transelec

Annual Report

Index

Identification

Name or Firm Name:	**Transelec S.A.**
Domicile:	**Santiago, while not restricting the establishment of agencies, branches or offices in other parts of the country or overseas.**
ID:	**76.555.400-4**
Address:	**Orinoco No. 90, 14th Floor, Las Condes**
Entity type:	**Open Stock Corporation**
National Securities Registration:	**Number 974**
Telephone number:	**(56-2) 2467 7000**
E-mail:	**transelec@transelec.cl**
Webpage:	**www.transelec.cl**

Share Ownership

Transelec's capital is divided into 1,000,000 nominative ordinary shares with no nominal value. Transelec Holdings Rentas Limitada owns 999,900 shares and Rentas Eléctricas I Limitada owns 100 shares.

Transelec S.A.'s final shareholders are China Southern Power Grid International (CSG, with a 27.79% stake), Canada Pension Plan Investment Board (CPP, with 27.73%), British Columbia Investment Management (BCI, with 26.00%) and Public Sector Pension Investment Board (PSP, with 18.48%).
Corporate structure is indicated in the organizational chart in Chapter 02.

Letter from the Chairman of the Board of Directors

On behalf of the Transelec Board of Directors, I am pleased to present our Annual Report for the year 2021, which reflects the company's performance over the last year.

In 2021 our company lived up to its commitment to the country, providing a high-quality electricity transmission service at a time when the COVID-19 pandemic continues to affect people, businesses and industries using our service. We are so grateful for the dedication and follow-through of all our staff and partners across Chile in making this happen.

In the midst of a pandemic still raging throughout the world and a year after the vaccination process started in Chile, Transelec and its personnel continue to work, day-in and day-out, to ensure service quality in these difficult times. We have implemented strict sanitary protocols for asset construction and operations to ensure the health of all our personnel. The commitment of our personnel has been of vital importance to the

essential service we provide to the country.
Transelec looks optimistically to the future of Chile. We will continue to operate and build a strong transmission grid that serves the country's energy needs reliably and sustainably. Since 2011, Transelec has increased the value of its system by 50% to almost US$4.2 billion. We look forward to continuing to grow and invest to support Chile's growth and create a virtuous cycle of improvement.

Chile has itself set the goal of becoming carbon neutral and climate resilient by 2050. In keeping with its objectives and for the fourth year in a row, the Bloomberg 2021 Climatescope report ranked Chile among the most attractive places in the world for investment in clean energy. The contribution of the private sector has been at the forefront in the development of renewable energies. Cerro Dominador, the first solar thermal plant in Latin America, was inaugurated in 2021 and construction was announced for Horizonte, which will be largest wind farm in Latin America. Transelec is also a central part of this important effort, investing in the strengthening and expansion of the power transmission system and thus enabling the new renewable energy to reach the different parts of the country.

In 2021, Transelec Group joined with international partners ISA and China Southern Grid to create the Yallique Consortium and subsequently were awarded the right to construct and operate the first High-Voltage Direct Current transmission line in the country; when finished, the line will connect the solar power generation pole in northern Chile with consumers in the central region. This is one of many examples of Transelec Group's commitment to assist in the development of clean energy in Chile. In 2021 we commissioned projects for our clients Atacama Solar, Río Escondido and the Puelche Sur Wind Farm, among others.

At Transelec one of our key commitments is to provide Chile's population with a round-the-clock and reliable service. Timely maintenance and modernization of our assets, as well as timely response by our teams are essential when it comes to constantly improving our service to end customers. We consequently achieved 0.066 hours in the SAIDI indicator measuring power outage time at different localities in 2021. This result accounts for a 92% improvement compared to 2020 and a 96% improvement compared to average results since 2017. This result reflects the company's commitment to our clients and is a source of pride for our personnel, executives and shareholders. But we are not done there – in 2021 we also began the formal implementation of ISO 55001 asset management system to continue to ensure proper maintenance and proactive system investment.
Considering the impact of the pandemic, the Company took all necessary and known measures to safeguard the health and integrity of our collaborators, including remote work. We planned the future of work at Transelec during 2021, recognizing the need to provide our team members greater degrees of flexibility. In recognition of these changes and outstanding results achieved during the years of the pandemic, we have decided to permanently establish our flexible work model designed to improve quality of life for our personnel and to ensure high productivity for our work teams.

