passive rate on the date of initial application. In some leases, the right-of-use assets were recognized based on the amount equal to the lease liability, adjusted for the amount of any advance or accumulated (accrued) lease payment that has been previously recognized. Lease liabilities were recognized based on the present value of the remaining lease payments, discounted through the use of the increasing passive rate at the date of initial application.

The practical solutions used by the Company in the application of IFRS 16 were:

a) Single discount rate for a lease portfolio with reasonably similar characteristics.

b) Evaluation of onerous leases before the date of initial application.

c) Application of the exceptions for short-term leases (maturity less than 12 months) on the date of the initial application.

d) Exclusion of the initial direct costs of measuring the right of use asset on the date of initial application.

e) Retrospective evaluation to determine the term of the lease in those cases in which the contracts contain renewal options or termination of the lease.

2.17.3.2 Right of Use Assets

The Company recognizes right of use assets at the inception date of the lease (i.e., the date on which the underlying asset is available for use). The right-of-use assets are measured at cost, less any accumulated depreciation and impairment loss, and are adjusted for any new measurement of lease liabilities. The cost of the right of use assets includes the amount of the recognized lease liabilities, the initially incurred direct costs and the lease payments on or before the inception date minus any received lease incentives.

Recognized right-of-use assets are depreciated on a straight-line basis for the shortest of their estimated useful life and the term of the lease and are subject to impairment review.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (continued)

2.17 Leases (continued)

2.17.3 Rights of Use Assets (continued)

2.17.3.3 Lease Liabilities

On the inception date of the lease, the Company recognizes the lease liabilities at the present value of the lease payments that must be made during the term of the lease. In calculating the present value of the lease payments, the Company uses the incremental indebtedness rate at the inception date of the lease if the interest rate implicit in the lease can not be determined. After the inception date, the amount of lease liabilities is increased to reflect the accrued interest and is reduced as per the lease payments made. In addition, the book value of the lease liabilities is remeasured if there is a revision, a change in the term of the lease, a substantial change in the fixed lease payments or a change in the evaluation of the purchase of the underlying asset.

2.17.3.4 Short-term leases and lease of low-value assets

The Company applies the exception for recognition of short-term leases to its leases that have a term of 12 months or less from the inception date and that do not contain a renewal option. The lease recognition exception also applies for contracts that involve low value assets (less than USD 5,000). Short-term lease payments and leases of low-value assets are recognized as expenses on a straight-line basis over the term of the lease.

Significant judgment in determining the lease term for contracts with renewal options. The Company determines the lease term as the non-cancelable term of the lease, along with any period covered by an option to extend the lease if there is reasonable assurance that it will be exercised, or any period covered by an option to terminate the lease, if there is reasonable assurance that it will not be exercised.

The Company includes the renewal period as part of the term of the lease in the case of leases of assets of significant importance for its operations. These leases have a short non-cancelable period (i.e., three to five years) and there would be a significant negative effect on production if a replacement is not available.

At the time of initial recognition as of January 1, 2019, right of use assets and lease liabilities (net of deferred interest) were recognized for an amount of ThCh$6,032,968.

2.18 Distribution of dividends

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

Company makes a provision at the end of each year for the 30% of the profit of the year, in accordance with Law N° 18,046.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (continued)

2.18 Distribution of dividends (continued)

On the Company's Board meeting No. 57 held on December 31, 2010, the policy used for the determination of distributable net profit was approved. This policy does not contemplate adjustments to the "Profit (Loss) attributable to Holders of Equity Participation instruments of the Controller ".

The distribution of dividends as of September 30, 2021 and December 31, 2020 is reported in Note 20.3.

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.

Company 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 90 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.

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.

3 - RISK MANAGEMENT POLICY (continued)

3.1 Financial risk (continued)

3.1.1 Market risk (continued)

3.1.1.1 Interest rate risk

The Company´s assets are primarily fixed and long-lived intangible assets. Consequently, financial liabilities that are used to finance such assets consist primarily of long-term liabilities at fixed rates. This debt is recorded in the balance sheet at amortized cost.

The objective of interest rate risk management is to achieve a balanced debt structure, decrease the impact on costs due to interest rate variations and, reduce volatility in the income statement.

A comparative table of the Company's debts is shown below, in which it can be seen that all of the Company's debt As of September 30, 2021 and December 31, 2020 was at a fixed rate until maturity. In addition, in the case of UF and Dollar indexed debt, variations in inflation and exchange rate could potentially impact the Company's financial expenses, which is mitigated by indexed income to inflation and exchange rate.

Debt	Currency or index	Interest rated	Type of rate	Amount in Original Currency (thousand)	
				09/30/2021	12/31/2020
Series D Bond	UF	4.25%	Fixed	13,500	13,500
Series H Bond	UF	4.80%	Fixed	3,000	3,000
Series K Bond	UF	4.60%	Fixed	1,600	1,600
Series M Bond	UF	4.05%	Fixed	3,400	3,400
Series N Bond	UF	3.95%	Fixed	3,000	3,000
Series Q Bond	UF	3.95%	Fixed	3,100	3,100
Senior Notes	USD	4.625%	Fixed	300,000	300,000
Senior Notes	USD	4.250%	Fixed	375,000	375,000
Senior Notes	USD	3.875%	Fixed	350,000	350,000
Revolving Credit Facility	USD	1.1301%	Floating (*)	-	-

(*) The floating rate 1.1301% of the Revolving credit facility breaks down in 3M LIBOR plus a margin of 1.00%. As of September 30, 2021 and December 31, 2020, the Company did not maintain amounts drawn on this line.

3 - RISK MANAGEMENT POLICY (continued)

3.1 Financial risk (continued)

3.1.1 Market risk (continued)

3.1.1.1 Interest rate risk (continued)

Although, inflation increases may have an impact on the costs of the debt denominated in UF and, therefore, on the Company's financial expenses, these impacts are slightly reduced by accounts receivable denominated in UF.

The following table shows the effects of the debt indexed to the UF (Transmission of Melado SpA is excluded since it was prepaid) on the company's financial result.

Serie	Position in UF	Annual Effect on income (ThCh$)		
	Long / (Short)	Inflation (3%)	Inflation (4%)	Inflation (2%)
Series D Bond	(13,419,050)	(41,431)	(45,468)	(37,394)
Series H Bond	(3,000,726)	(9,265)	(10,168)	(8,363)
Series K Bond	(1,598,962)	(4,937)	(5,418)	(4,456)
Series M Bond	(1,473,674)	(4,550)	(4,993)	(4,106)
Series M1 Bond	(1,863,499)	(5,753)	(6,314)	(5,193)
Series N Bond	(2,880,111)	(8,892)	(9,758)	(8,025)
Series Q Bond	(3,074,522)	(9,493)	(10,418)	(8,568)
Total	(27,310,544)	(84,321)	(92,537)	(76,105)

3.1.1.2 Exchange rate risk

Transelec's exposure to the risk of exchange rate variations is due to the following:

- Transelec carries out several types of transactions in U.S. dollars (certain construction contracts, import purchases, etc.).
- Transelec Maintains accounts receivables in US dollars.
- Transelec maintains Cross Currency Swap contracts, which offset exchange rate risks of international emissions made in 2014 and 2016, for notional amounts equivalent to US$ 375 million and US$ 350 million, respectively (Long-term position).
- Maintains lease contracts that generate income indexed to US dollars.

The exposure to exchange rate risk is managed through an approved policy that includes fully covering the net balance sheet exposure, which is carried out through various instruments such as positions in US dollars, forward contracts and cross currency swaps.

3 - RISK MANAGEMENT POLICY (continued)

3.1 Financial risk (continued)

3.1.1 Market risk (continued)

3.1.1.2 Exchange rate risk (continued)

The following table details the amounts of monetary assets and liabilities denominated into dollar and Chilean pesos in the periods indicated below:

Concepts	Liabilities		Assets	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
	ThCh$	ThCh$	ThCh$	ThCh$
U.S. dollar (amounts associated with balance sheet items)	832,192	729,075	841,546	733,240
Chilean peso	2,202,567	2,007,075	2,193,213	2,002,910

Indexation formulas semiannual application incorporated into contracts tolls and sub transmission tariffs, as well as monthly application for trunk regulated revenues, allowing reflect changes in the value of the facilities and operating costs, maintenance and management. Generally, these indexation formulas contemplate the variations in the international equipment prices, material prices and national manpower prices.

3.1.1.2.1 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 US Dollar exchange rate. The sensitivity analysis includes asset and liability balances in currencies other than the Company's functional currency. A positive number indicates an increase in income or other comprehensive income when the Chilean peso is strengthened with respect to the foreign currency. A negative percentage implies a weakening of the Chilean peso with respect to the foreign currency, which negatively impacts the income statement or in other comprehensive income.

Item (Currency)	Position	Net income (gain)/loss		Position	OCI	
	Long /(Short)	Change (-10%)	Change (+10%)	Long/ (Short)	Change (-10%)	Change (+10%)
Cash (US$)	371	(1)	1	-	-	-
Leasing (US$)	34,682	(47)	47	-	-	-
Forwards (assets) (US$)	9,366	-	-	133	(0)	0
Senior Notes (US$)	(832,192)	1,139	(1,139)	-	-	-
Swaps	582,031	(797)	797	165,846	(227)	227
Intercompany loan (US$)	210,634	(288)	288	-	-	-
Total	4,892	6	(6)	165,979	(227)	227

3 - RISK MANAGEMENT POLICY (continued)

3.1 Financial risk (continued)

3.1.2 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 leads to the situation in which they do not accumulate very significant amounts.

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

Revenues	09/30/2021 ThCh$	09/30/2020 ThCh$
Enel Group	88,485,663	71,560,720
AES Gener Group	46,782,451	30,884,236
CGE Group	39,700,268	42,136,872
Colbun Group	32,868,031	20,954,714
Engie (E-CL) Group	24,704,806	17,302,245
Others	13,072,969	70,884,368
Total	245,614,188	253,723,155
% of concentration of top customers	94.68%	72.06%

Tolls and tariff revenues that these companies must pay to use the transmission system will generate significant future cash flows of Transelec and a substantial change in their assets, financial conditions and / or results of operations could adversely affect the Company.

Regarding the credit risks associated with financial assets of the Company other than accounts receivable (time deposits, mutual funds, bonds, covenants, active position derivative), the policy of the Treasury establishes limits on exposure to a particular institution, and this limit depends on the risk classification and capital of each institution. Additionally, in the case of investments in mutual funds, only the ones having risk classification qualify.

3.1.3 Liquidity risk

Liquidity risk is the risk of the Company not satisfying a need for cash or debt payment upon maturity. Liquidity risk also includes the risk of not being able to liquidate assets in a timely manner at a reasonable price.

3 - RISK MANAGEMENT POLICY (continued)

3.1 Financial risk (continued)

3.1.3 Liquidity risk (continued)

a) Risk associated to Company's management

To guarantee that it is able to respond financially both the investment opportunities and to the timely payment of its obligations. Transelec has, separely from its cash and short-term accounts receivables, a committed credit line of the revolving type (RC) for the use of working capital for an equivalent amount of US$250 million. This line has been in force since July 2012 and the current conditions according to the last renewal are as follows:

(a) Amount committed : US$250 million
(b) Cost for unused amount (Commitment Fee) : 0.30%
(c) The margin or spread per amount used : 1.00%

This committed line of credit was contracted on July 9, 2012, initially granted for a period of 3 years by Scotiabank, Bank of Tokyo-Mitsubishi and DnB NOR. It was renegotiated and extended on October 15, 2014 with a new expiration date of October 15, 2017. Subsequently, a new extension was made with the group of banks Scotiabank, Banco Estado, The bank of Nova Scotia, Bank of Tokyo-Mitsubishi, DnB Bank and Export Development Canada due August 3, 2020. In July 2020 the line was renewed until July 31, 2021 with the group of banks The Bank of Nova Scotia, Bank of China, Santander, Bank of Tokyo-Mitsubishi, BNP Paribas, JP Morgan Bank, China Construction Bank.

The Company is exposed to risks associated with indebtedness, including refinancing risk when its debt matures. These risks are mitigated by using long-term debt and appropriately structuring maturities over time.

The following table presents the capital amortizations and estimated interest payments corresponding to the Company's financial liabilities (debt), according to their maturity date, as of September 30, 2021 and December 31, 2020.

Debt maturity (equity and interest)	Less than 1 Years	1 to 3 Years	3 to 5 Years	5 to 10 Years	More than 10 years	Total
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
September 30, 2021	67,424,478	360,358,375	389,692,333	931,331,053	341,940,490	2,090,746,729
December 31, 2020	67,424,478	371,293,957	402,253,474	818,114,099	485,553,281	2,144,639,289

The maturity of derivatives is presented Note 16.2.

According to Decree N°4/20,018 from the Ministry of Economy, Fomentation and Reconstruction, in its articles 81, 101, 104 and 106, and complementary rules, Transelec has the right to perceive on a provisory basis the real tariff income of the trunk system generated for every period.

3 - RISK MANAGEMENT POLICY (continued)

3.1 Financial risk (continued)

3.1.3 Liquidity risk (continued)

b) Associated risk to the settlement of trunk transmission system tariff revenues (Ex Troncal)

In order to get their own revenues set up in the first paragraph of article N°101 of the above mentioned Decree N°4/20,018, monthly reliquidation of the tariff income received provisionally in accordance with the payment tables prepared by the CDEC (load economic dispatch center) through the collection or payment to the different companies, owners of generation facilities.

Transelec could face the risk of not timely collecting the income that some of the companies owners of generation facilities should pay as determined in the payment tables prepared by CDEC, what may temporarily affect the Company's liquidity position. In this sense, and in the opinion of the Company, the function that Transelec fulfills in the above-mentioned collection process, consists not of the collection of amounts for its own benefit, but it is merely collection and subsequent transfers to third parties of surpluses and deficits that belong to the generating companies, with the exception of the expected tariff income.

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.

From a Financing perspective, the Company has been cautious about its liquidity position, considering actions to save costs and, if needed, even some delay in investments and distributions. As of December 2020, the liquidity position of the Company is solid and there is a revolving credit line available for US$250m if needed.

The Basic Services Interruption Law, which prohibits the interruption of basic services to a particular group of clients that had some delay in the payments of their monthly bills for the next 90 days after that Law is enacted, is currently in force. On January 5th 2021, an extension to this Law was enacted which increases from 90 days to 270 days the mentioned deadlines and increases the number of installments to pay the outstanding debt from 12 to 36. On May 22nd 2021, Law n°21.340 was enacted which extends the period to of applicability of the Basic Services Interruption Law until December 31st 2021 or up to 60 days after the finalization of the Catastrophe State due to the COVID-19 pandemic. It also extends the number of installments from 36 to 48 and increase the scope of vulnerable population which could benefit from it from 60% to 80%.

This situation should have no effect on Company collections, as current regulation state that non-collectability risk is not a cost of the transmission industry. At the date of issuance of this Financial Statements, the collection of Single Charge from client through Distributions Companies has had not delay for the Company. However, Senators has required the organization of a work session with the participation of the State, Companies and Customers in order to define a new payment mechanism of the outstanding debt.

3 - RISK MANAGEMENT POLICY (continued)

3.2 Situation of COVID-19

From an Operational perspective, the facilities of the Company keep performing as usual and just minor adjustment had to be made in order to prioritize critical activities due to the pandemic. Main risks identified are related to the availability of personnel (internal and external) in order to keep the continuity of schedule tasks regarding the critical maintenance to ensure the continuous performance in Lines, Substations and Control & Telecommunications. In this regards, our Operations Center has also been reinforced in order to keep operational continuity.

From a Personnel perspective, the Company has been on teleworking modality from the second week of March 2020 up to date in all administrative and managing tasks maintaining the quality in its performance in this regard.

4 - CRITICAL ESTIMATES, JUDGMENTS OR CRITERIA EMPLOYED 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 makes estimates and assumptions about the future. By definition, the resulting accounting estimates will rarely be equal to the real outcomes. Estimates and assumptions with a significant risk of causing an important risk to the Company during the upcoming year are detailed below:

- The estimates of recoverable values of assets and goodwill to determine potential existence of impairment losses;
- Useful lives of property, plant and equipment and intangible assets;
- The assumptions used to calculate the fair value of financial instruments;
- The actuarial assumptions used to calculate obligations with employees;
- Future tax results for the 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 Interim Consolidated 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 Interim Consolidated Financial Statements.

5 - CASH AND CASH EQUIVALENTS

a) As of September 30, 2021 and December 31, 2020, this account is detailed as follows:

Cash and Cash Equivalents	09/30/2021	12/31/2020
	ThCh$	ThCh$
Bank and cash	664,687	3,875,016
Short term deposits	101,554,252	-
Reverse repurchase agreements and mutual funds	80,463,141	101,965,134
Total	182,682,080	105,840,150

Cash and cash equivalents included in the statement of financial position as of September 30, 2021 and December 31, 2020 does not differ from those presented in the statement of cash flows.

b) The following table details the balance of cash and cash equivalents by type of currency:

Detail of Cash and Cash Equivalents	Currency	Balance as of	
		09/30/2021	12/31/2020
		ThCh$	ThCh$
Amount of cash and cash equivalents	U.S. dollars	698,843	2,282,670
Amount of cash and cash equivalents	Euros	11,416	10,612
Amount of cash and cash equivalents	Chilean pesos	181,971,821	103,546,868
Total		182,682,080	105,840,150

Fair values are not significantly different from book values due to the short maturity of these instruments.

6 - TRADE AND OTHER RECEIVABLES

The detail as of September 30, 2021 and December 31, 2020 is as follows:

Concepts	09/30/2021	12/31/2020
	ThCh$	ThCh$
Trade receivables	96,528,190	119,247,383
Miscellaneous receivables	237,560	125,771
Total trade and other receivables	96,765,750	119,373,154

Refer to Note 7 for the amounts, terms and conditions of receivables from related parties.