After three years of hard work by the authorities together with companies in the industry, the first tariff setting period (2020-23) executed in accordance with the 2016 power transmission law is finally coming to an end. Considering the opinion of the panel of experts published at the start of 2022, the company reported adjustments at the end of 2021 to better reflect new rates. And now that the current process is almost completed, we will rededicate ourselves to working towards the next tariff-setting process to ensure that proper investment can continue.

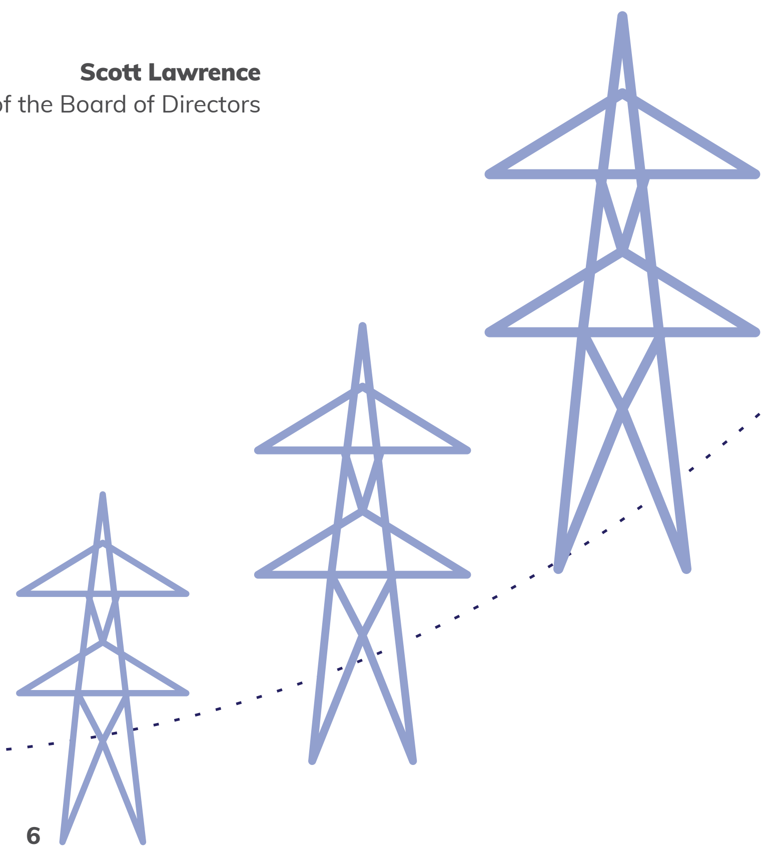
Our company's commitment not only lies in provision of a quality service to end users or taking care of our workers; we also are committed to improving the communities we relate with on a daily basis. In this context, in 2021 we contributed to over 40 communities living near our transmission lines and substations throughout the country with diverse programs such as promoting entrepreneurship, delivering food to people living in vulnerability stemming from the pandemic, improving school and community infrastructure, and strengthening preschool education, among other programs. Through these efforts, Transelec hopes to form deep relationships of trust throughout the territory where we operate and energize communities with more than just power.

In terms of management, 2021 marked an important year in the evolution of leadership at Transelec. In December we announced the intention of Andres Kuhlmann, our CEO of more than 15 years, to retire from Transelec in 2022, and the board of directors commenced a search for a replacement that includes both internal and external candidates. We are highly confident that we will identify a great leader for the future of the company but also know that we will miss Andres and appreciate the significant contributions to the company throughout his time at Transelec. His mark will be felt forever in the quality of the company and the grid.