As of September 30, 2021 and December 31, 2020, the aging of trade and other receivables is as follows:

Concepts	09/30/2021	12/31/2020
	ThCh$	ThCh$
Maturing in less than 30 days	92,599,302	73,695,790
Maturing in more than 30 days up to 1 year	4,166,448	45,677,364
Total	96,765,750	119,373,154

Fair values do not differ significantly from book values due to the short-term maturity of these instruments.

7 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES

7.1 Balances and transactions with related parties

The balances of accounts receivables and payables between the company and its unconsolidated related companies are as follows:

Account receivables from related companies

Tax ID Number	Company	Country	Description	Start date	Relation	Currency	Current		Non-current	
							09/30/2021	12/31/2020	09/30/2021	12/31/2020
							ThCh$	ThCh$	ThCh$	ThCh$
76.560.200-9	Transelec Holdings Rentas Ltda.	Chile	Loan	09/21/2015 - 11/28/2027	Parent Company	UF	156,872	23,011,665	23,011,665	22,233,065
76.560.200-9	Transelec Holdings Rentas Ltda.	Chile	Loan	06/30/2015 - 11/28/2027	Parent Company	US$	2,122,666	-	210,304,122	184,155,334
76.524.463-3	Transelec Concesiones SA	Chile	Accounts receivable	Not defined	Indirect	CH$	184,314	1,159,468	-	-
76.248.725-K	CYT Operaciones SPA	Chile	Accounts receivable	Not defined	Indirect	CH$	307,295	314,845	-	-
20604938300	Conelsur SV	Perú	Accounts receivable	Not defined	Indirect	CH$	99,009	158,967	-	-
20601047005	Conelsur LT SAC	Perú	Accounts receivable	Not defined	Indirect	CH$	69,963	-	-	-
76.559.580-0	Rentas Eléctricas I Ltda	Chile	Accounts receivable	Not defined	Indirect	CH$	352,232	-	-	-
76.920.929-8	Transmisora del Pacifico SA	Chile	Accounts receivable	Not defined	Indirect	CH$	99,036	-	-	-
Total							3,391,387	1,633,280	23315,787	206,388,399

7 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES (continued)

7.1 Balances and transactions with related parties (continued)

Account payable to related companies

Tax ID Number	Company	Country	Description	Start date	Relation	Currency	Current		Non-current	
							09/30/2021	12/31/2020	09/30/2021	12/31/2020
							ThCh$	ThCh$	ThCh$	ThCh$
76.559.580-0	Rentas Eléctricas I Limitada	Chile	Dividends payable	Not defined	Parent Company	CH$	-	2,872	-	-
76.560.200-9	Transelec Holdings Rentas Ltda.	Chile	Dividends payable	Not defined	Parent Company	CH$	-	28,719,600	-	-
Total							-	28,722,472	-	-

7 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES (continued)

7.1 Balances and transactions with related parties (continued)

Most significant transactions and their effect on income

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

Tax ID Number	Company	Country	Relation	Description of the transaction	09/30/ 2021		09/30/ 2020	
					Amount	Effect on income	Amount	Effect on income
					ThCh$	ThCh$	ThCh$	ThCh$
76.524.463-3	Transelec Concesiones SA	Chile	Indirect	Monthly services	2,215,543	2,215,543	914,418	914,418
76.524.463-3	Transelec Concesiones SA	Chile	Indirect	Amounts charged	3,190,697	-	370,423	-
76.524.463-3	Transelec Concesiones SA	Chile	Indirect	Disbursements granted	-	-	106,202	-
76.920.929-8	Transmisora del Pacífico S.A.	Chile	Indirect	Monthly services	821,377	821,377	-	-
76.920.929-8	Transmisora del Pacífico S.A.	Chile	Indirect	Amounts charged	722,341	-	391,128	-
76.248.725-K	CYT Operaciones SpA	Chile	Indirect	Monthly services	1,469,671	1,469,671	1,438,106	1,438,106
76.248.725-K	CYT Operaciones SpA	Chile	Indirect	Amounts charged	1,477,221	-	6,927,597	-
76.560.200-9	Transelec Holdings Rentas Ltda	Chile	Parent Company	Current account merchant charged	28,818,987	-	44,060,586	-
76.560.200-9	Transelec Holdings Rentas Ltda.	Chile	Parent Company	Current account merchant charged	28,818,987	-	34,798,213	-
76.560.200-9	Transelec Holdings Rentas Ltda.	Chile	Parent Company	Loans collected	-	-	29,180,023	-
76.560.200-9	Transelec Holdings Rentas Ltda.	Chile	Parent Company	Dividend Paid	28,720,128	-	63,539,646	-
76.560.200-9	Transelec Holdings Rentas Ltda.	Chile	Parent Company	Interest charged	4,156,095	-	4,518,231	-
76.560.200-9	Transelec Holdings Rentas Ltda.	Chile	Parent Company	Interest earned	6,221,392	6,221,392	7,241,410	7,241,410
76.560.200-9	Transelec Holdings Rentas Ltda.	Chile	Parent Company	Exchange difference	26,418,227	26,418,227	10,265,572	10,265,572
76.560.200-9	Transelec Holdings Rentas Ltda.	Chile	Parent Company	Indexed to UF	782,731	782,731	304,323	304,323
20604938300	Conelsur SV	Perú	Indirect	Monthly services	432,988	432,988	523,008	523,008
20604938300	Conelsur SV	Perú	Indirect	Amounts charged	492,945	-	460,063	-
20601047005	Conelsur LT	Perú	Indirect	Amounts charged	69,963	69,963	40,165	40,165
20601047005	Conelsur LT	Perú	Indirect	Amounts charged	-	-	80,192	-
76.559.580-0	Rentas Eléctricas I Ltda	Chile	Indirect matrix	Dividend Paid	2,872	-	6,354	-
76.559.580-0	Rentas Eléctricas I Ltda	Chile	Indirect matrix	Direct payment to suppliers	352,232	-	-	-

These operations are in accordance with the provisions of Articles No. 44 and 49 of Law No. 18,046, on Corporations.

7 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES (continued)

7.2 Board of Directors and management

In accordance with the Company's by-laws, the Board of Directors is composed of nine members appointed by shareholders at the respective shareholders' meeting. They hold their positions for two years and may be re-elected. For each Board Member there is an alternate Board Member.

The current Board of Directors was elected at the Ordinary Shareholders Meeting dated April 30, 2021, which was composed as follows: Mr. Scott Lawrence as Director and Mr. Alfredo Ergas Segal as his alternate Director, Mr. Ganxiang Tang as Director and Mr. Tao He as her alternate Director, Mr. Richard Cacchione as Director and Mr. Michael Rosenfeld as his alternate Director; Mr. Jordan Anderson as Director and Mr. Jon Perry as his alternate Director, Mr. Mario Valcarce Durán as Director and Mr. José Miguel Bambach Salvatore as his alternate Director; Mr. Blas Tomic Errázuriz as Director and Mr. Patricio Reyes Infante as his alternate Director; Mr. Juan Benabarre Benaiges as Director and Mr. Roberto Munita Valdés as his alternate Director; and Mrs. Patricia Núñez Figueroa as Director and Mr. Claudio Campos Bierwirth as her alternate Director and Mrs. Andrea Butelmann Peisajoff as Director and Mr. Juan Agustín Laso Bambach as her alternate Director.

At the Board meeting held on May 26, 2021 was elected Mr. Scott Lawrence Chairman of the Board.

On May 17, 2021, the Board of Directors accepted the renounce of the Director Ms. Patricia Núñez Figueroa. The Alternate Director, Mr. Claudio Campos Bierwirth assumed on that same date on an interim basis, until the next Ordinary Shareholders' Meeting.

Currently, the Board of Directors is composed of eight Regular Directors, an acting Director and their respective alternate Directors.

The Board of Directors of Transelec S.A. It has a fixed monthly calendar that considers all the ordinary sessions to be held during this year. This administrative body has met systematically from January to September 2021 and has had two extraordinary sessions in the third quarter.

7.2.1 Board of Directors' compensation

According to Article No. 33 of Law No. 18,046 on Corporations, at the fourteenth Ordinary Shareholders' Board Meeting of Transelec S.A., held on April 30, 2021, it was agreed to maintain annual directors' allowance of US$ 90,000, gross value, regardless of the number of meetings actually attended or held. The allowance is paid quarterly.

The Directors, Mr. Rui Han, Mr. Richard Cacchione, Mr. Jordan Anderson, and Mr. Scott Lawrence renounced their respective diets for the 2020 and 2021 period.

At the Ordinary Shareholders' Meeting for 2021, it was decided that the alternate directors would not receive an allowance.

7 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES (continued)

7.2.1 Board of Directors' compensation (continued)

Directors	09/30/2021 ThCh$	09/30/2020 ThCh$
Scott Lawrence (President)*	-	-
Brenda Eaton **	-	14,963
Blas Tomic Errázuriz	48,612	54,495
Mario Alejandro Valcarce Durán	48,612	54,495
Patricia Angelina Nuñez Figueroa***	43,154	54,495
Juan Ramon Benabarre Benaiges	48,612	54,495
Andrea Butelmann Peisajoff	48,612	24,868
Jordan Anderson*	-	-
Rui Han*	-	-
Richard Cacchione*	-	-
Alfredo Ergas Segal*	-	-
Carlos Campos	-	-

* Mr. Scott Lawrence (President), Rui Han, Richard Cacchione, Alfredo Ergas Segal and Jordan Anderson resigned their respective allowances for the period 2020 and 2021.

** Mrs. Brenda Eaton submitted her resignation to the Board of Directors, which was accepted on September 15, 2020. The Alternate Director, Mr. Jordan Anderson, assumed on that same date on an interim basis until the next Ordinary Shareholders' Meeting.

*** Mrs. Patricia Núñez submitted her resignation to the Board of Directors, which was approved on May 17, 2021. The alternate Director, Carlos Campos, assumed that same date as interim Director until the next Ordinary Shareholders' Meeting.

7.3Board expenses

As of September 30, 2021, no advisory expenses were made for the board of directors. As of September 30, 2020, Expenses were incurred in the In Company Program training given by the PUC Corporate Governance Center carried out on September 2, 2020, for 200 UF.

7.4Audit committee

In April 2007, the Company approved creation of an Audit Committee, separate from that established in the Corporations Law. Its functions include, among others, reviewing the reports of the external auditors as well as the Company's balance sheets, other Interim Consolidated Financial Statements and internal systems.

Transelec's Audit Committee is composed of four Directors, all of whom are qualified in financial matters and apply their specialized knowledge to diverse topics of interest to the Company, Committee members are appointed by the Board of Directors. They hold their positions for two years and may be re-elected. The Committee appoints a Chairman from among its members and a Secretary, who may be one of its members or the Secretary of the Board. The Audit Committee has held three sessions during 2021.

7 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES (continued)

7.4Audit committee

Through a mandate from the Board , Mr. Director Mario Valcarce Durán, who is also its President, was elected as members of the Audit Committee, and the Directors, Mr. Juan Ramón Benabarre Benaiges and Mr. Alfredo is also a member. Ergas Segal as well as the Secretary, Mr. Arturo Le Blanc Cerda.

As of the date of these Interim Consolidated Financial Statements, the Audit Committee is maintained. At the fourteenth Ordinary Shareholders' Meeting of Transelec S.A., held on April 30, 2021, it was agreed to keep as compensation of the members of the Committee, the gross amount of US$ 10,000 per year regardless of the number of meetings that they actually attend or that are actually held.

The following compensation was received by members of the Audit Committee as of September 30, 2021 and 2020:

Director	09/30/2021	09/30/2020
	ThCh$	ThCh$
Mario Alejandro Valcarce Duran	7,110	7,487
Patricia Angelina Nuñez Figueroa*	7,110	7,487
Juan Ramón Benabarre Benaiges	7,110	7,487

* Mrs. Patricia Núñez submitted her resignation to the Board of Directors, which was approved on May 17, 2021. The alternate Director, Carlos Campos, assumed that same date as interim Director until the next Ordinary Shareholders' Meeting.

7.5 Compensation of key management that are not Directors

Members of Key Management

Andrés Kuhlmann Jahn	Chief Executive Officer
Sebastían Fernandez Cox	Vice-President of Business Development
Francisco Castro Crichton	Vice-President of Finance
Bernardo Canales Fuenzalida	Vice President of Engineering and Project Development
Claudio Aravena Vallejo	Vice-President of Human Resources
Arturo Le Blanc Cerda	Vice-President of Legal Matters
Rodrigo Lopéz Vergara	Vice-President of Operations
David Noe Scheinwald	Vice-President of Corporate Affairs and Environment

The Company has established an incentive plan for its executives based on meeting certain individual goals that contribute to the Company's results, which are structured in a minimum and maximum of gross remuneration. The detail of remuneration of key management personnel for the periods 2020 and 2021 is as follows:

7 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES (continued)

7.5 Compensation of key management that are not Directors (continued)

Concepts	09/30/2021	09/30/2020
	ThCh$	ThCh$
Salaries	1,597,593	1,515,066
Short-term employee benefits	598,463	622,420
Long-term employee benefits	531,660	1,008,580
Total compensation received by key management personnel	2,727,716	3,146,066

8 - OTHER FINANCIAL ASSETS, LEASES

As of September 30, 2021 and December 31, 2020, this account is detailed as follows:

Concept	09/30/2021 ThCh$	12/31/2020 ThCh$
Finance lease receivables current	1,476,465	1,149,191
Forward Contracts	133,111	-
Sub-total Other financial assets current	1,609,576	1,149,191
Finance lease receivables non-current	33,205,677	27,682,949
Other financial assets	41,752	41,752
Swap Contracts (see Note 16)	165,845,992	44,841,765
Sub-total Other financial assets non-current	199,093,421	72,566,466
Total	**200,702,997**	**73,715,657**

8 - OTHER FINANCIAL ASSETS, LEASES (continued)

8.1 Finance lease receivables

Within current and non-current other assets receivable, the Company includes assets that have been constructed at the express request of the lessee. Therefore, substantially all risks and benefits have been transferred when the assets are commissioned. Nominal value (gross investment in the lease) and present value of the minimum lease payments to be received are presented in the following tables:

Period in years	September 30, 2021		
	Present Value	Interest receivable	Gross investment
	ThCh$	ThCh$	ThCh$
Less than 1	1,476,465	3,879,182	5,355,647
01-may	5,888,963	14,563,033	20,451,996
Over 5	27,316,714	40,981,472	68,298,186
Total	34,682,142	59,423,687	94,105,829

Period in years	Diciembre 31, 2020		
	Present Value	Interest receivable	Gross investment
	ThCh$	ThCh$	ThCh$
Less than 1	1,149,191	3,249,529	4,398,720
01-may	4,792,431	12,239,822	17,032,253
Over 5	22,890,518	36,621,263	59,511,781
Total	28,832,140	52,110,614	80,942,754

Movements in finance leases:

Concepts	Balance as of		
	09/30/2021 ThCh$		12/31/2020 ThCh$
Opening balance	**28,832,140**		**31,492,896**
Additions	2,575,085		24,811
Amortization	(1,064,671)		(1,125,974)
Translation difference	4,339,588		(1,559,593)
Ending balance	34,682,142		28,832,140

9 - INTANGIBLE ASSETS

The following tables detail the balances within this account As of September 30, 2021 and December 31, 2020:

Intangible assets, net	09/30/2021 ThCh$	12/31/2020 ThCh$
Rights of way	181,401,441	179,394,850
Software	4,181,428	3,748,653
Total intangible assets	185,582,869	183,143,503

Intangible assets, gross	09/30/2021 ThCh$	12/31/2020 ThCh$
Rights of way	181,401,441	179,394,850
Software	21,987,887	20,160,583
Total intangible assets	203,389,328	199,555,433

Accumulated amortization and impairment	09/30/2021 ThCh$	12/31/2020 ThCh$
Software	(17,806,459)	(16,411,930)
Total accumulated amortization	(17,806,459)	(16,411,930)

As of September 30, 2021 and December 31, 2020 Transelec S.A. present intangible assets with indefinite useful lives under the classification of rights of way.

9 - INTANGIBLE ASSETS (continued)

The composition and movements of intangible assets as of September 30, 2021 and December 31, 2020 are the following:

Movements in intangible assets	Rights of way	Software	Net intangible assets
	ThCh$	ThCh$	ThCh$
Opening balance as of 01/01/2021	179,394,850	3,748,653	183,143,503
Movements in intangible assets			
Additions	2,006,591	1,827,304	3,833,895
Retirements	-	-	-
Amortization	-	(1,394,529)	(1,394,529)
Ending balance of intangible assets as of 09/30/2021	181,401,441	4,181,428	185,582,869

Movements in intangible assets	Rights of way	Software	Net intangible assets
	ThCh$	ThCh$	ThCh$
Opening balance as of 01/01/2020	176,327,213	5,875,156	182,202,369
Movements in intangible assets			
Additions	3,246,476	695,196	3,941,672
Retirements	(178,839)	-	(178,839)
Amortization	-	(2,821,699)	(2,821,699)
Ending balance of intangible assets as of 12/31/2020	179,394,850	3,748,653	183,143,503

Based on estimates made by Management, projections of cash flows attributable to intangible assets allow the carrying value of these assets recorded as of September 30, 2021 and December 31, 2020 to be recovered.

10 – GOODWILL

Goodwill represents the excess of the acquisition cost over the fair value of the group's identifiable net assets acquired.

The Company has defined its only operating segment of Electric Power Transmission as the Cash Generating Unit (CGU) for the purpose of performing the impairment tests and therefore the surplus value at the date of the impairment test is fully assigned to this CGU.