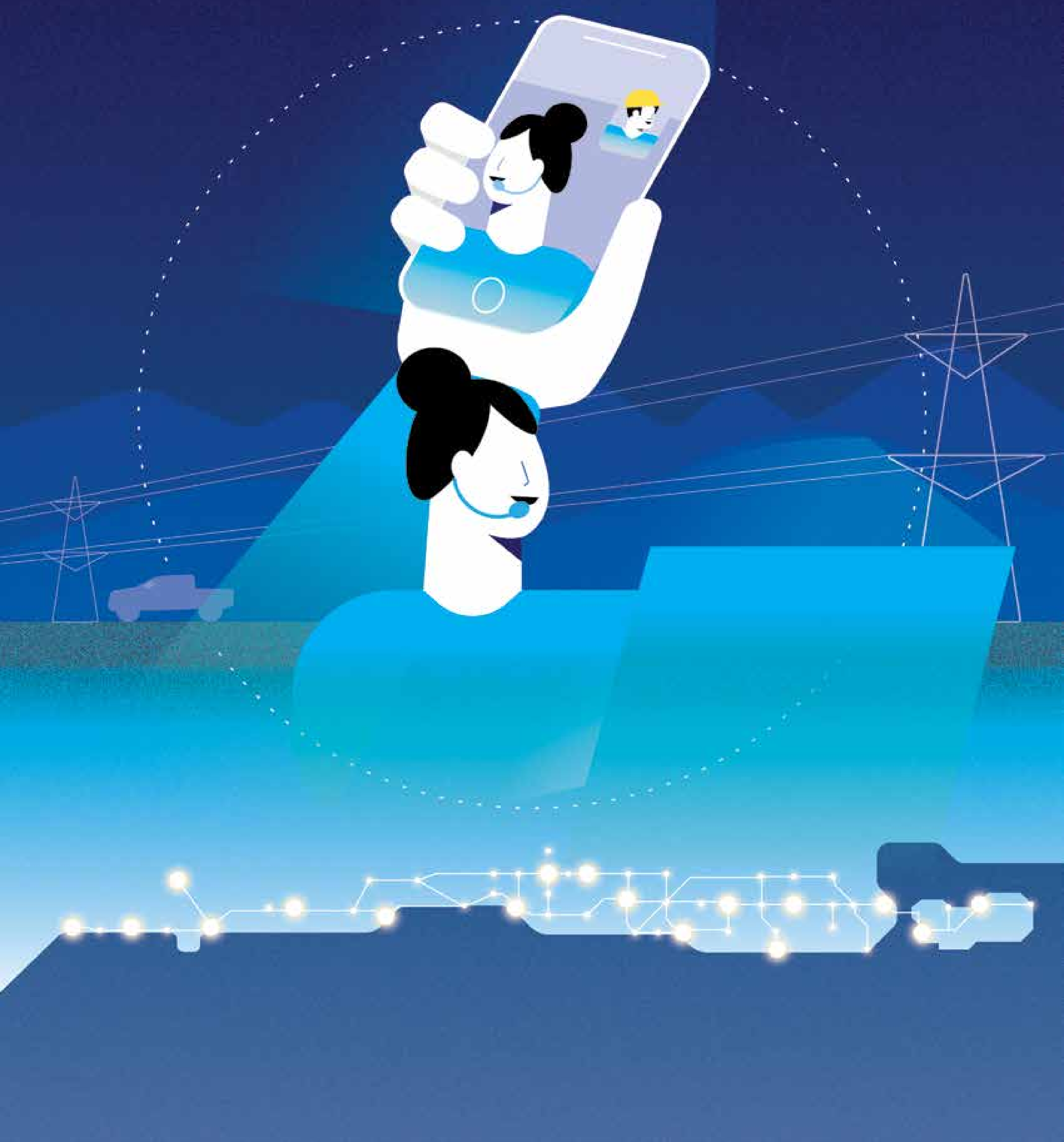
In terms of the board, we also conducted a search for a new board member to replace Patricia Nunez, who left to join the board of Codelco. Patricia was a valued member of the board and brought great energy and legal insights. In early 2022, after a rigorous process, we identified Ximena Clark as our appointee; Ximena is an accomplished statistician with experience in public and private service and with a keen appreciation for communities across Chile. We look forward to welcoming Ximena to the board in the months ahead.

Finally, I wish to thank everyone at Transelec for their dedication and effort during this year still marked by the pandemic. We reached our proposed objectives for the year 2021 and provided the country with a transmission service meeting outstanding reliability standards, an essential aspect for the well-being of Chile's population today and into the future.

Scott Lawrence
Chairman of the Board of Directors



1.
The Company



Transelec is Chile's leading electricity transmission company. The company supports a wide range of regulated and free clients throughout the country in the electricity, mining and industrial sectors, who count on the support and excellence of Transelec's integrated transmission solutions.

Transelec applies its extensive experience and knowledge to the development of energy projects. The company has **10,045 kilometers of transmission lines with a total transformation capacity of 19,322 MVA distributed in 69 substations**, across all of the locations where Transelec owns, leases, grants rights or operates substantial transmission facilities in any form. As such, Transelec is a major player in the transmission of electrical energy in the national electrical system from Arica to Chiloé. The company develops and operates electrical infrastructure that allows it to supply electricity to 98% of Chile's population.