10 – GOODWILL (continued)

10.1 Measurement of the recoverable value of goodwill

The breakdown of this item as of September 30, 2021 and December 31, 2020 is as follows:

Detail	09/30/2021 ThCh$	12/31/2020 ThCh$
Goodwill	343,059,078	343,059,078
Total	343,059,078	343,059,078

10.2 Movement of goodwill in the Interim Consolidated Financial Statements:

The goodwill movements as of September 30, 2021 and December 31, 2020 are:

Movements	09/30/2021 ThCh$
Opening balance as of January 1, 2021	343,059,078
Ending balances as of September 30, 2021	343,059,078

Movements	12/31/2020 ThCh$
Opening balance as of January 1, 2020	343,059,078
Ending balances as of December 31, 2020	343,059,078

10.3 Impairment test

Management considers that the value in use approach, determined by the discounted cash flow model, is the most reliable method for determining the recoverable values of the CGU. (The variables used by the Company are found in Note 2.8 Impairment of non-financial assets).

The result of the impairment test at December 31, 2020 which includes a sensitivity analysis of its main variables, showed that the calculated recoverable values exceed the book value of the net assets of the respective cash-generating unit, and therefore no impairment was detected.

11 - PROPERTY, PLANT AND EQUIPMENT

11.1 Detail of accounts

The composition corresponds to the following detail:

Property, plant and equipment, net	09/30/2021 ThCh$	12/31/2020 ThCh$
Land	22,070,900	20,998,917
Buildings and infrastructure	889,639,997	899,288,460
Work in progress	357,966,940	252,585,609
Machinery and equipment	497,169,504	508,949,881
Assets for rights of use for leases	3,434,059	4,618,992
Other property, plant and equipment	5,966,789	5,834,252
Property, plant and equipment, net	1,776,248,189	1,692,276,111

Property, plant and equipment, gross	09/30/2021 ThCh$	12/31/2020 ThCh$
Land	22,070,900	20,998,917
Buildings and infrastructure	1,245,546,635	1,236,281,672
Work in progress	357,966,940	252,585,609
Machinery and equipment	784,557,710	778,737,992
Assets for rights of use for leases	7,856,907	7,856,907
Other property, plant and equipment	5,966,789	5,834,252
Total property, plant and equipment, gross	2,423,965,881	2,302,295,349

Total accumulated depreciation of property, plan a equipment, net	09/30/2021 ThCh$	12/31/2020 ThCh$
Buildings and infrastructure	(355,906,638)	(336,993,212)
Machinery and equipment	(287,388,206)	(269,788,111)
Assets for rights of use for leases	(4,422,848)	(3,237,915)
Total accumulated depreciation of property, plant and equipment	(647,717,692)	(610,019,238)

11 - PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

11.2 Reconciliation of changes in property, plant and equipment

The following table details the reconciliation of changes in property, plant and equipment by class during the periods ended September 30, 2021 and 2020:

Movements period 2021	Land ThCh$	Buildings and infrastructure ThCh$	Machinery and equipment ThCh$	Work in progress ThCh$	Other property, plant and equipment ThCh$	Assets right of uses ThCh$	Property, plant and equipment, net ThCh$
Opening balance 01/01/2021	20,998,917	899,288,460	508,949,881	252,585,609	5,834,252	4,618,992	1,692,276,111
Movement							
Additions	-	-	-	124,663,073	252,941	-	124,916,014
Retirements	-	(111,248)	(171,608)	(546,882)	-	-	(829,738)
Transfer	1,071,983	9,810,259	7,973,022	(18,734,860)	(120,404)	-	-
Depreciation	-	(18,985,086)	(17,803,372)	-	-	(1,184,933)	(37,973,391)
Other decrements	-	(362,388)	(1,778,419)	-	-	-	(2,140,807)
Closing balance as of September 30, 2021	22,070,900	889,639,997	497,169,504	357,966,940	5,966,789	3,434,059	1,776,248,189

Movements period 2020	Land ThCh$	Buildings and infrastructure ThCh$	Machinery and equipment ThCh$	Work in progress ThCh$	Other property, plant and equipment ThCh$	Assets right of uses ThCh$	Property, plant and equipment, net ThCh$
Opening balance 01/01/2020	20,983,646	896,902,191	478,838,192	135,552,321	5,932,186	5,126,832	1,543,335,368
Movement							
Additions	-	-	-	202,420,526	238,110	1,135,639	203.794.275
Retirements	-	(1,367,993)	(1,426,773)	(1,059,733)	-	-	(3.854.499)
Transfer	15,271	28,779,134	55,869,144	(84,327,505)	(336,044)	-	-
Depreciation	-	(25,024,872)	(24,330,682)	-	-	(1,643,479)	(50.999.033)
Other decrements	-	-	-	-	-	-	-
Closing balance as of December 31, 2020	20,998,917	899,288,460	508,949,881	252,585,609	5,834,252	4,618,992	1,692,276,111

11 - PROPERTY, PLANT AND EQUIPMENT (continued)

11.3 Additional information on property, plant and equipment

Transelec has insurance policies to cover possible risks subject to various items of property, plant and equipment and possible claims that might be filed by exercising its activities, understanding that such policies cover sufficiently the risks to which they are taken.

The Company held as of September 30, 2021 and December 31, 2020 commitments to purchase items of property, plant and equipment arising from construction contracts under EPC (Engineering-Procurement-Construction) in the amount of ThCh$161.442977 and ThCh$165,474,322, respectively.

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

Concepts	09/30/2021	12/31/2020
Capitalization rate (Annual basis)	4.79%	4.88%
Capitalized interest costs (ThCh$)	8,103,289	6,894,242

Work in progress balances amounts to ThCh$357,966,940 and ThCh$252,585,609 as of September 30, 2021 and December 31, 2020 respectively.

11.4 – Lease right of use

The book values of the right-of-use assets and their movements during the period are detailed below:

Movements 2021	Right of use land ThCh$	Right of use buildings ThCh$	Right of use vehicules ThCh$	Right of use, net ThCh$
Opening balances as of 01/01/2021	70,535	3,696,729	851,728	4,618,992
Movements:				
Additions	-	-	-	-
Amortization expense	(11,720)	(889,304)	(283,909)	(1,184,933)
Closing balance as of September 30, 2021	58,815	2,807,425	567,819	3,434,059

Movements 2020	Right of use land ThCh$	Right of use buildings ThCh$	Right of use vehicules ThCh$	Right of use, net ThCh$
Opening balances as of 01/01/2020	86,162	4,888,529	152,141	5,126,832
Movements:				
Additions	-	-	1,135,639	1,135,639
Amortization expense	(15,627)	(1,191,800)	(436,052)	(1,643,479)
Closing balance as of December 31, 2020	70,535	3,696,729	851,728	4,618,992

As of September 30, 2021 and December 31, 2020 one of the main assets for use rights and liabilities for leases (Note 14.2), comes from the contract between Seguros Vida Security vision S.A and Transelec S.A. This contract has a duration of 5 years from January 2019 and accrues interest at an annual rate of 2.3%.

12 - OTHER NON-FINANCIAL ASSETS, CURRENT

The composition of the item as of September 30, 2021 and December 31, 2020 is as follows:

Other non-financial assets	Balance to	
	09/30/2021	12/31/2020
	ThCh$	ThCh$
Funds held easements	2,578,773	1,538,806
Advance to contractors	1,540,836	1,481,012
Advance insurance	1,513,966	3,954,794
Others non-financial assets	3,438,451	3,131,491
Total other non-financial assets, current	9,072,026	10,106,103

13 - DEFERRED TAXES

13.1 Detail of deferred tax liabilities

The origin of deferred taxes recorded as of September 30, 2021 and December 31, 2020 corresponding to the company Transelec is detailed as follows:

Temporary differences	09/30/2021	12/31/2020
	ThCh$	ThCh$
Depreciable fixed assets	(206,531,157)	(191,266,541)
Financial expenses	(498)	(59,678)
Leased assets	(7,910,955)	(6,125,453)
Materials and spare parts	263,111	196,310
Tax losses	1,015,788	7,128,387
Staff severance indemnities provision	(263,992)	(173,307)
Deferred income	1,255,982	1,336,491
Obsolescence provision	1,482,154	1,482,154
Work in progress	(55,252,388)	(26,562,161)
Vacation provisions	718,629	659,438
Intangible assets	(1,301,612)	(2,742,874)
Adjustment of effective interest rate of bonds	(2,514,312)	(2,456,278)
Land	2,280,886	2,008,106
Provision tariff review	27,162,182	15,521,245
Goodwill	592,070	707,533
Net deferred tax assets/(liabilities)	(239,004,112)	(200,346,628)
Reflected in the statement financial position as follows:		
Deferred tax liabilities	239.004.112	200,346,628
Net deferred tax assets/(liabilities)	(239.004.112)	(200,346,628)

13 - DEFERRED TAXES (continued)

13.1 Detail of deferred tax liabilities (continued)

Tax losses balances amounts to ThCh$3,762,178 and ThCh$26,401,433 As of September 30, 2021 and December 31, 2020 respectively.

13.2 Deferred tax movements in statement of financial position

The movements of balances of "deferred taxes" in the statement of financial position for the periods as on September 30, 2021 and 2020 are as follows:

Deferred tax movements	Asset	Liability
	ThCh$	ThCh$
Balance as of January 1, 2020	-	156,348,593
Increase (decrease)	-	43,998,035
Balance as of December 31, 2020	-	200,346,628
Increase (decrease)	-	38,657,484
Balance as of September 30, 2021	-	239,004,112

Recovery of deferred tax assets will depend on whether sufficient tax profits are obtained in the future. Based on its projections the Company believes that its future profits will allow these assets to be recovered.

14 – OTHER FINANCIAL LIABILITIES

The current and non-current portion of this account as of September 30, 2021 and December 31, 2020 is as follows:

Loan classes that accrue interest	Balance as of September 30, 2021		Balance as of December 31, 2020	
	Current	Non- current	Current	Non- current
	ThCh$	ThCh$	ThCh$	ThCh$
Bonds payable	17,574,145	1,646,201,281	18,701,867	1,514,452,089
Forward Obligations	-	-	178,954	-
Swap contract	1,880,585	-	4,070,488	-
Right of use liabilities	1,558,080	1,964,283	1,557,403	3,184,558
Total financial liabilities	21,012,810	1,648,165,564	24,508,712	1,517,636,647

14 - OTHER FINANCIAL LIABILITIES (continued)

14.1 Bonds payable

The obligations with the public by series, currency, effective rate and expiration as of September 30, 2021 and December 31, 2020 are shown below:

Taxpayer ID number	Debtor name	Country	Placement in Chile or abroad	Instrument registration number	Series	Indexation unit	Nominal interest rate	Effective interest rate	Interest payments	Periodicity principal payments	Final maturity	09/30/2021 ThCh$	31/12/2020 ThCh$
76.555.400-4	Transelec S.A	Chile	Chile	480	D	UF	4,37%	4,25%	At maturity	Semiannually	12-15-2027	408,850,859	390,625,246
76.555.400-4	Transelec S.A	Chile	Chile	599	H	UF	4,79%	4,80%	At maturity	Semiannually	08-01-2031	91,059,778	89,009,052
76.555.400-4	Transelec S.A	Chile	Chile	599	K	UF	4,61%	4,60%	At maturity	Semiannually	09-01-2031	48,323,799	47,211,060
76.555.400-4	Transelec S.A	Chile	Chile	599	M	UF	4,26%	4,05%	At maturity	Semiannually	06-15-2032	44,869,593	42,878,671
76.555.400-4	Transelec S.A	Chile	Chile	599	M-1	UF	4,23%	4,05%	At maturity	Semiannually	06-15-2032	56,741,504	54,217,986
76.555.400-4	Transelec S.A	Chile	Chile	599	N	UF	4,29%	3,95%	At maturity	Semiannually	12-15-2038	87,640,502	83,731,059
76.555.400-4	Transelec S.A	Chile	Chile	744	Q	UF	4,02%	3,95%	At maturity	Semiannually	10-15-2042	94,204,590	90,115,371
76.555.400-4	Transelec S.A	Chile	Foreign	1st issuance	Sr N	US$	5,10%	4,63%	At maturity	Semiannually	07-26-2023	244,881,169	216,639,226
76.555.400-4	Transelec S.A	Chile	Foreign	2nd issuance	Sr N	US$	4,66%	4,25%	At maturity	Semiannually	01-14-2025	305,211,484	269,730,293
76.555.400-4	Transelec S.A	Chile	Foreign	3rd issuance	Sr N	US$	4,31%	3,88%	At maturity	Semiannually	01-12-2029	281,992,148	248,995,992
Total												1,663,775,426	1,533,153,956

The fair value of current and non-current bonds payable, both secured and unsecured, amounts to ThCh$1,718,431,941 and ThCh$1,687,850,187 as of September 30, 2021 and December 31, 2020, respectively (it does not include other current and non-current liabilities such as swap agreements which are presented in the Interim Consolidated Financial Statements at fair value). The fair value of the bonds is estimated by discounting future cash flows using discount rates available for debt with similar terms of credit risk and similar maturities. This value is categorized as level 2 according to the hierarchy of fair value.

14 - OTHER FINANCIAL LIABILITIES (continued)

14.1 Bonds payable (continued)

Debtor taxpayer ID number	Debtor name	Instrument registration number	Current			Non-current			
			Maturity less than 90 days	Maturity more than 90 days	Total Current 09/30/2021	Maturity 1 to 3 years	Maturity 3 to 5 years	Maturity more than 5 years	Total Non-current 09/30/2021
			ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
76.555.400-4	Transelec S.A.	480	5,037,259	-	5,037,259	-	-	403,813,600	403,813,600
76.555.400-4	Transelec S.A.	599	-	694,979	694,979	-	-	90,364,799	90,364,799
76.555.400-4	Transelec S.A.	599	-	174,698	174,698	-	-	48,149,101	48,149,101
76.555.400-4	Transelec S.A.	599	545,608	-	545,608	-	-	44,323,985	44,323,985
76.555.400-4	Transelec S.A.	599	693,081	-	693,081	-	-	56,048,423	56,048,423
76.555.400-4	Transelec S.A.	599	1,073,426	-	1,073,426	-	-	86,567,076	86,567,076
76.555.400-4	Transelec S.A.	744	1,687,674	-	1,687,674	-	-	92,516,916	92,516,916
76.555.400-4	Transelec S.A.	1ra. Emisión	-	2,175,362	2,175,362	242,705,807	-	-	242,705,807
76.555.400-4	Transelec S.A.	2da. Emisión	-	2,927,729	2,927,729	-	302,283,755	-	302,283,755
76.555.400-4	Transelec S.A.	3da. Emisión	-	2,564,329	2,564,329	-	-	279,427,819	279,427,819
Total			9,037,048	8,537,097	17,574,145	242,705,807	302,283,755	1,101,211,719	1,646,201,281

Debtor taxpayer ID number	Debtor name	Instrument registration number	Current			Non-current			
			Maturity less than 90 days	Maturity more than 90 days	Total Current 09/30/2021	Maturity 1 to 3 years	Maturity 3 to 5 years	Maturity more than 5 years	Total Non-current 12/31/2020
			ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
76.555.400-4	Transelec S.A.	480	-	724,039	724,039	-	-	389,901,207	389,901,207
76.555.400-4	Transelec S.A.	599	1,718,089	-	1,718,089	-	-	87,290,963	87,290,963
76.555.400-4	Transelec S.A.	599	702,704	-	702,704	-	-	46,508,356	46,508,356
76.555.400-4	Transelec S.A.	599	-	76,507	76,507	-	-	42,802,164	42,802,164
76.555.400-4	Transelec S.A.	599	-	97,179	97,179	-	-	54,120,807	54,120,807
76.555.400-4	Transelec S.A.	599	-	150,487	150,487	-	-	83,580,572	83,580,572
76.555.400-4	Transelec S.A.	744	-	745,287	745,287	-	-	89,370,084	89,370,084
76.555.400-4	Transelec S.A.	1ra, Emisión	-	4,388,051	4,388,051	212,251,175	-	-	212,251,175
76.555.400-4	Transelec S.A.	2da, Emisión	-	5,428,727	5,428,727	-	264,301,566	-	264,301,566
76.555.400-4	Transelec S.A.	3da, Emisión	-	4,670,797	4,670,797	-	-	244,325,195	244,325,195
Total			2,420,793	16,281,074	18,701,867	212,251,175	264,301,566	1,037,899,348	,514,452,089

14 - OTHER FINANCIAL LIABILITIES (continued)

14.2 Lease liabilities for use rights

The book values of the lease liabilities and the movements during the periods are detailed below:

Movement Lease liabilities Period 2021	Right of use Land	Right of use Buildings	Right of use Vehicles	Total Right of use, net
	ThCh$	ThCh$	ThCh$	ThCh$
Opening balances as of January 01, 2021	72,849	3,806,298	862,814	4,741,961
Movements:				
Interest expenses	(1,187)	(60,995)	(6,788)	(68,970)
Payments	(5,817)	(789,024)	(286,817)	(1,081,658)
Deferred interest	(1,187)	(60,995)	(6,788)	(68,970)
Closing balance as of September 30, 2021	64,658	2,895,284	562,421	3,522,363

Movement Lease liabilities Period 2020	Right of use Land	Right of use Buildings	Right of use Vehicles	Total Right of use, net
	ThCh$	ThCh$	ThCh$	ThCh$
Opening balances as of January 01, 2020	84,765	4,960,285	149,495	5,194,545
Movements:				
Right of use from lease	-	-	1,135,638	1,135,638
Interest expenses	(1,819)	(102,768)	(9,652)	(114,239)
Payments	(8,278)	(948,451)	(403,015)	(1,359,744)
Deferred interest	(1,819)	(102,768)	(9,652)	(114,239)
Closing balance as of December 31, 2020	72,849	3,806,298	862,814	4,741,961

14 – OTHER FINANCIAL LIABILITIES (continued)

14.2 Lease liabilities for use rights (continued)

a) Additional information of rights of use from leases

The following is the detail of the incremental discount rates for contracts subject to the adoption of IFRS 16 - Leases:

Currencies	5 Years	10 Years
Rate in CLP ($)	4.73%	5.32%
Rate in UF	1.21%	2.30%

b) Detail of other Right of use financial liabilities for short- and long-term leases

Rights of use for leases	Balance as of September 30, 2021		Balance as of December 31, 2020	
	Current	Non-current	Current	Non-current
	ThCh$	ThCh$	ThCh$	ThCh$
Right of Use Liabilities	1,618,647	2,004,876	1,643,628	3,268,463
Right of Use deferred interest	(60,567)	(40,593)	(86,225)	(83,905)
Total Right of Use financial liabilities	1,558,080	1,964,283	1,557,403	3,184,558

14 - OTHER FINANCIAL LIABILITIES (continued)

14.2 Lease liabilities for use rights (continued)

c) Detail of future lease rights of use liabilities.

Right of use	Current			Non-current			
	Maturity less than 90 days	Maturity more than 90 days	Total Current as of 09/30/2021	Maturity 1 and up to 3 years	Maturity 3 and up to 5 years	Maturity more than 5 years	Total Non-current as of 09/30/2021
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Land	-	15,732	15,732	39,518	-	-	39,518
Buildings	324,805	856,916	1,181,721	1,596,459	112,128	-	1,708,587
Vehicles	99,232	261,395	360,627	216,178	-	-	216,178
Total Right of Use financial liabilities	424,037	1,134,043	1,558,080	1,852,155	112,128	-	1,964,283

Right of use	Current			Non-current			
	Maturity less than 90 days	Maturity more than 90 days	Total Current as of 09/30/2021	Maturity 1 and up to 3 years	Maturity 3 and up to 5 years	Maturity more than 5 years	Total Non-current as of 12/31/2020
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Land	3,537	10,612	14,149	45,992	12,708	-	58,700
Buildings	292,364	877,094	1,169,458	2,465,312	1,71,528	-	2,636,840
Vehicles	93,449	280,347	373,796	489,018	-	-	489,018
Total Right of Use financial liabilities	389,350	1,168,053	1,557,403	3,000,322	184,236	-	3,184,558

14 – OTHER FINANCIAL LIABILITIES (continued)

14.3 Other aspects

As of September 30, 2021, Transelec had available a credit line of US$250 million, which as of that date is without pending drafts.

Many of the Company's debt agreements include an obligation to comply with certain covenants, including certain financial ratios (see Note 20.5), which is customary for agreements of this nature. This also includes affirmative and negative obligations that require these commitments to be monitored.

15 - TRADE AND OTHER PAYABLES

Trade and other payables as of September 30, 2021 and December 31, 2020, are detailed as follows:

Trade and other payables	Current	
	09/30/2021	12/31/2020
	ThCh$	ThCh$
Trade and other payables	108,275,884	52,291,534
Other accounts payable	4,671,911	4,486,848
Total	112,947,795	56,778,382

The average payment period for suppliers in the periods ended 2021 and 2020 is than 30 days and, therefore, the fair value of these liabilities does not differ significantly from their book value.

16 - DERIVATIVE INSTRUMENTS

In adhering to its risk management policy, Transelec enters primarily into exchange rate derivatives (see Note 3). The Company classifies its derivatives as:

- Cash flow hedging instruments: 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.

16 - DERIVATIVE INSTRUMENTS (continued)

16.1 Hedge assets and liabilities

Concepts	September 30, 2021				December 31, 2020			
	Asset		Liability		Asset		Liability	
	Current	Non – current	Current	Non - current	Current	Non - current	Current	Non – current
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Currency hedge Swap	-	165,845,992	1,880,585	-	44,841,765	4,070,488	-	-
Forward (non-hedging))	133,111	-		-	-	178,954	-	-
Total	133,111	165,845,992	1,880,585	-	44,841,765	4,249,442	-	-

16 - DERIVATIVE INSTRUMENTS (continued)

16.2 Other information

The following is the a detail of the derivatives contracted by Transelec as of September 30, 2021 and December 31, 2020, their fair value and the breakdown by maturity

Financial derivatives	Fair value	Maturity						
		Before 1 year	2022	2023	2024	2025	Subsequent years	09/30/2021 Total
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Currency hedge Swap	163,965,407	(1,880,585)	-	-	-	-	165,845,992	163,965,407
Forward	133,111	133,111	-	-	-	-	-	133,111

Financial derivatives		Maturity						
	Fair value	Before 1 year	2021	2022	2023	2024	Subsequent years	12/31/2020 Total
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Currency hedge Swap	40,771,277	(4,070,488)	-	-	-	-	44,841,765	40,771,277
Forward	(178,954)	(178,954)	-	-	-	-	-	(178,954)

The contractual notional amount of these contracts does not represent the risk assumed by Transelec as it is only in response to the basis with which derivative settlements are calculated. In the periods presented as of September 30, 2021 and December 31, 2020, Transelec 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 used valuation techniques include swap valuation models using present value calculations. The models include several inputs including the credit risk of the counterparty, foreign exchange spot rates and interest rate curves.

16 - DERIVATIVE INSTRUMENTS (continued)

16.3 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 September 30, 2021 and December 31, 2020

Financial instrumental measured at fair value	Fair value measured at the end of the reporting period using			
	09/30/2021	Level 1 ThCh	Level 2 ThCh$	Level 3 ThCh$
Financial asset (liability)				
Forward contracts	133,111		133,111	
Currency hedging swap	163,965,407	-	163,965,407	-
Total, net	164,098,518		164,098,518	-

Financial instrumental measured at fair value	Fair value measured at the end of the reporting period using			
	12/31/2020	Level 1 ThCh	Level 2 ThCh$	Level 3 ThCh$
Financial asset (liability)				
Forward contracts	(178,954)	-	(178,954)	-
Currency hedging swap	40,771,277	-	40,771,277	-
Total, net	40,592,323	-	40,592,323	-

17 - FINANCIAL INSTRUMENTS

The classification of financial assets in the categories described in Note 2.9 is shown below:

September 30, 2021	Financial Assets to Amortized Cos	Financial Assets to Fair Value		Derivative Instruments		Total
		Profit loss	By Other Comprehensive Income	Hedge	No Hedge	
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Cash and cash equivalents	-	182,682,080	-	-	-	182,682,080
Other financial assets, current	1,476,465	-	-		133,111	1,609,576
Trade and other receivables	96,765,750	-	-	-	-	96,765,750
Other financial assets, non-current	33,205,677	41,752	-	165,845,992	-	199,093,421
Receivables from related parties, current	3,391,387	-	-	-	-	3,391,387
Receivables from related parties, non-current	233,315,787	-	-	-	-	233,315,787
Total	368,155,066	182,723,832	-	165,845,992	133,111	716,858,001

December 31, 2020	Financial Assets to Amortized Cost	Financial Assets to Fair Value		Derivative Instruments		Total
		Profit loss	By Other Comprehensive Income	Hedge	No Hedge	
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Cash and cash equivalents	-	105,840,150	-	-	-	105,840,150
Other financial assets, current	1,149,191	-	-	-	-	1,149,191
Trade and other receivables	119,373,154	-	-	-	-	119,373,154
Other financial assets, non-current	27,682,949	41,752	-	44,841,765	-	72,566,466
Receivables from related parties, current	1,633,280	-	-	-	-	1,633,280
Receivables from related parties, non-current	206,388,399	-	-	-	-	206,388,399
Total	356,226,973	105,881,902	-	44,841,765	-	506,950,640

17 - FINANCIAL INSTRUMENTS (continued)

The classification of financial liabilities in the categories described in Note 2.9 is shown below:

September 30, 2021	Financial Liabilities to Amortized Cost	Financial liabilities To fair value		Derivatives Instruments		Total
		Profit and loss	By Other Comprehensive Income	Hedge	No Hedge	
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Other financial liabilities, current	19,132,224	-	-	1,880,585		21,012,809
Trade and other payables	112,947,795	-	-	-	-	112,947,795
Other financial liabilities, non-current	1,648,165,564	-	-	-	-	1,648,165,564
Total	1,780,245,583	-	-	1,880,585		1,782,126,168

December 31, 2020	Financial Liabilities to Amortized Cost	Financial liabilities To fair value		Derivatives Instruments		Total
		Profit and loss	By Other Comprehensive Income	Hedge	No Hedge	
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Other financial liabilities, current	20,259,270	-	-	4,070,488	178,954	24,508,712
Trade and other payables	56,778,382	-	-	-	-	56,778,382
Accounts payable to related entities	28,722,472	-	-	-	-	28,722,472
Other financial liabilities, non-current	1,517,636,647	-	-	-	-	1,517,636,647
Total	1,623,396,771	-	-	4,070,488	178,954	1,627,646,213

18 - PROVISIONS

18.1 Detail of provisions

The detail As of September 30, 2021 and December 31, 2020, is as follows:

Detail	Current		Non-current	
	09/30/2021 ThCh$	12/31/2020 ThCh$	09/30/2021 ThCh$	12/31/2020 ThCh$
Staff severance indemnities	384	477,551	3,472,839	3,472,839
Accrued vacations	2,658,089	2,442,363	-	-
Profit sharing benefits	3,865,495	6,294,401	-	-
Other provisions		205,447	-	-
Total	6,523,968	9,419,762	3,472,839	3,472,839

18.2 Provision movements

The movement of provisions as of September 30, 2021 and December 31, 2020 is as follows:

Movements in provisions 2021	Staff severance indemnities	Profit sharing benefits	Accrued vacations	Other provisions	Total
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Opening balance as of January 1, 2021	3,950,390	6,294,401	2,442,363	205,447	12,892,601
Movements in provisions:					
Provisions during the year	(181,981)	5,270,850	1,182,045	(205,447)	6,065,467
Payments	(295,186)	(7,699,756)	(966,319)	-	(8,961,261)
Ending balance as of September 30, 2021	3,473,223	3,865,495	2,658,089	-	9,996,807

Movements in provisions 2020	Staff severance indemnities	Profit sharing benefits	Accrued vacations	Other provisions	Total
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Opening balance as of January 1, 2020	6,187,137	3,677,000	1,905,730	205,447	11,975,314
Movements in provisions:					
Provisions during the year	390,425	8,604,409	1,445,058	-	10,439,892
Payments	(2,627,172)	(5,987,008)	(908,425)	-	(9,522,605)
Ending balance as of December 31, 2020	3,950,390	6,294,401	2,442,363	205,447	12,892,601

18 - PROVISIONS (continued)

18.2 Provision movements (continued)

The maturity of these provisions is detailed in the table below:

Detail	Less than 1 year	More than 1 year and up to 3 years	More than 3 years and up to 5 years	More than 5 years
	ThCh$	ThCh$	ThCh$	ThCh$
As of September 30, 2021				
Staff severance indemnities	384	800,899	1,052,646	1,619,294
Accrued vacations	2,658,089	-	-	-
Profit sharing benefits	3,865,495	-	-	-
Total	6,523,968	800,899	1,052,646	1,619,294

Detail	Less than 1 year	More than 1 year and up to 3 years	More than 3 years and up to 5 years	More than 5 years
	ThCh$	ThCh$	ThCh$	ThCh$
As of December 31, 2020				
Staff severance indemnities	477,551	665,675	957,942	1,849,222
Accrued vacations	2,442,363	-	-	-
Profit sharing benefits	6,294,401	-	-	-
Other provisions	205,447	-	-	-
Total	9,419,762	665,675	957,942	1,849,222

18.3 Provision for employee benefits

Severance pay for years of service
The Company has constituted a provision to cover the obligation of severance pay for years of service, to be paid to its employees, in accordance with the collective contracts signed with the latter. This provision represents the entire accrued provision (see note 19).

Vacation accrual
This obligation corresponds to the expense for vacations granted and not accrued by the Company's employees, whose benefit is specified in individual contract of each employee.

Annual benefits
This provision primarily includes allowances for employee participation in the Company's income, which are mostly paid within the first quarter of the following year.

Other provisions
This category's balance primarily corresponds to the obligation for health agreement contributions.

18 - PROVISIONS (continued)

18.4 Lawsuits and arbitration proceedings

1) With regard to delays in two of the important milestones of Nogales-Polpaico project, the Ministry of Energy proceeded in June 2016 to collect two guarantees for a total of US $ 2,960,000. In September 2016, the CDEC-SIC (currently CEN) settled the fine for delays to start the operations of the Project and reported that Transelec was obliged to pay the maximum fine, that is, US$1,800,000. Transelec filed an appeal for protection against the CDEC-SIC (currently CEN) and the Ministry of Energy, since there are requests for extension of time they have not been resolved by the Ministry, so it is entirely inappropriate to act CDEC-SIC (currently CEN) and the failure of the Ministry of Energy. The Court of Appeals declared admissible and ordered injunction. By judgment dated December 13, 2016, the Court of Appeals rejected the protection. . The Supreme Court rejected the appeal presented. TGR's report of the fine is pending, to then proceed with its payment.

   As of September 30, 2021 the Company has established a provision for these liabilities totaling to ThCh$1,461,420 (US$1,800,000).

2) As of September 30, 2021, Transelec maintains a provision for four obligations for an amount of ThCh $ 3,210,491, equivalent to UTM 61,000:

   i) 50% of two fines of UTM 75,000 and UTM 25,000, applied by the Superintendency of Electricity and Fuels for a failure in the Cóndores-Parinacota power line on December 18, 2018 and a failure in the Pan de Azúcar substation on December 19 January 2019

   ii) 100% of the fine for UTM 9,000, for a failure in the Cerro Navia SE dated November 7, 2018, whose judicial claim was rejected in the first instance and its appeal is pending before the Supreme Court.

   iii) 100% of the fine for a failure on the Maitencillo-Vallenar line dated August 1, 2018, whose judicial claim was partially accepted in the first instance, reducing the amount of the fine from UTM 3,000 to UTM 2,000. Both the Superintendency of Electricity and Fuels and Transelec decided not to file an appeal.

19 - POST-EMPLOYMENT AND OTHER BENEFIT OBLIGATIONS

19.1 Detail of account

Employee benefit obligations	09/30/2021 ThCh$	12/31/2020 ThCh$
Staff severance indemnity provision – current	384	477,551
Staff severance indemnity provision non – current	3,472,839	3,472,839
Total Employee benefit obligations current and non-current	3,473,223	3,950,390

19.2 Detail of obligations to employees

The movement of the obligation in the period ended September 30, 2021 and December 31, 2020 is as follows:

	Staff severance indemnity	
	09/30/2021 ThCh$	12/31/2020 ThCh$
Present value of defined benefit plan obligations opening balance	3,950,390	6,187,137
Current service cost of defined benefit plan obligations	155,290	328,854
Liquidations obligation defined benefit plan	(632,457)	(2,565,601)
Present value of defined benefit obligations ending balance	3,473,223	3,950,390

19.3 Balance of obligations to employees

	Staff severance indemnity	
	09/30/2021 ThCh$	12/31/2020 ThCh$
Present value of defined benefit plan obligations opening balance	3,473,223	3,473,223
Present obligation with defined benefit plan funds	3,473,223	3,473,223
Balance of defined benefit obligations, ending balance	3,473,223	3,950,390

19 - POST-EMPLOYMENT AND OTHER BENEFIT OBLIGATIONS (continued)

19.4 Expenses recognized in income statement

Concepts	Staff severance indemnity		Income statement line item where recognized
	01/01/2021 09/30/2021 ThCh$,	01/01/2020 12/31/2020 ThCh$	
Current service cost of defined benefit plan	101,094	188,949	Cost of sales and Administrative expenses
Interest cost of defined benefit plan	54,196	139,905	Cost of sales and Administrative expenses
Total expense recognized in profit or loss	155,290	328,854	

19.5 Actuarial hypothesis

Detail	09/30/2021 ThCh$	12/31/2020 ThCh$
Discount rate used	1.19%	0.18%
Inflation rate	3.00%	3.00%
Future salary increase	0.72%	0.72%
Mortality table	RV-2014	RV-2014
Disability table	30% RV-2014	
Rotation table	4.48%/0.34%	

Assumptions for future mortality rates are based on actuarial data obtained using published statistics and historical experience,

19.6 Sensitivity analysis

The following chart shows the sensitivity analysis of the significant hypotheses as of September 30, 2021:

Level of Sensitivity	Discount rate used		Inflation rate		Future salary increase	
	Increase 1% (ThCh$)	Decrease 1% (ThCh$)	Increase 1% (ThCh$)	Decrease 1% (ThCh$)	Increase % (ThCh$)	Decrease 1% (ThCh$)
Impact on current and non-current of employment benefit obligation	(148,548)	161,641	-	-	160,765	(109,113)

19 - POST-EMPLOYMENT AND OTHER BENEFIT OBLIGATIONS (continued)

19.6 Sensitivity analysis (continued)

To evaluate impact, the sensitivity analysis has been determined based on the extrapolation method obtaining reasonable results in terms of the changes in the significant hypotheses used as of September 30, 2021.

In the following table the payments of expected of employment benefit obligation are presented:

Concepts	09/30/2021 ThCh$	12/31/2020 ThCh$
During the upcoming 12 month	384	477,551
Between 2 to 5 years	1,853,545	1,623,617
Between 5 to 10 years	1,256,462	1,553,923
More than 10 years	362,832	295,299
Total Payments Expected	3,473,223	3,950,390

20 - EQUITY

20.1 Subscribed and paid capital

As of September 30, 2021 and December 31, 2020 authorized, subscribed and paid share capital amounts to ThCh$ 776,355,048.