Transelec has significant knowledge and experience in the value chain of the electricity transmission industry:

- Initial Project Stage (assessment, conceptual and basic engineering, design of transmission and connection solutions).
- Project Development (project and construction management, commissioning advice)
- Operation, maintenance, and management of new facilities, both owned by Transelec and by its subsidiaries.

Mission

To lead the power transmission business in Chile appropriately, meeting the country's needs and our clients´ requirements by developing quality, efficient solutions and operating the system appropriately while upholding high occupational health and safety standards. We create sustainable value for our shareholders, generating relationships of trust with our communities and acting with environmental integrity and sustainability.

Vision

To be recognized as a leading company in terms of knowledge and technology, socially and environmentally responsible, helping to satisfy the country and its clients´ power transmission needs.

To grow while adding value to our business through an effective commercial strategy and strong investment capabilities, ensuring competitive returns for our shareholders.

To become an attractive company for high potential professionals, in which human capital makes the difference, creating a culture of high-performance while maintaining operational excellence in our key processes.

Values

EXCELLENCE

EXCELLENCE inspires us to be the leading power transmission company in the country on a daily basis.

Those working at the company have the ability, attitude and commitment to exceed performance expectations, adding value to each of our activities and stages in the production process.

We put excellence at the service of our shareholders, clients, regulatory authorities and the community, responding to market requirements, building trust, contributing to the development of our company and the country, identifying opportunities for improvement, and committing to implement it in our operations and to support the professional and personal development of employees.

COMMITMENT

COMMITMENT to the company's achievements.

We are committed to the objectives and achievements of the company we are proud to belong to, taking responsibility for our decisions and their results.

We are also committed to meeting the company's financial, operational and social challenges, as well as safety requirements for our operations, taking care of people, facilities, services and the environment.

We consider all members of our organization, their families, the local community and society in general, in order to contribute to sustainable human development while increasing the value of our company and our contribution to society.

RESPECT

RESPECT for people, communities and the environment are the foundation of all our relationships, on a personal and professional level.

We always act with respect and consideration for others.

We promote the ability to listen, and to understand and consider the perspectives of others, with respect to the diversity in our team. We execute appropriate work practices, in compliance with the company's policies.

INTEGRITY

INTEGRITY is the foundation of our actions and decisions.

We act ethically and are honest and transparent in our relationships with co-workers, shareholders, authorities, clients, suppliers and the community.

We are consistent with our values, generating trust among the members of the organization and credibility with the rest of society. We will consistently respond to commitments made to ensure that our company's objectives are met.

1943
Corfo created Empresa Nacional de Electricidad (Endesa) in order to execute a national plan featuring the construction of new power generation units and especially a network of regional power transmission lines.

1955
The SIC power grid (Central Interconnected System) was created by connecting the newly built Cipreses Power Plant using 154 kV power transmission lines, thus linking consumption centers in Santiago and Concepción.

1965
A submarine cable (currently an aerial cable) was laid across the Chacao Channel, supplying power to Isla Grande de Chilo for the first time.

1966
Another important milestone was the construction of the first 220 kV transmission line, the Rapel-Cerro Navia line, which connected the Rapel Power Plant to central Chile, satisfying the growing power demand.

1978
The interconnection in the north of Chile was enhanced with power transmission lines connecting San Isidro (currently known as Quillota) and Cardones. In the early 1980s, the SIC power grid was extended as far as Diego de Almagro in order to connect the El Salvador mining company, while 220 kV power transmission lines were extended as far as Puerto Montt in southern Chile.