20.2 Number of subscribed and paid shares

Concept	Number of shares subscribed	Number of shares paid	Number of shares with voting rights
Sole series	1,000,000	1,000,000	1,000,000

No shares have been issued or redeemed in the years covered by these financial statements.

20.3 Dividends

During March 2021, the company recognized ThCh$528 as part of the final dividend for the 2020 financial year result.

During the month of May 2021, the company paid the final dividend for the financial year 2020 for ThCh$28,723,000.

As of December 31, 2020, the company made the distribution of a final dividend for the results of the year 2019 in the amount of ThCh $ 43,852,484, which was paid during the month of May 2020.

In addition, the company recognized the distribution of dividends according to the legal minimum for the result of the year 2020, for an amount of ThCh $ 28,722,472 which was paid during the month of May 2021.

20 - EQUITY (continued)

20.4 Other reserves

Other reserves as of September 30, 2021 and December 31, 2020 are detailed as follows:

Description	09/30/2021 ThCh$	12/31/2020 ThCh$
Conversion difference, before tax		
Gains (losses) from cash flow hedges	23,919,816	(24,715,110)
Gain (loss) on other reserves	743,636	743,636
Income tax related to cash flow hedges	(6,458,350)	6,673,080
Income tax related to other reserves	(200,782)	(200,782)
Other Comprehensive Result	18,004,320	(17,499,176)

The movements of other reserves as of September 30, 2021 and December 31, 2020, are presented below:

	Foreign translation reserve ThCh$	Cash flow hedges reserve ThCh$	Other Reserves ThCh$	Total ThCh$
Opening balance as of 01/01/2021	-	(18,042,030)	542,854	(17,499,176)
Deferred tax		(13,936,091)	-	(13,936,091)
Cash Flow Coverage	-	49,439,587	-	49,439,587
Total Comprehensive Income	-	35,503,496	-	35,503,496
Closing balance as of 09/30/2021	-	17,461,466	542,854	18,004,320

	Foreign translation reserve ThCh$	Cash flow hedges reserve ThCh$	Other Reserves ThCh$	Total ThCh$
Opening balance as of 01/01/2020	216,632	(40,570,859)	405,358	(39,948,869)
Conversion difference	(296,756)	-	-	(296,756)
Cash Flow Coverage	-	30,861,409	-	30,861,409
Actuarial Losses	-	-	188,351	188,351
Deferred tax	80,124	(8,332,580)	(50,855)	(8,303,311)
Total Comprehensive Income	(216,632)	22,528,829	137,496	22,449,693
Closing balance as of 12/31/2020	-	(18,042,030)	542,854	(17,499,176)

20 – EQUITY (continued)

20.5 Capital management

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

The capital management policy of Transelec S.A. and subsidiary is aimed at maintaining adequate capitalization levels to sustain operations and provide 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.

The principal financial covenants established in current debt contracts related to capital requirements are:

1) Maintain individual and indebtedness levels (Total debt / Total capitalization ratio) no greater than 0.7 based on the definitions of these terms in the respective prospectuses of local bond series C, D, H, K, M, N and Q.
   a) Maintain minimum individual and equity of fifteen million UF equivalent to ThCh$451.325.550 as of September 30, 2021. As that term is defined in the respective prospectuses of local bond series C, D, H, K, M and N.
   b) Maintain at all times during the validity period of the bond issuance a minimum Equity of ThCh$350,000,000; as this term is defined in the respective prospectus of local bond Series Q.

The test of distribution of restricted payments (net cash flow of the operations / financial costs) must be greater than 1.5 times, as those terms are defined in the respective prospectuses C,D,H,K,M and N.

20 – EQUITY (continued)

20.5 Capital management (continued)

The following tables present as of September 30, 2021 and December 31, 2020 the calculation of the two covenants mentioned above and also a calculation of a third ratio that the Company has to comply, which does not depend on capital (equity) amount.

Covenant 1	Total debt / Total capitalization ratio	09/30/2021	12/31/2020
	Lower or equal to 0.70	MCh$	MCh$
A	Other financial liabilities, current	21,013	24,509
B	Payables to related parties, current	-	28,722
C	Other financial liabilities, non-current	1,648,165	1,517,637
D	Payables to related parties, non-current	-	-
E=A+B+C+D	**Covenants debt**	**1,669,178**	**1,570,868**
G	Debt with guarantees	-	-
DT=E+G	**Total debt**	**1,669,178**	**1,570,868**
H	Non-controlling interest	-	-
P	Equity attributable to owners of the parent	995,641	893,090
I	Accumulated amortization of goodwill (as of the date of transition to IFRS)	24,970	24,970
CT=DT+H+I+P	**Total capitalization**	**2,689,789**	**2,488,928**
DT/CT	**Total debt / Total capitalization ratio**	**0.62**	**0.63**

Covenant 2	Minimum equity	09/30/2021	12/31/2020
	Greater than or equal to UF 15 million/ Greater or equal to MCh$ 350,000	MCh$	MCh$
P	Equity attributable to owners of the parent	995,641	893,090
I	Accumulated amortization of goodwill (as of the date of transition to IFRS)	24,970	24,970
P+I	**Equity (in MCh$)**	**1,020,611**	**918,060**
UF	UF value	30,088,37	29,070,33
(I+P)/UF	**Equity (in UF millions)**	**33.92**	**31.58**

Covenant 3	Restricted payments test	09/30/2021	12/31/2020
	Funds from operations (FNO) / Financial costs > 1,5	MCh$	MCh$
FO	Cash flow from operations	363,148	203,806
CF	Absolute value of financial costs	70,142	75,998
IG	Absolute value of income tax expense	31,282	35,761
FNO=FO+CF+IG	**Funds from operations**	**464,572**	**315,565**
FNO/CF	**Funds from operations / Financial costs**	**6.62**	**4.15**

* This distribution test is calculated with values corresponding to the last twelve months.
On the date of issuance of these financial statements, the company was in compliance with all the financial safeguards established in the current debt contracts.

20– EQUITY (continued)

20.5 Capital management (continued)

Covenant N° 4	Total debt / Adjusted EBITDA	09/30/2021	12/31/2020
	Lower or equal to 8.0	MCh$	MCh$
A	Other financial liabilities, (current and non-current)	1,669,178	1,542,145
B	Total rights of use	3,522	4,742
C	Cash and cash equivalents	182,682	105,840
D	Other financial assets (current and non-current)	200,703	73,716
E	Finance leases receivable (current and non-current)	34,682	28,832
DN=A-B-(C+D-E)	**Net debt**	**1,316,953**	**1,386,679**
G	Operating revenues	325,194	333,303
H	Cost of sales	(88,513)	(93,224)
I	Administrative expenses	(26,199)	(24,392)
J	Depreciation and amortization	57,453	57,854
K	Other gains	1,889	1,312
L	Finance lease amortization	1,260	1,126
EA=G+H+I+J+K+L	**Adjusted EBITDA**	**271,084**	**275,979**
DN/EA	**Net debt /Adjusted EBITDA**	**4,86**	**5.02**

As of the date of issuance of these Interim Consolidated Financial Statements, the Company was in compliance with all financial covenants established in its current debt contracts.

21 - REVENUE

21.1 Revenue

The breakdown of operating income for the Nine and three-month periods ended September 30, 2021 and 2020, is as follows:

Operating income	01/01/2021 09/30/2021 ThCh$	01/01/2020 09/30/2020 ThCh$	07/01/2021 09/30/2021 ThCh$	07/01/2020 09/30/2020 ThCh
Regulated revenues	231,148,594	232,505,170	81,006,101	76,351,093
Contract revenue	54,488,055	61,438,083	18,869,689	19,660,089
Leasing revenues	3,092,114	2,894,477	1,185,720	896,892
Provision Tariff Review	(43,114,575)	(43,114,575)	(14,371,525)	(14,371,525)
Total revenues	245,614,188	253,723,155	86,689,985	82,536,549

Operating income	01/01/2021 09/30/2021 ThCh$	01/01/2020 09/30/2020 ThCh$	07/01/2021 09/30/2021 ThCh$	07/01/2020 09/30/2020 ThCh
Regulated Revenues:	**231,148,594**	**232,505,170**	**81,006,101**	**76,351,093**
National Transmission System	165,219,525	166,523,800	58,732,630	54,324,914
Zonal Transmission System	62,253,863	62,048,837	21,066,708	20,740,610
Dedicated Transmission System	3,299,339	3,203,858	1,106,485	1,046,406
Complementary services	375,867	728,675	100,278	239,163
Contractual income	**54,488,055**	**61,438,083**	**18,869,689**	**19,660,089**
Transmission facilities	47,868,078	48,345,922	17,222,324	14,301,786
Engineering and Construction Services	6,390,213	4,270,015	1,647,365	1,279,032
Others	229,764	8,822,146	-	4,079,271
Leasing revenues	**3,092,114**	**2,894,477**	**1,185,720**	**896,892**
Provision Tariff Review	**(43,114,575)**	**(43,114,575)**	**(14,371,525)**	**(14,371,525)**
Total	245,614,188	253,723,155	86,689,985	82,536,549
Transferred services by a long time	245,614,188	253,723,155	86,689,985	82,536,549
Total	245,614,188	253,723,155	86,689,985	82,536,549

21 – REVENUE (continued)

21.1 Revenue (continued)

The tariff review process for the four-year period 2020-2023, which largely sets the Company's revenue and will establish the rates for the use of the national, zonal transmission system for development and dedicated poles used by users subject to price regulation, it is currently under development and the new rates are expected to be published and effective in the first quarter of 2022.

According to the law, the rates of the previous tariff review process are transitional until the new rates come into force, which will have a retroactive effect on the Company's income as of January 1, 2020.

It should be mentioned that the exempted resolutions No. 815, 229 and 495 dated 26 December 2019, 26 June 2020 and 29 December 2020 respectively, They imposed some sort of stabilization in Chilean pesos of the old tariffs until the new tariffs are published and the Annual Toll Reliquidation Report 2019 issued by the National Electrical Coordinator in May 2020 which established a significant payment to the generating companies during the first Semester of the year 2020, generating in Transelec S.A. a displacement in the collection of the income for which the company is a beneficiary. Both elements should be partially reinstated as of June 2020 and completely as of the publication of the new rates in accordance with the current tariff review, as set out in the above-mentioned exempted resolutions and the Reliquidation Report.

At the close of these interim financial statements, the Company continues to recognize revenues according to the previous tariff review process, Supreme Decree 23T of 2015 and Supreme Decree 6T of 2017, pending the publication and entry into force of the tariff decree for the four-year period 2020-2023.

Because of the above, the Company has made an estimate of the impact of the effective rate review on income for the period through September 30, 2021, and through December 31, 2020, considering the best information that is available as of this date, these are: The evaluation studies carried out and issued by the consultants hired by the National Energy Commission in accordance with article 108 of the law and whose results were presented at the public hearings of November 13, 2020 and December 2, 2020 convened by that authority.

Although the National Energy Commission issued the exempt Resolution No. 95 dated 6 April 2021 with the preliminary estimate of the valorization of transmission systems facilities for the quadrennium 2020-2023, this report was not considered in order to determine the impact of the tariff review process, since the report is preliminary, pending a process of observations of the companies, users and institutions concerned, the issuance of the final technical report, any discrepancies presented by the companies, Users and institutions interested in the Honorable Panel of Electrical Experts, the issuance of the final technical report incorporating the opinions of the Panel and the revision of the Office of the Comptroller General of the Republic.

On August 3, 2021, the National Energy Commission submitted the Final Technical Report of the tariff study for the period 2020-2023. On August 17th the Company presented the discrepancies to the Panel of Experts regarding the CNE's Final Technical Report of the tariff study. The Expert Panel will have a period of three months to evaluate these discrepancies and submit the final resolution.

According to the scenario mentioned above, the Company has proceeded to make a provision for lower income as of September 30, 2021, of ThCh $ 43,114,575 and as of December 31, 2020 of ThCh$ 57,486,100.

21 – REVENUE (continued)

21.2 Other operating income

The detail of operating income for the nine and three-month periods ended September 30, 2021 and 2020, is as follows:

	01/01/2021 09/30/2021 ThCh$	01/01/2020 09/30/2020 ThCh$	07/01/2021 09/30/2021 ThCh$	07/01/2020 09/30/2020 ThCh$
Financial income (note 22.4)	6,639,491	8,880,879	2,450,925	2,409,854
Other gains, net	1,276,951	699,774	118,153	210,258
Total other income	**7,916,442**	**9,580,653**	**2,569,078**	**2,620,112**

22 - RELEVANT INCOME STATEMENT ACCOUNTS

22.1 Expenses by nature

The composition of cost of sales and administrative expenses for the nine and three-month periods ended September 30, 2021 and 2020, is as follows:

	01/01/2021 09/30/2021 ThCh$	01/01/2020 09/30/2020 ThCh$	04/01/2021 09/30/2021 ThCh$	04/01/2020 09/30/2020 ThCh$
Personnel expenses	19,532,270	18,345,577	6,407,997	6,469,685
Operating expenses	14,354,766	16,924,412	4,470,013	5,435,575
Maintenance expenses	6,778,402	7,585,804	2,385,713	2,715,287
Depreciation, amortization and write-offs	40,197,658	40,598,958	13,857,889	13,832,971
Other	1,230,734	1,543,293	387,093	685,500
Total	**82,093,830**	**84,998,044**	**27,508,705**	**29,139,018**

22 - RELEVANT INCOME STATEMENT ACCOUNTS (continued)

22.2 Personnel expenses

The composition of personnel expenses as of September 30, 2021, and 2020, is as follows:

	01/01/2021 09/30/2021 ThCh$	01/01/2020 09/30/2020 ThCh$	07/01/2021 09/30/2021 ThCh$	07/01/2020 09/30/2020 ThCh$
Salaries and wages	17,486,616	16,340,384	6,023,542	5,523,409
Short-term employee benefits	2,655,669	989,810	409,778	423,794
Staff severance indemnity	(181,981)	496,850	-	161,551
Other long-term benefits	1,205,477	1,060,666	435,454	361,546
Other personnel expenses	5,945,358	6,404,034	2,084,287	2,394,616
Expenses capitalized on construction in progress	(7,578,869)	(6,946,167)	(2,545,064)	(2,395,231)
Total	**19,532,270**	**18,345,577**	**6,407,997**	**6,469,685**

22.3 Depreciation and amortization

The detail of this item in the income statement for the nine and three-month periods ended September 30, 2021 and 2020, is as follows:

	01/01/2021 09/30/2021 ThCh$	01/01/2020 09/30/2020 ThCh$	07/01/2021 09/30/2021 ThCh$	07/01/2020 09/30/2020 ThCh$
Depreciation (PP&E)	36,788,458	36,623,232	12,348,174	12,260,671
Amortization (Intangible)	1,394,529	2,217,008	360,516	728,984
Amortization (Rights of use)	1,184,933	1,248,502	394,978	490,480
Losses from damages	829,738	510,216	754,221	168,736
Total	**40,197,658**	**40,598,958**	**13,857,889**	**13,648,871**

The losses for the withdrawal and damages are a replacement of equipment by technical conditions, not significantly affecting the deterioration of the Cash Generating Unit.

22 - RELEVANT INCOME STATEMENT ACCOUNTS (continued)

22.4 Financial results

The detail of the financial result for the nine and three-month periods ended September 30, 2021, and 2020, is as follows:

	01/01/2021 09/30/2021 ThCh$	01/01/2020 09/30/2020 ThCh$	07/01/2021 09/30/2021 ThCh$	07/01/2020 09/30/2020 ThCh$
Financial income:	**6,639,491**	**8,880,879**	**2,450,925**	**2,409,854**
Commercial interest earned	38,742	668,490	13,334	138,806
Bank interest earned	379,353	1,306,436	236,833	102,803
Interest earned from related parties	6,221,396	6,914,426	2,200,758	2,176,718
Other expenses	-	(8,473)	-	(8,473)
Financial expenses:	**(51,897,821)**	**(57,754,098)**	**(17,128,880)**	**(19,470,455)**
Interest on bonds	(44,279,926)	(48,956,612)	(15,024,523)	(15,905,286)
Interest rate Swap	(6,498,297)	(6,522,101)	(2,189,902)	(2,189,902)
Accrued commercial interest	55,009	-	12,795	-
Other expenses	(1,174,607)	(2,275,385)	72,750	(1,375,267)
Gain (loss) from indexation of UF	**(27,280,455)**	**(10,669,065)**	**(10,139,217)**	**(283,940)**
Foreign exchange gains (losses), net	**331,879**	**521,408**	**152,217**	**92,913**
Obligations with public	(103,702,923)	(39,524,789)	(86,124,594)	34,234,617
Intercompany Loan	26,321,296	15,240,136	21,891,151	(5,137,114)
Financial Instruments	72,435,086	28,115,590	60,399,023	(23,912,344)
Other	5,278,420	(3,309,529)	3,986,637	(5,092,246)
Total financial result, net	**(72,206,906)**	**(59,020,876)**	**(24,664,955)**	**(17,251,628)**

23 - INCOME TAX RESULT

The income tax result is as follows:

Concepts	01/01/2021 09/30/2021 ThCh$	01/01/2020 09/30/2020 ThCh$	07/01/2021 09/30/2021 ThCh$	07/01/2020 09/30/2020 ThCh$
Current tax expense	16,676	15,146,615	16,054	8,471,804
Current tax expense, net, total	16,676	15,146,615	16,054	8,471,804
Deferred tax expense relating to origination and reversal of temporary differences	25,526,054	14,875,318	9,758,875	1,225,821
Deferred tax expense, net, total	25,526,054	14,875,318	9,758,875	1,225,821
Income tax expense	25,542,730	30,021,933	9,774,929	9,697,625

The following table reconciles income taxes resulting from applying statutory tax rate to the "Profit before Taxes" to the income tax expense recorded in the income statement for the nine and three-month periods ended September 30, 2021 and 2020

Concepts	01/01/2021 09/30/2021 ThCh$	01/01/2020 09/30/2020 ThCh$	07/01/2021 09/30/2021 ThCh$	07/01/2020 09/30/2020 ThCh$
Tax expense using the legal rate	24,999,409	29,809,082	9,351,309	9,816,163
Monetary Capital Correction	(28,421)	(104,856)	(9,744)	4.115
Monetary Correction Investment	90,679	37,841	31,090	11.070
Expenses not accepted	250,420	564,121	54,722	17.643
Tax monetary correction tax loss	(246,680)	(258,043)	(84,576)	(25.749)
Other differences	477,323	(26,212)	432,128	(125.617)
Total adjustments to tax expense using statutory rate	543,321	212,851	423,620	(118.538)
Tax expense using effective tax rate	25,542,730	30,021,933	9,774,929	9.697.625

23 - INCOME TAX RESULT (continued)

Concepts	01/01/2021 09/30/2021 ThCh$	01/01/2020 09/30/2020 ThCh$	07/01/2021 09/30/2021 ThCh$	07/01/2020 09/30/2020 ThCh$
Statutory Tax Rate	27.00%	27.00%	27.00%	27.00%
Monetary Capital Correction	(0.03%)	(0.09%)	(0.03%)	0.01%
Monetary Correction Investment	0.10%	0.03%	0.09%	0.03%
Expenses not accepted	0.27%	0.50%	0.16%	0.05%
Monetary correction tax loss	(0.27%)	(0.23%)	(0.24%)	(0.07%)
Other Increase (Decrease)	0.52%	(0.02%)	1.25%	(0.35%)
Total adjustments to tax expense using statutory rate	0.59%	0.19%	1.23%	(0.33%)
Effective tax rate	27.59%	27.19%	28.23%	26.67%

The tax rate used for the years 2021 and 2020 reconciliations corresponds to 27%, a corporate tax rate that entities should pay on taxable profits based on current tax regulations.

Chilean Tax Reform

On February 24, 2020, Law 21,210 Modernization of the Tax Legislation was published in the Official Gazette, which is effective as of January 1, 2020, which comes to modify aspects of Business taxation and form finals taxpayers.

This Law repeals the previous Tax Regimes and generates a new unique tax regime called 14A).

The Transelec Group of Companies changed from regime 14B) as of December 31, 2019 to regime 14A) as of January 1, 2020.

Although the management is evaluating the generality of changes, regarding the change of regimen, it is estimated the effect on the Transelec Group is totally neutral since the tax regime 14B) to which the Group belongs mutated to the New Regime 14A) that works the same way.

24 - EARNINGS PER SHARE

Basic earnings per share is calculated by dividing profit attributable to the Company's shareholders by the weighted average number of common shares in circulation during the year excluding, if any, common shares purchased by the Company and maintained as treasury shares.

Basic Earnings per Share	01/01/2021 09/30/2021 ThCh$	01/01/2020 09/30/2020 ThCh$
Profit Attributable to Holders of Equity Participation Instruments of the	67,047,673	80,382,075
Parent Company	-	-
Earnings available to common shareholders, basic	67,047,673	80,382,075
Total basic shares	1,000,000	1,000,000
Basic earnings per share (Ch$)	67,048	80,382

25 - SEGMENT REPORTING

The Company engages exclusively in providing services related to electricity transmission. To provide such services, they possess assets throughout the country that form the Transelec transmission system, stretching 3,168 kilometers from the Arica y Parinacota Region to the Los Lagos Region.

Electricity transmission service falls under the legal framework that governs the electricity sector in Chile, This framework defines transmission systems and classifies transmission facilities into three categories the national transmission system (former trunk), the zonal system (former subtransmission system) and committed systems (former additional systems), establishing an open access scheme for the first two systems and allowing additional lines that use rights of way and have national assets for public use along their paths to be used by third parties under non-discriminatory technical and economic conditions, The law also sets criteria and procedures for determining compensation that transmission facility owners are entitled to receive.

Transelec's revenue from the national system (former trunk system) consists of the "annual transmission value per segment" (VATT for its Spanish acronym), which is calculated every 4 years based on the "annual investment value" (AVI for its Spanish acronym), plus "operating, maintenance and administrative costs" (COMA for its Spanish acronym) for each segment that forms the national system (former trunk system).

The annual zonal system (former subtransmission system) value (VASTX for its Spanish acronym) is calculated every four years. It is based on the valuation of facilities that are economically adapted to demand and consists of standard investment, maintenance, operating and administrative costs, plus average energy and capacity losses of the adapted facilities.

Revenue from committed systems (former additional system) is established in private contracts with third parties, which are principally generators and users that are not subject to price regulation. The main objective of the committed systems (former additional system) is to enable generators to inject their production into the electricity system and to allow large customers to make withdrawals.

25 - SEGMENT REPORTING (CONTINUED)

The law distinguishes between the different systems in order to ensure that tariffs are appropriate for each case, Nevertheless, facilities of a given voltage (220 KV, for example) are identical, whether national (former trunk), Zonal (former subtransmission) or committed (former additional) .Thus, a 220 KV facility requires a given type of maintenance, fundamentally because of its geographic location, its proximity to the ocean, the climate, etc,, but in no case does this maintenance depend on whether that 220 KV facility is national (former trunk), zonal (former subtransmission) or additional. Thus, for Transelec this classification into national (former trunk), zonal (former subtransmission) or additional systems is merely for tariff purposes and has no other consequences.

The Company's management analyzes its business as a set of transmission assets that enables it to provide services to its customers. As a result, resource allocation and performance measurements are analyzed in aggregate.

Internal management takes into account this classification criterion for revenue and costs merely for descriptive purposes but in no case for business segmentation.

As a result, for the purposes of applying IFRS 8, all of the businesses described above are defined as one sole operating segment for Transelec S.A.

Information about products and services

Concept	01/01/2021 09/30/2021 ThCh$	01/01/2020 09/30/2020 ThCh$
Transmission services	245,614,188	253,723,155

Information about sales and principal customers

Information about the main customers of the Company is contained in note 3.1.2 Credit risk.

26 - THIRD-PARTY GUARANTEES, OTHER CONTINGENT ASSETS AND LIABILITIES AND OTHER COMMITMENTS

As of September 30, 2021, the Company has received performance guarantees from contractors and third parties, primarily to guarantee performance of construction and maintenance works, amounting to ThCh$30,117,329 (ThCh$30,208,753 as of December 31, 2020).

As of September 30, 2020, the Company has issued Guarantee Certificates for government entities and commercial counterparts, mainly to guarantee the fulfillment of works, the seriousness of offers in new tenders and/or asset purchases for an amount of ThCh$ 68,290,250, - (ThCh$ 21,314,954 as of December 31, 2020).

27 - DISTRIBUTION OF PERSONNEL

As of September 30, 2021, and December 31, 2020, personnel employed by Transelec S.A. are detailed as follows:

September 30, 2021

Concept	Manager and Executives	Professionals and technical personnel	Other employees	Total	Average of the year
Total	16	451	122	589	579

December 31, 2020

Concept	Manager and Executives	Professionals and technical personnel	Other employees	Total	Average of the year
Total	17	427	123	567	564

28 - ENVIRONMENT

Transelec, in compliance with current environmental regulations and in line with its sustainability policy have undergone environmental assessment projects or amendments thereto to the environmental authority through the Environmental Evaluation System (SEIA). To this end, several studies were conducted to substantiate the presentations have allowed environmental documents, These documents are an Environmental Impact Statement (EIS for Spanish acronym) or an environmental impact study concerned, met the requirements of Law No, 19,300 on General Environment, amended by Law No, 20,417, and its regulations of SEIA, For projects that have started their implementation the Company has been following the conditions and measures imposed by environmental authority in the respective resolutions of environmental qualification.

During for the nine and three-month periods ended September 30, 2021 and 2020, the Company has made the following environmental disbursements:

Company making disbursement	Project	09/30/2021 ThCh$	09/30/2020 ThCh$
Transelec S.A.	Environmental management, elaboration of DIA and EIA and the follow up of environmental matters (includes environmental permissions for sectors)	911,308	450,669
Total		911,308	450,669

29 - ASSETS AND LIABILITIES IN FOREIGN CURRENCY

a) Current assets and liabilities

Current Assets	Foreign Currency	Functional Currency	September 30, 2021		December 31, 2020	
			Maturity less than 90 days	Maturity more than 91 to 1 year	Maturity less than 90 days	Maturity more than 91 to 1 year
			ThCh$	ThCh$	ThCh$	ThCh$
Cash and cash equivalents	Dollars	CH$	698,843	|	2,282,670	-
	Other Currency	CH$	11,416	-	10,612	-

Current Liabilities	Foreign Currency	Functional Currency	September 30, 2021		December 31, 2020	
			Maturity less than 90 days	Maturity more than 91 to 1 year	Maturity less than 90 days	Maturity more than 91 to 1 year
			ThCh$	ThCh$	ThCh$	ThCh$
Other financial liabilities, current	Dollars	CH$	7,667,420	-	-	14,487,575

Non-Current Liabilities	Foreign Currency	Functional Currency	September 30, 2021			December 31, 2020		
			1 to 3 year	3 to 5 year	More than 5 year	1 to 3 year	3 to 5 year	More than 5 year
			ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Other financial liabilities, non-current	Dollars	CH$	212,251,175	264,301,566	244,325,195	212,251,175	264,301,566	244,325,195

30 - SUBSEQUENT EVENTS

As of September 30, 2021, closing date of these Interim Consolidated Financial Statements and their issuance date, there has been no others significant financial and accounting events that may affect the equity of the Company or the interpretation of these Interim Consolidated Financial Statements.

Management Discussion and Analysis (MD&A) of the Consolidated Financial Statements

TRANSELEC S.A AND SUBSIDIARY

Santiago, Chile
September 30, 2021

SUMMARY

As of September 30, 2021, revenues reached MCh$245,614 showing a decrease of 3.2% compared to the same period of 2020 (MCh$253,723). This decrease is mainly explained by FX effects and minor services to third parties, which is partially offset by new revenues associated with new installations. In September of 2021 and September 2020, a provision of lower income was made associated with the estimative effect that would have the entry into force of the new study for the valorization of transmission facilities 2020 – 2023 (this is currently being prepared by the *Comisión Nacional de Energía* and it is expected to be issued at the beginning of 2022, but it applies on the company's incomes since January 1, 2020).

As of September 30, 2021, Transelec obtained an EBITDA[1] of MCh$206,060, an 2.3% lower than the one obtained in the same period of 2020 (MCh$210,954), with an EBITDA Margin[2] of 83.9%. The EBITDA decrease is mainly due to the drop in income explained above.

The loss in Non-Operating Income as of September 2021 was MCh$70,930, representing a rise of 21.6% compared to the same period of 2020 (MCh$58,321). This increase is mostly explained by higher losses for indexed assets and Liabilities and lower Financial Incomes, partially offset by lower financial costs.

Net Income recorded by the Company as of September 30, 2021, was MCh$67,048, which is 16.6% less compared to the same period of 2020, in which a Net Income of MCh$80,382 was registered.

In 2021, the Company has incorporated the equivalent of US$87.1 million of new facilities, which correspond to the commissioning of three expansions of the Dedicated Segment, two upgrades and two expansions of the National System. Likewise, in the 12-month mobile period ending in September 2021, facilities for the equivalent of US$117.1 million were added.

[1] EBITDA= Operating Revenues + Operating Costs + Administrative Expenses + Other Income (Losses) + Finance Leases Amortization. Operating Costs and Administrative Expenses do not include Depreciation and Amortization.

[2] EBITDA Margin= EBITDA/Revenues

Relevant events of the period:

- So far, the situation of COVID-19 has had a limited impact on our Company in operational and financial aspects. The Company has taken preventive actions that allow maintaining the continuity of its operations, considering the impact of this situation.

- The study of the transmission facilities valorization for the period 2020-2023 of the National Electric System that regulates mostly the transmission rates in the country, are being prepared in accordance with the law and their results are expected to be published at the beginning of 2022. The application of the transmission facilities valorization study considers the Company's revenues from January 1st, 2020, which implies that in the meantime, the result of previous tariff studies shall be applied until the new tariffs enter into force, whose effects are reflected in the applicable single charge. At the closing of these financial statements, the Company continues to recognize and receiving revenues according to the previous tariff studies (DS23T and DS6T) pending the publication and the effective date of the new tariff study. Due to all mentioned above, the Company has made an estimate of the impact that would have the entry into force of the new tariff study on revenues for the year 2021 and 2020, considering the best information available to date and has proceeded to make a provision as of September 30, 2021 (which was also carried out in 2020).

- In January 2021, the international risk rating agency Fitch Ratings ratified Transelec's classification in BBB (international) and ratified the classification in AA- (national).

- On April 30, 2021, the Ordinary Shareholders' Meeting agreed to distribute a definitive dividend for the results of the 2020 period for an amount of MCh$28,723, which was paid in May 2021. The amount corresponds to the legal minimum in agreement to the *Sociedades Anonimas Law* (consistent with 30% of 2020 Net Income).

- On May 28, 2021, Transelec renewed the revolving credit facility, improving its terms and extending its maturity (May 2024).

- In September, the international risk rating agency Moody's ratified Transelec's Baa1 rating.

1. INCOME STATEMENT ANALYSIS

ITEMS	September 2021 MCh$	September 2020 MCh$	Variation 2021/2020 MCh$	Variation 2021/2020 %
Revenues	**245,614**	**253,723**	**-8,109**	**-3.2%**
Sales	238,994	240,631	-1,637	-0.7%
Services	6,620	13,092	-6,472	-49.4%
Operation Costs and Expenses	**-82,094**	**-84,998**	**2,904**	**3.4%**
Sales Costs	-25,814	-30,065	4,251	14.1%
Administrative Expenses	-16,082	-14,334	-1,748	-12.2%
Depreciation and Amortization	-40,198	-40,599	-401	1.0%
Operating Income	**163,520**	**168,725**	**-5,205**	**-3.1%**
Financial Income	6,639	8,881	-2,242	-25.2%
Financial Costs	-51,898	-57,754	5,856	10.1%
Foreign exchange differences	332	521	-189	-36.3%
Gain (loss) for indexed assets and liabilities	-27,280	-10,669	-16,611	-155.7%
Other income (Losses)	1,277	700	577	82.5%
Non-Operating Income	**-70,930**	**-58,321**	**-12,609**	**-21.6%**
Income before Taxes	**92,590**	**110,404**	**-17,814**	**-16.1%**
Income Tax	-25,543	-30,022	4,479	14.9%
Net Income	**67,048**	**80,382**	**-13,334**	**-16.6%**
EBITDA[1]	**206,060**	**210,954**	**-4,894**	**-2.3%**
EBITDA Margin[2]	**83.9%**	**83.1%**		

[1] EBITDA= Operating Revenues + Operating Costs + Administrative Expenses + Other Income (Losses) + Finance Leases Amortization. Operating Costs and Administrative Expenses do not include Depreciation and Amortization.

[2] EBITDA Margin= EBITDA/Revenues

a) Operating Income

During the first 9 months of 2021, Revenues reached MCh$245,614 decreasing a 3.2% compared to the same period of 2020 (MCh$253,723). The decrease is mainly explained by lower revenues from services to third parties which as of September 2021, reached MCh$6,620, 49.4% lower than the obtained in the same period of 2020 (MCh$13,092) and due to lower revenues from sales that reached MCh$238,994 in September 2021, 0.7% lower compared to 2020 (MCh$240,631).

As a whole, the Revenues decrease is mainly explained by macroeconomic effects (mainly associated with foreign exchange), and lower services to third parties, partially offset by new revenues in 2021 from projects commissioned in last 12 months.

It should be noted that the provision of lower revenues associated with the effect that would have the entry into force of the new tariff study 2020 – 2023 (which is currently being prepared and is expected to be issued at the beginning of 2022, nevertheless, it considers the Company's revenues from January 1, 2020) continues to be made and therefore are no effects when comparing the two periods, since the provision is made under similar parameters.

Total Transelec Operational Costs and Expenses as of September 30, 2021 were MCh$82,094, a 3.4% lower than the comparison period in 2020 that reached MCh$84,998. Total Costs and Expenses are composed by the following main items.

Sales Costs during the analysis period totaled MCh$25,814, a 14.1% lower than the same period of 2020 (MCh$30,065). The decrease is explained by higher costs in 2020 associated with services with third parties and a fine allowance, and lower maintenance costs in 2021, which is partially offset by higher personnel costs in 2021 associated with paying a Collective negotiation bonus with one of the unions of the company.

Administrative Expenses amounted to MCh$16,082 in September 2021, 12.2% higher than those obtained in the same period in 2020 (MCh$14,334). The increase is mainly explained by higher consultancy costs.

Total Depreciation and Amortization as of September 30, 2021, reached MCh$40,198, a 1.0% lower than the same period in 2020 (MCh$40,599).

It should be noted that there is a reclassification between Costs, Expenses and Depreciation for comparative purposes that does not affect the total.

b) Non-Operating Income

The Non-Operating Income at the end of September 2021, was a loss of MCh$70,930, a 21.6% higher than the same period of 2020 (MCh$58,321). This is mainly explained by higher losses for indexed Assets and Liabilities and lower Financial Income, partially offset by lower Financial Costs.

The loss for Indexed Assets and Liabilities was MCh$27,280 as of September 30, 2021. This is mainly due to a variation of 3.51% in the value of the UF during the first nine months of this year, which mainly affects our UF bonds. In the same period of 2020, the loss was MCh$10,669, associated to a 1.40% variation in UF value.

The Financial Income registered to September 2021 amounted to MCh$6,639, decreasing by 25.2% compared to the same period of 2020 (MCh$8,881). The drop is mainly due to the lower placement rates that are in force in the financial market.