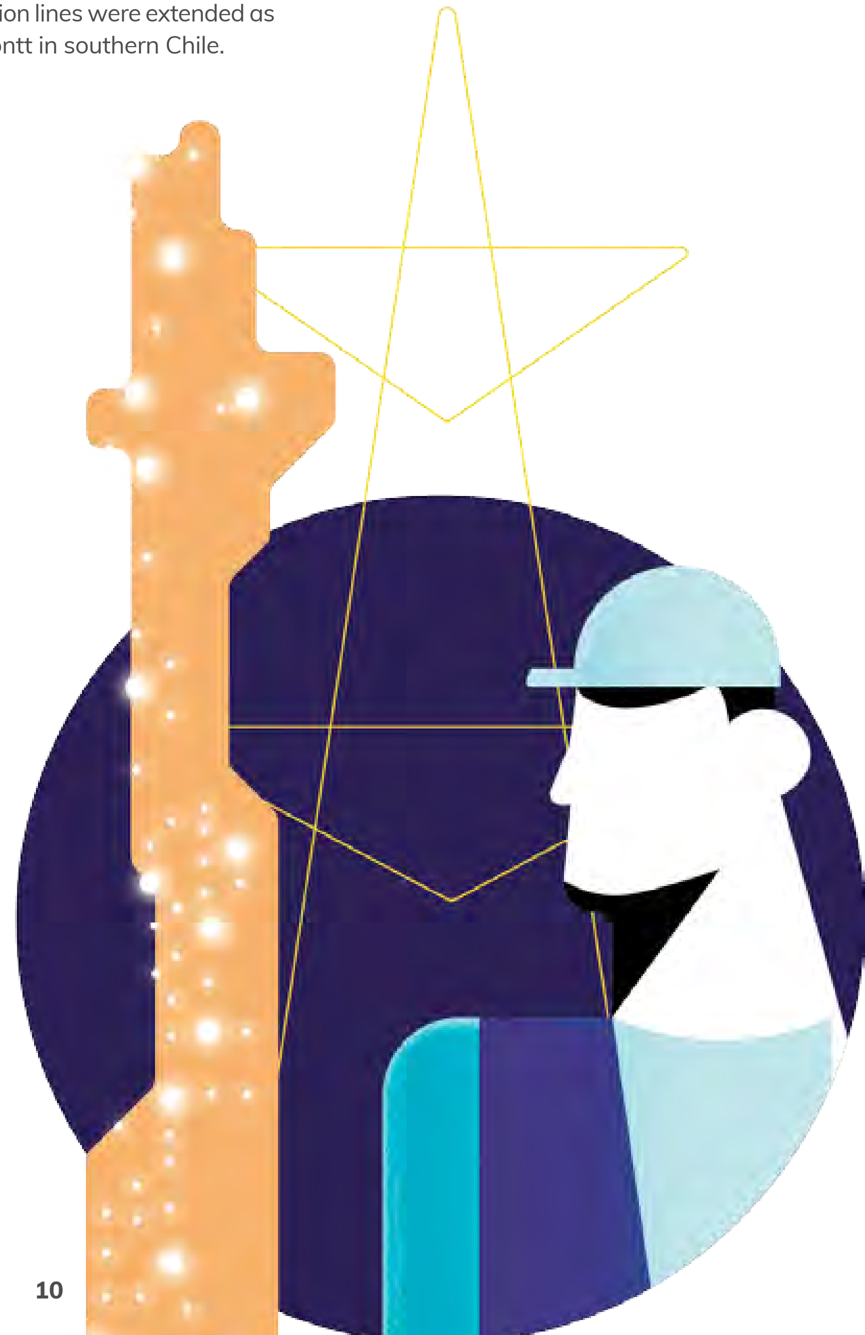
1986
The era of extra high voltage started with the commissioning of the first 500 kV power transmission lines (Ancoa-Alto Jahuel 1 and 2). These were essential for the injection of power generated by the Colbún-Machicura complex into the SIC power grid.

1993
Endesa transformed its Power Transmission Division into the subsidiary Compañía Nacional de Transmisión Eléctrica S.A., followed by the creation of Transelec S.A., which was designed to plan, operate and maintain the system. In addition, the aerial crossing of the Chacao Channel was commissioned, consisting of two 179-meter towers and of 2,680 meter long power transmission lines.

1996
Transelec built its first 220 kV transmission line between Charrúa and Ancoa to connect the Pangue power plant (460 MW), which was later upgraded to connect the Ralco power plant.

2000
All Transelec shares were purchased by the Canadian company Hydro-Québec.

2003
Transelec entered the SING power grid after purchasing 924 kilometers of 220 kV transmission lines.



2004
The largest power transmission development project in history was completed: upgrading the system between Charrúa and Alto Jahuel to 550 kV, thus facilitating the connection of the Ralco hydroelectric power plant (690 MW).

2006
The Canadian consortium comprised of Brookfield Asset Management (BAM), Canada Pension Plan Investment Board (CPPIB), British Columbia Investment Management Corporation (BCI) and the Public Sector Pension Investments (PSP) purchased 100% of Transelec's shares, contributing to the company´s solid financial strength to meet Chile's growth requirements.