The Exchange Differences as of September 2021 result a profit of MCh$332, while during the same period of 2020, the balance was a gain of MCh$521. The Exchange Differences remain limited, associated with the foreign currency hedging policy.

Financial Costs registered as of September 2021 reached MCh$51,898, decreasing by 10.1% compared to the same period of 2020 (MCh57,754). The drop is mainly due to lower interest payments on USD bonds, as the average exchange rate in the first nine months of 2021 decreased by 8.13% compared to the same period of 2020, and higher borrowing costs capitalized due to higher number of projects in the portfolio with greater progress. This is partially offset by higher interest payments on UF bonds due to revalorization of that currency.

Other Income, as of September 2021, were MCh$1,277, while in 2020 were MCh$700. In 2021 the balance is explained mainly by the regularization with suppliers that occurred in previous periods and scrap sales, while in 2020 the balance is explained by the regularization with suppliers and spare parts in inventory.

c) Income tax

Income Tax as of September 30, 2021 was MCh$25,543, decreasing by 14.9% in relation to the same period of 2020 (MCh$30,022). The decrease is mainly due to lower earnings before Taxes.

2. BALANCE SHEET ANALYSIS

ITEMS	September 2021 MCh$	December 2020 MCh$	Variation 2021/2020 MCh$	Variation 2021/2020 %
Current assets	294,138	238,530	55,608	23.3%
Non-current assets	2,745,440	2,505,486	239,954	9.6%
Total Assets	**3,039,579**	**2,744,016**	**295,563**	**10.8%**
Current liabilities	148,841	124,717	24,124	19.3%
Non current liabilities	1,895,096	1,726,208	168,888	9.8%
Equity	995,641	893,090	102,551	11.5%
Total Liabilities & Equity	**3,039,579**	**2,744,016**	**295,563**	**10.8%**

The increase in Assets between December 2020 and September 2021 is explained by an increase in Non-Current Assets and Current Assets. The increase in Non-Current Assets is mostly due to a higher balance in property, plant and equipment and financial assets associated with the revaluation of hedging instruments. While higher Current Assets are mainly explained by higher cash balance, offset in part by a lower balance of accounts receivable from customers.

The increase in Liabilities and Equity is due to an increase in all the items that compose it. The rise in Non-Current Liabilities is explained by higher financial liabilities due to debt revalorization. The increase in Current Liabilities is mainly due to higher accounts payable to third parties. The increase in Equity is mainly due to higher accumulated profits and other reserves.

Value of the Main PP&E in Operation

ASSETS	September 2021 MCh$	December 2020 MCh$	Variation 2021/2020 MCh$	Variation 2021/2020 %
Land	22,071	20,999	1,072	5.1%
Building, Infraestucture, works in progress	1,245,547	1,236,282	9,265	0.7%
Work in progress	357,967	252,586	105,381	41.7%
Machinery and equipment	784,558	778,738	5,820	0.7%
Other fixed assets	5,967	5,834	133	2.3%
Right of use	7,857	7,857	0	0.0%
Depreciation (less)	-647,718	-610,019	-37,699	-6.2%
Total	**1,776,248**	**1,692,276**	**83,972**	**5.0%**

Current Debt

Debt	Currency or index	Interest rate	Type of rate	Maturity Date	Amount in original currency (million) (unpaid capital) September 2021	December 2020
Series D bond	UF	4.25%	Fixed	15-Dec-27	13.50	13.50
Series H bond	UF	4.80%	Fixed	01-Aug-31	3.00	3.00
Series K bond	UF	4.60%	Fixed	01-Sep-31	1.60	1.60
Series M bond	UF	4.05%	Fixed	15-Jun-32	3.40	3.40
Series N bond	UF	3.95%	Fixed	15-Dec-38	3.00	3.00
Series Q bond	UF	3.95%	Fixed	15-Oct-42	3.10	3.10
Series Senior Notes bond @2023	USD	4.625%	Fixed	26-Jul-23	300.00	300.00
Series Senior Notes bond @2025	USD	4.25%	Fixed	14-Jan-25	375.00	375.00
Series Senior Notes bond @2029	USD	3.875%	Fixed	12-Jan-29	350.00	350.00
Revolving Credit Facility[1]	USD	1.130%	Floating	28-May-24	0.00	-

[1] Revolving Credit Facility of US$250 million: The floating rate of 1.130% breaks down in 3 months Libor rate plus a margin of 1.00%. As of September 30, 2021, the Company maintain this line fully available.

Although increases in inflation may have an impact on the costs of debt denominated in UF and therefore on the Company's finance expenses, these impacts are partially offset by inflation-indexed revenues.

3. CASH FLOW ANALYSIS

ITEMS	September 2021 MM$	September 2020 MM$	Variation 2021/2020 MM$	Variation 2021/2020 %
Cash flows provided by (used in) operating activities	266,922	107,579	159,343	148.1%
Cash flows provided by (used in) investing activities	-161,284	-123,951	-37,333	-30.1%
Cash flows provided by (used in) financing activities	-29,805	30,766	-60,571	N/A
Net increase (decrease) of cash and cash equivalent	**75,833**	**14,394**	**61,439**	**426.8%**
Effect of changes in the exchanges rate	1,009	7,851	-6,842	-87.1%
Net increase (decrease) of cash and cash equivalent	**76,842**	**22,245**	**54,597**	**245.4%**
Cash and cash equivalent at the begining of the period	105,840	108,642	-2,802	-2.6%
Cash and cash equivalent at the end of the period	**182,682**	**130,888**	**51,794**	**39.6%**

As of September 30, 2021, cash flow from activities of the operation reached MCh$266,922, which increased by 3148.1% compared to the same period of 2020 (MCh$107,579). The increase is mainly due to higher collection and lower payments to suppliers in 2021.

During the same period, cash flow used in investment activities was MCh$161,284. As of September 30, 2020, the cash flow used in investment activities was MCh$123,951. The increase is mainly because during 2020 we received flows associated with loan payments to related entities.

As of September 2021, the cash flow from financing activities was MCh29.805, which is mainly explained by the payment of dividends. On the other hand, In September 2020, the cash flow used in financing activities was MCh$30,766, which is almost entirely explained by the line of credit committed used to face the pandemic with greater liquidity (which was repaid in December 2020), partially offset by the payment of dividends.

The Company made reclassifications to its cash flow statements regarding balances that affect the year 2020. However, these reclassifications are made for comparison purposes only and they are not considered for the calculation of covenants reported in 2020.

It should also be noted that, to ensure the immediate availability of funds to cover working capital needs, as of September 30, 2021, the company has the following revolving credit facility which was renegotiated and extended during May 2021 for three years in the amount of US$ 250 million.

Bank	Amount (up to)	Maturity	Type of Credit
The Bank of Nova Scotia, MUFG Bank Ltd, Banco Santander, Bank of China Ltd, Sumitomo Mitsui Banking Corporation, JP Morgan Chase Bank N.A. and China Construction Bank.	US$250,000,000	28-May-24	Working Capital

4. INDICATORS

Financial restrictions contained in debt agreements of the company are presented in the next table:

Covenants	Debt Contract	Limit	September 2021	December 2020
Capitalization Ratio[1]	All local Bonds	< 0.70	0.62	0.63
Shareholder's Equity[1] MMUF	D, H, K, M and N local Bonds	> 15.00	33.92	31.58
Shareholder's Equity[1] MCh$	Q local Bond and Revolving Credit Facility	> 350,000	1,020,611	918,060
Net Debt/Ebitda	Revolving Credit Facility	< 8.0x[4]	4.86	5.02

Test	Bonds	Limit	September 2021	December 2020
Distribution Test[2] FNO[3]/Financial Expenses	D, H, K, M and N local Series	> 1.50	6.62	4.15

[1]Equity= Total equity attributable to owners of the parent plus accumulated amortization of Goodwill. The accumulated amortization of Goodwill between June 30, 2006 and September 30, 2021 amounted to MCh$24.970.

[2]Test to distribute restricted payments such as dividends.

[3]FNO= Cash flow from operating activities plus the absolute value of finance costs, plus the absolute value of the expenditure for Income Taxes.

[4]Revolving Credit Facilicy Covenant Limit was renegotiated in May 2021, from 7.0x to 8.0x. As of December 2020, the limit considered is 7.0x.

Rates of profitability, liquidity and indebtedness of the company are presented in the next table:

RATIOS		September 2021	December 2020	Variation 2021/2020
Profitability[1]				
Shareholders' Equity profitability[2]	(%)	12.8%	10.8%	200 pbs
Assets profitability[3]	(%)	4.2%	3.5%	70 pbs
Operating assets profitability[4]	(%)	7.2%	5.7%	150 pbs
Earnings per share[5]	($)	82,931	96,266	-13.9%
Liquidity & Indebtedness				
Current Ratio	(times)	1.98	1.91	3.7%
Acid-Test Ratio	(times)	1.97	1.91	3.1%
Debt to Equity	(times)	2.05	2.07	-1.0%
Short term debt/Total debt	(%)	7.3%	6.7%	60 pbs
Log term debt/Total debt	(%)	92.7%	93.3%	-60 pbs
Financial expenses coverage	(times)	3.97	3.63	9.4%

[1] Profitability ratios are presented under last twelve months criteria.

[2] Shareholders' Equity profitability is calculated as Net Income over Equity.

[3] Assets profitability is calculated as Net Income over Total Assets.

[4] Operating assets profitability is calculated as Net Income over total value of the Main PP&E.

[5] Earnings per share is calculated as Net Income over total shares.

5. THE TRANSMISION MARKET

5.1. The transmission activity and its regulation

Transelec develops its activities in Chile in the electricity market, which has been divided into three sectors: generation, transmission and distribution. The generation sector includes companies that are dedicated to produce electricity that will subsequently be used throughout the country by end users. The purpose of the distribution sector is to carry electricity to the physical location where each end user will use this electricity. Finally, the primary goal of the transmission sector (the only sector in which it participates Transelec) is to transport the generated electricity from where it is produced (electrical power plants) to the 'points of entry' of the distribution companies' networks or of the large end users.

The transmission system of Transelec which stretches between 'Arica y Parinacota' Regions to 'Los Lagos' Region, encompasses the majority of the transmission lines and substations in the National Electrical System. This transmission system transports the electricity that supplies approximately 98.5% of Chile's population. The Company owns the 35% of all of the 500 kV electricity transport lines, 40% of the 220 kV lines, 83% of the 154 kV lines and 10% of the 110kV and 66kV lines.

The legal framework that governs the electrical transmission business in Chile is contained in DFL No. 4/2006, which establishes the modified, coordinated and systemized text of Decree with Force of Law No. 1 from the Ministry of Mining, issued in 1982; and the General Electricity Services Law. (DFL No. 1/82), hereafter LGSE, and its subsequent modifications, including Law 19,940 ('Ley Corta I') published on March 13, 2004, and the Law 20.936 issued on July 20, 2016, which stablishes a new electric transmission system and creates an independent coordinator of the National Electric System "The Transmission Law". Additionally, those who explodes and operates transmission facilities must comply at every time with the provisions of the Regulations of Law N°20.936, and the Current Technical Standard for Safety and Service Quality, as well as their respective Technical Annexes.

The last reform to the LGSE for the Transmission segment was the enactment of Law 20.936 / 2016, which introduced the following relevant modifications:

- A single Coordinator of the National Electric System independent of the market players, replacing the Economic Load Dispatch Centers.
- 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 will incorporate two new segments: Transmission Systems for Development Poles and International Interconnection Systems. Further.
- The incorporation of energy and transmission planning with a long-term horizon, which considers gaps in the systems and where it seeks to achieve a more robust and secure system.
- Preliminary definition of routes for new works, through a procedure of Strip Study by the Ministry for the routes of new power transmission works of public interest.
- Universal open access to regulated Transmission Systems and dedicated Transmission Systems when technical capacity is available.
- Regulates the pricing and remuneration of National, Zonal Transmission Systems for Development Poles and payment for use of Dedicated Transmission System facilities by users subject to price regulation, among other matters.

To the date, various regulations associated with Act No. 20.936 have been published, stablishing the necessary provisions for the regulation of issues related to: (i) The National Electrical Coordinator, (ii) Panel of Experts, (iii) energy planning, (iv) preliminary strips, (v) international interconnections, (vi)compensation for supply interruptions, (vii) the issuance of Technical Standards and Complementary Services (viii) Coordination and Operation of the National Electrical System; (ix) Qualification, Valuation, Tariff and Remuneration of transmission facilities, (x) Transmission and Transmission Planning Systems.

Regarding Transelec's business, it is mainly focused on the economic retribution for the transport service delivered by its facilities, aligned to the security and quality service standards previously established by the regulations in force. Transelec has the right to annually receive the annual transmission value (VATT) for its facilities belonging to the National and Zonal Transmission Systems, defined in the tariff processes or in the Decree for the award of expansion works, as the case may be. In the case of the installations of the Dedicated Transmission System, Transelec agrees private transport contracts with the respective users, to define the payment for the use of this type of facilities.

5.2. Valuation and pricing of facilities

Prices associated to transmission activity are determined by the Commission every four years by conducting internationally tendered studies, and processes that include the participation of companies, users and interested institutions and the Panel of Experts in the event of any discrepancies.

Pricing of the existing facilities recognizes the efficient acquisition and installation costs according to market values, which are annualized considering the assets life determined every three tariff periods and whit a variable discount rate, which will not be less than 7% or higher than 10%. The owners of regulated transmission facilities must receive the Annual Transmission Value from the sum of the real tariff revenues and a single charge associated to each segment and applied directly to end users.

During 2014 and 2015 were developed the third trunk facilities tariff process in order to determinate the tariffs and indexation formulas corresponding to the period 2016 - 2019, that were fixed by Decree N° 23T by the Minister of Energy on February 3, 2016 and its application is retroactive from January 1, 2016. These regulations established the trunk transmission facilities and the new Investment Values (VI), the Annuity of the Investment Value (AVI) and the Operating, Maintenance and Administration Costs (COMA), plus the VATT of the trunk facilities, and the Indexation formulas applicable during that period.

The Transmission Law establishes a new payment regime for using national facilities that would become effective as of January 1, 2019 starting on that date and a transitory period that will extend until December 31, 2034, period during which the payments of the generating companies for the associated use to the supply agreements for free and regulated customers, concluded prior to the publication of enactment of this new law, will apply the same general rules for calculating the payment of the trunk transmission with some adjustments. These resulting injections tolls will be reduced year by year and the payment of the corresponding amounts will be transferred to a single charge of transmission paid by the demand.

In relation to the Zonal transmission system facilities (previously subtransmission), on April 9, 2013, the Supreme Decree No. 14 was published by the Ministry of Energy, setting subtransmission tariffs from January 2011 to December 2014. The difference between invoiced amounts using these provisional tariffs since January 2011 until the publishing date of this decree were reassessed by the CDEC based on the difference between the provisional tariff and the definitive values established by Decree No. 14. According to what is indicated in the transitory third article of Law 20,805 published

on January 29, 2015, and to what is established in the Decree No. 7T of April 22, 2015, the validity of the Decree No. 121/2010, which fixes the tariffs of subtransmission facilities, and of the Exempt Decree No. 14/2013, which fixes the qualification of subtransmission facilities, is extended until December 31, 2015.

In accordance with the provisions of the eleventh transitory article of the Transmission Law, during the period between the January 1, 2016 and December 31, 2017, remain in force Decree No. 14 and subtransmission tariffs, excluding payment corresponding to the generating companies. The Ministry of Energy issued on May 27, 2017 the 1T Decree where the Decree No. 14 adjustments were defined to implement the exemption from power plants and for harmonious and consistent implementation with the application decree 23T. Because of this the subtransmission revenues that have been collected since is 1 January 2016 were reassessed under the provisions containing the decree.

On the other hand, in accordance with the provisions of the twelfth article of the Transmission Law, during the period of the extended term of Decree 14 or Decree 1T, continuity and termination of the process of setting the new subtransmission rates were given which will have valid from January 1, 2018 to December 31, 2019. Thus, on July 19, 2018, the CNE published Exempt Resolution No. 531 which replaces the technical report that defines the VATT of the Zonal Transmission Systems and the proportion of use of the dedicated transmission of users subject to price regulation in the 2018-2019 biennium, approved through CNE Exempt Resolution No. 414 of July 31, 2017, in accordance with the provisions of the new Transmission Law. This technical report served as the basis for the enactment of Decree 6T, published in the official gazette on October 5, 2018, which establishes annual value per tranche of the zonal and dedicated transmission facilities used by users subject to price regulation, their rates and indexation formulas for the 2018-2019 biennium.

Through Exempt Resolution No. 815 of December 26, 2019, the CNE established that, from January 2020 and until such time as the final values that are established in the valorization decree of the facilities of National and Zonal transmission corresponding to the 2020-2023 four-year period, the Commission will fix the single charges for the use of the transmission based on those established in the semi-annual resolution in force in the second half of 2019 (stabilization of Transmission Charges). For the above, the CNE took into consideration that: i) the process of valorization of the transmission facilities that is currently underway will have a validity (retroactive) to January 1, 2020, and ii) that in said process a relevant reduction of charges, among other reasons, due to the decrease in the discount rate calculated in accordance with the provisions of article 118 of the General Law of Electric Services. In accordance with the provisions of Exempt Resolution No. 815, the CNE decided to make these adjustments to the charges transferable to final customers “in order to preserve the principle of procedural economy established in Article 9 of Law No. 19,880, according to the which, the Administration must respond to the maximum economy of means effectively, avoiding delaying procedures ", since not doing it" the charges to the final clients should suffer an increase, to later originate a reduction, giving rise to re-liquidations when they come into force the new process of valorization ”. The CNE indicates that the above has the final objective of reducing the risk of affectation to end customers. Once the valorization decree for the period 2020-2023 has been published, the re-liquidations established in article 113 of the Law must be carried out and, therefore, the companies that own the transmission facilities will receive the remuneration (VATT) in accordance with the provisions of Article 114 of the same, in order to ensure that the transmission companies receive an annual value of the transmission per section (VATT) that constitutes the total of their remuneration.

The tariff valuation process 2020 – 2023 has been delayed by approximately 24 months and it is expected that the corresponding decree will be published in *El Diario Oficial* (Official Gazette) not before March 2022. Companies affected by regulated tariffs in the National and Zonal Systems, will receive the new tariff from the next semester as the decree that sanctions it is published, and at that time, the amount to be redistributed among the transmission companies (for or against) will be

calculated from the differences between the tariff currently in force and the new 2020 – 2023 tariff that would have had to be published at the beginning of last year, according to the procedures applied by the National Electrical Coordinator.

Although the National Energy Commission issued the exempt Resolution No. 95 dated 6 April 2021 with the preliminary estimate of the valorization of transmission systems facilities for the quadrennium 2020-2023, this report was not considered in order to determine the impact of the tariff review process, since the report is preliminary, pending a process of observations of the companies, users and institutions concerned, the issuance of the final technical report, any discrepancies presented by the companies, Users and institutions interested in the Honorable Panel of Electrical Experts, the issuance of the final technical report incorporating the opinions of the Panel and the revision of the Office of the Comptroller General of the Republic.

Finally, in relation to the state of catastrophe due to COVID19, on August 8, 2020, Law 21,249 was published in the Official Gazette, which exceptionally provides for measures in favor of end users of health services, electricity and network gas (Basic Services Law).
The law stablishes the following:

- It prohibits the cut of basic services to a group of customers, including residential users, hospitals, prisons, etc., for late payment of this type of service during the ninety days following the publication of the law.
- For certain types of customers, such as customers who are within the 60% most vulnerable population, they may choose whether the debts generated between March 18, 2020 and up to ninety days after the publication of this law, will be prorated in a number of equal and successive monthly installments determined by the user, which may not exceed twelve and may not incorporate fines, interest or associated costs.
- During the ninety days following the publication of this law, the power generation and transmission companies shall continue to provide their services normally to the domestic energy distribution companies and to the electricity cooperatives.
- Within a period of thirty days prior to the publications of this law and ninety days thereafter, exceptionally, the payment by electric cooperatives to generating and transmission companies may be made in installments, in the same number of months in which the accounts of their beneficiaries will be prorated, without fines, interest or associated expenses.

Then, on January 5, 2021, Law No. 21,301 was published in the Official Gazette, by means of which the effects of Law No. 21,249 were extended, increasing the scope for suspension of payment of basic services affected from 90 days from its publication to 270 days and extending the proration months for the payment of debts from 12 months to 36 months.

Subsequently, on May 22, 2021, Law No. 21,340 was published in the Official Gazette, by means of which the measure of not cutting off supply due to debts and the possibility of postponing the payment of debts until December 31, 2021. The number of installments to pay the debt is extended from 36 to 48, and the reach of vulnerable users is increased from 60% to 80%, for the purpose of postponing the payment of debts.

On August 3, 2021, the National Energy Commission submitted the Final Technical Report of the tariff study for the period 2020-2023. On August 17, 2020, the Company presented the discrepancies to the Panel of Experts regarding the CNE's Final Technical Report of the tariff study. The Expert Panel will have a period of three months to evaluate these discrepancies and submit the final resolution.

In the case of electricity sector, this law directly affects the distribution companies with financial costs due to deferred payments, however, in practice it could affect the payment chain with the rest of the agents in the sector: generating companies and transmission companies.

6. MARKET RISK FACTORS

Due to the characteristics of the Chilean electricity market and strict standards regulating the sector, Transelec S.A. is not exposed to substantial risk in the course of operating its main line of business.

Transelec manages its risks through a corporate program, including the vision and information from the board of directors and employees in direct contact with the risks, with in the company strategy, workshops are utilized to analyzed past and potential risks. Carrying out concrete actions to prevent and / or mitigate them, to lower their probability of occurrence or its impact.

At project level, the company develop the process of Stages and Decisions, which ensures that projects are guided by stablished protocols from develop of a business idea, going through the proposal presentation, adjudication and later construction or acquisition, even its launch, to ensure that the decision makers have the necessary information available and mitigate the risks in the different parts of the projects.

The main risks of the company are presented and discussed quarterly in the Board of Directors. However, the following risk factors should be mentioned and taken into consideration:

6.1. Regulatory Framework

Power transmission tariffs are established by law and include readjustments in order to guarantee actual annual profitability for operators. The nature of this industry means that power transmission company revenue is stable over the long term. This revenue is complemented by revenue from private contracts with large customers.

However, the fact that these tariffs are revised once every four years in the National and Zonal Power Transmission Studies could mean new tariffs that could be detrimental or less attractive for the Company in terms of investment made.

6.2. Operating Risks

Although the Company's management believes it has adequate risk coverage, in line with industry practices, it cannot guarantee the sufficiency of its insurance policy coverage for certain operating risks to which it is exposed, including forces of nature, damages to transmission facilities, on-the-job accidents and equipment failure. Any of these events could negatively affect the Company's financial statements.

6.3. Environmental Institutionalism and the Application of Environmental Standards and/or Policies

Transelec projects are subject to Law N° 19,300/1994 on General Environmental Guidelines ("Environmental Law") and its subsequent amendments. Transelec may run the risk of environmental permit lobbying taking longer than expected, which would delay project construction and open the possibility of fines being applied.

6.4. Construction Delays for New Transmission Facilities

Success of the upgrades and expansion program for the power transmission network will depend on several factors, including the cost and availability of financing. Although Transelec has experience with large-scale construction projects, the construction of new facilities could be hampered by factors commonly associated with projects, including delays for the approval of regulatory authorizations such as power concessions, lack of equipment, materials or labor, or price variation, adverse weather conditions, natural disasters or unforeseen circumstances or difficulties when it comes to taking out loans under favorable conditions and at reasonable rates. Any of the aforementioned factors could lead to delays in the partial or total completion of the capital investment program, while increasing the cost of the projects considered in this program.

6.5. Technological Changes

Transelec is compensated for investments that makes in electrical transmission facilities through an annual valuation of the existing facilities (AVI), which is performed every four years using current market prices. Any significant technological advance in the equipment that are part of Transelec' facilities could lower this valuation, which would prevent partial recovery of the investments made.

6.6. Foreign Exchange Risk

Transelec has Chilean peso as its functional currency, therefore the following factors expose Transelec to foreign exchange risk:

- Transactions in U.S. dollars (construction contracts, import purchases, etc.).
- Leasing contracts that generate income indexed to US dollars.
- Accounts payables in US dollars associated to debt issued in U.S. America.
- Accounts receivables in US dollars associated to intercompany loans.
- Cross Currency Swap contracts that compensates the risks of exchange rates on the international issuances.

Exchange rate exposure is managed using a policy that involves fully hedging the Company's net balance sheet exposure using diverse instruments such as foreign exchange forward contracts and cross currency swaps.

The following table details the amounts of monetary assets and liabilities denominated into dollar and Chilean pesos in the periods indicated below:

	September 2021		December 2020	
In million pesos	Assets	Liabilities	Assets	Liabilities
Dollar (amounts associated with balance sheet items)	841,546	832,192	733,240	729,075
Chilean peso	2,193,213	2,202,567	2,002,910	2,007,075

Below are the exchange rates (Observed Dollar) in Chilean pesos to the United States dollar; in the periods indicated.

MONTH	Average 2021 ($)	Last Day 2021 ($)	Average 2020 ($)	Last Day 2020 ($)
January	723.56	734.62	772.65	799.11
February	722.63	719.91	796.38	818.32
March	726.37	721.82	839.38	852.03
April	707.85	711.06	853.38	837.92
May	712.26	722.11	821.81	806.32
June	726.54	727.76	793.72	821.23
July	750.44	760.20	784.73	757.06
August	779.83	775.14	784.66	776.46
September	783.63	811.90	773.40	788.15
Average of the period	**737.01**	**742.72**	**802.23**	**806.29**

The income that Transelec is entitled to receive for its facilities belonging to the national and zonal transmission systems (VATT) and for the installations of the dedicated systems (toll contracts), are indexed in order to maintain their real values during the period of validity of these rates or tolls. These revenues are expressed in accordance with their base value, in dollars, and are updated according to components whose cost variation over time correlates with national or international economic indicators, considering the availability and stability of the source that issues it.

6.7. Credit Risk

Credit risk corresponding to receivables from commercial activities, is historically very limited in the industry given the nature of the stable regulatory framework, and the business of the Company's customers, which also have excellent credit level; and the short term payment of customers, which does not accumulate significant amounts.

The following table shows the top five customers and their comparison with to the previous year:

REVENUES	September 2021 MM$	September 2021 %	September 2020 MM$	September 2020 %
Enel Group	88,486	36.0%	71,561	28.2%
AES Gener Group	46,782	19.0%	30,884	12.2%
CGE Group	39,700	16.2%	42,137	16.6%
Colbún Group	32,868	13.4%	20,955	8.3%
Engie Group	24,705	10.1%	17,302	6.8%
Others	13,073	5.3%	70,884	27.9%
Total	**245,614**		**253,723**	
% Concentration	**94.68%**		**72.06%**	

The toll agreements signed with these clients, including its subsidiaries, will generate a large part of the Company's future cash flows and, therefore, a substantial change in their assets, financial condition and/or operating income could negatively affect the Company. This risk is compensated by the excellent credit level of these clients, together with the "take or pay" type of payment of the Transelec transmission income.

In terms of the Company's credit risk associated with financial assets (time deposits, fixed-return mutual funds and sell-back agreements), its treasury policy establishes certain limits on a particular institution's exposure; such limits depend on the risk rating and capital of each institution. Likewise, for investments in mutual funds, only funds with a risk rating qualify.

6.8. Liquidity Risk

Liquidity risk is the risk of the Company not satisfying a need for cash or debt payment upon maturity. Liquidity risk also includes the risk of not being able to liquidate assets in a timely manner at a reasonable price.

In order to guarantee that Transelec is able to quickly react financially to investment opportunities and pay its obligations by their maturity dates, in addition to its cash balances and short-term receivables, the Company has committed line of credit for working capital of US$250 million. This committed line of credit was first contracted on July 9, 2012, being renegotiated in 2014, 2017, 2020 and 2021. The last renovation was on May 28, 2021 maintaining only a dollar tranche of US$250 million and other improvements. Is granted for a period of 3 years by a bank syndicate consisting of The Bank of Nova Scotia, MUFG Bank Ltd, Bank of China Ltd, Banco Santander, Sumitomo Mitsui Banking Corporation and JP Morgan Chase Bank N.A. On July, 2021, China Construction Bank incorporated to the bank syndicate. This line does not include any material clause of adverse change.

The Company is exposed to risks associated with indebtedness, including refinancing risk when its debt matures. These risks are mitigated by using long-term debt and appropriately structuring maturities over time.

The following table presents the capital amortizations corresponding to the Company's financial liabilities, according to their maturity date, as of September 30, 2021 and December 31, 2020.

Debt Maturity (capital and interests) MCh$	0 to 1 year	1 to 3 years	3 to 5 years	5 to 10 years	More than 10 years	Total
September 30, 2021	67,424	360,358	389,692	931,331	341,940	2,090,747
December 31, 2020	67,424	371,294	402,253	818,114	485,553	2,144,639

6.9. Interest Rate 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.

The Company's assets are primarily fixed and long-lived intangible assets. Consequently, financial liabilities used to finance such assets consist primarily of long-term liabilities at fixed rates. This debt is recorded in the balance sheet at amortized cost.

The objective of interest rate risk management is to achieve a balanced debt structure, decrease the impact on costs due to interest rate variations and, reduce volatility in the income statement.

All the debt as of June 30, 2021, and as of December 31, 2020, was at a fixed rate. However, in the case of UF indexed debt, variations in inflation rates could potentially affect the Company's financial expenses.

UF Values

MONTH	Average 2021 ($)	Last Day 2021 ($)	Average 2020 ($)	Last Day 2020 ($)
January	29,085.91	29,123.74	28,324.55	28,338.25
February	29,194.81	29,287.38	28,387.75	28,463.67
March	29,360.08	29,394.77	28,539.73	28,597.46
April	29,439.72	29,494.13	28,648.24	28,690.73
May	29,555.98	29,613.26	28,713.19	28,716.52
June	29,665.83	29,709.83	28,709.15	28,696.42
July	29,740.92	29,757.64	28,681.36	28,667.44
August	29,827.73	29,935.08	28,667.73	28,679.45
September	30,025.93	30,088.37	28,694.02	28,707.85
Average of the period	**29,544.10**	**29,600.47**	**28,596.19**	**28,617.53**

6.10. Other Risks

In addition to the previously mentioned, the company faces other risks such as cybersecurity, legal, market, counterpart, and reputational risks.

7. SUBSEQUENT EVENTS:

Since September 30, 2021, closing date of these Interim consolidated financial statements and their issuance date, there has been no other significant financial or accounting events that may affect the equity of the Company or the interpretation of these Interim consolidated financial statements.

RELEVANT CONSOLIDATED FACTS

TRANSELEC S.A.

RELEVANT FACTS

1) In conformity with Article 9 and paragraph 2 of Stock Market Law N° 18.045 Article 10 and General Standard N° 30 issued by the Securities and Insurance Commission, presently the Commission for the Financial Market, the following relevant fact was reported on March 1st 2021, that Mr. Rui Han, on February 24th 2021, announced his resignation from the position of director of Transelec S.A. Board of Directors, as well as his substitute, Mrs. Sihong Zhong.

2) On the same date, the Transelec S.A. Board of Directors appointed Mr. Ganxiang Tang as Director, to take the seat left vacancy by Mr. Rui Han.

3) In compliance with the provisions of Article 9 and the second paragraph of Stock Market Law Nº 18.045 Article 10, the following relevant fact was reported on March 24th 2021:

   At a meeting held on March 24th 2021, the Transelec S.A. Board of Directors agreed to announce the schedule of a shareholders meeting on April 30th 2021 in order to announce the following issues to the shareholders and request their approval:

   1. The Annual Report, General Balance Sheet, Financial Statements and External Auditors Report corresponding to the period ending on December 31st 2020.

   2. Final dividend distribution. In this regard, the Transelec S.A. Board of Directors agreed to propose to the shareholders the distribution of the amount of CLP 28.723.000.000 as a final dividend corresponding to the 2020 fiscal year.

   3. Board of Directors election.

   4. Board of Directors and Audit Committee salaries.

   5. Appointment of External Auditors.

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

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

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

4) In compliance with the provisions of Article 9 and the second paragraph of Stock Market Law Nº 18.045 Article 10, the following relevant fact was reported on March 24th 2021:

At a meeting held on March 24th 2021, the Transelec S.A. Board of Directors agreed to announce the schedule of an extraordinary shareholders meeting on April 30th, 2021 in order to announce the following issue to the shareholders and request their approval:

- Modification of article 15 of the Bylaws, regarding the requirement of physical presence at the respective Board meeting to adopt resolutions.

5) In compliance with the provisions of Article 9 and the second paragraph of Stock Market Law Nº 18.045 Article 10, Transelec S.A. informed that on April 30th, 2021, held an extraordinary shareholders meeting modifying article 15 of the Bylaws, regarding the requirement of physical presence at the respective Board meeting to adopt resolutions.

6) In compliance with the provisions of Article 9 and the second paragraph of Stock Market Law Nº 18.045 Article 10, Transelec S.A. informed that on April 30th, 2021, held the annual shareholders meeting and the following was determined:

- Approval of the Annual Report, the Balance Sheet, the Financial Statements and the Report of the External Auditors, corresponding to the period ended on December 31, 2020.

- Approval of the distribution as the final dividend corresponding to the year 2020 for a total of CLP $ 28,723 million pesos, equivalent to 30% of the net income for the year 2020.

- It was agreed to renew the members of the Board of Directors, which was composed as follows: Mr. Scott Lawrence as regular director and Mr. Alfredo Ergas Segal as their respective alternate director; Mr. Ganxiang Tang as chief director and Mr. Tao He as their respective alternate director; Mr. Richard Cacchione as regular director and Mr. Michael Rosenfeld as their respective alternate director; Mr. Jordan Anderson as regular director and Mr. Jon Perry as their respective alternate director; Mr. Mario Valcarce Durán as titular director and Mr. José Miguel Bambach Salvatore as their respective alternate director; Mr. Blas Tomic Errázuriz as titular director and Mr. Patricio Reyes Infante as their respective alternate director; Mr. Juan Benabarre Benaiges as titular director and Mr. Roberto Munita Valdés as their respective alternate director; Mrs. Patricia Núñez Figueroa as regular director and Mr. Claudio Campos Bierwirth as their respective alternate director and Ms. Andrea Butelmann

Peisajoff as regular director and Mr. Juan Agustín Laso Bambach as their respective alternate director.

- Determination of the remuneration of the Board of Directors and the Audit Committee.

- Approval of external auditors of the company for fiscal year 2021 to the firm Deloitte.

- Approval of the Diario Financiero to publish the notices of summons to shareholders' meetings.

- Information about the resolutions adopted by the Board of Directors on matters contained in articles 146 and following of the Law on Public Limited Companies.

7) In compliance with the provisions of Article 9 and the second paragraph of Stock Market Law Nº 18.045 Article 10, Transelec S.A. informed that on May 17th, 2021, the Chairman of the Board accepted the resignation of Board Member Patricia Núñez Figueroa effective immediately.

8) In compliance with the provisions of Article 9 and the second paragraph of Stock Market Law Nº 18.045 Article 10, Transelec S.A. informed that in Ordinary Session No. 214 held on May 26th, 2021, Mr. Scott Lawrence was elected as Chairman.