2008
Energization of the 500 kV Alto Jahuel-Polpaico double circuit transmission line brought an end to northbound network saturation and was largely responsible for the creation of a 500 kV ring surrounding Santiago, which was essential for the system's future.

2010
Transelec purchased the Punta Colorada substation from Barrick Gold to consolidate its presence in the mining sector. In addition, Transelec commissioned the Las Palmas substation, which is the core wind power provider to the SIC power grid.

2014
At a ceremony attended by President of the Republic Michelle Bachelet, Transelec commissioned its National Transmission Operation Center (CNOT), which enabled the operation of our facilities to be centralized in real time in keeping with the highest standards.

2015
The Lo Aguirre sectioning substation featuring total capacity of 1,000 MVA was commissioned to boost power supply to the Metropolitan Region and to enable potential future connection of direct current transmission lines.

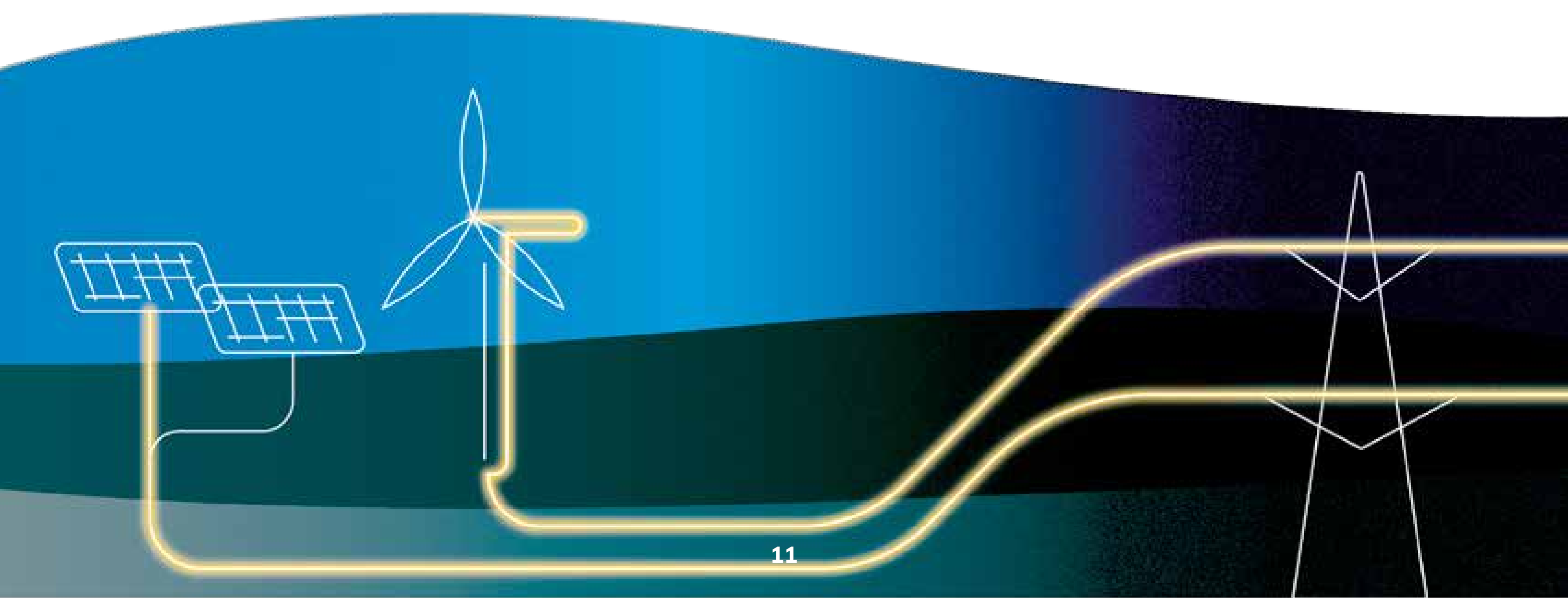
2018
China Southern Power Grid (CSG) purchased shares held by BAM in March, making CSG shareholder of the 27.79% interest in Transelec. Transelec share ownership was consequently comprised of CPPIB, BCI, PSP and CSG.

Transelec powered up the new 2x220 kV Lo Aguirre – Cerro Navia transmission line 07 November 2018, the only power line featuring a section with underground transmission line.

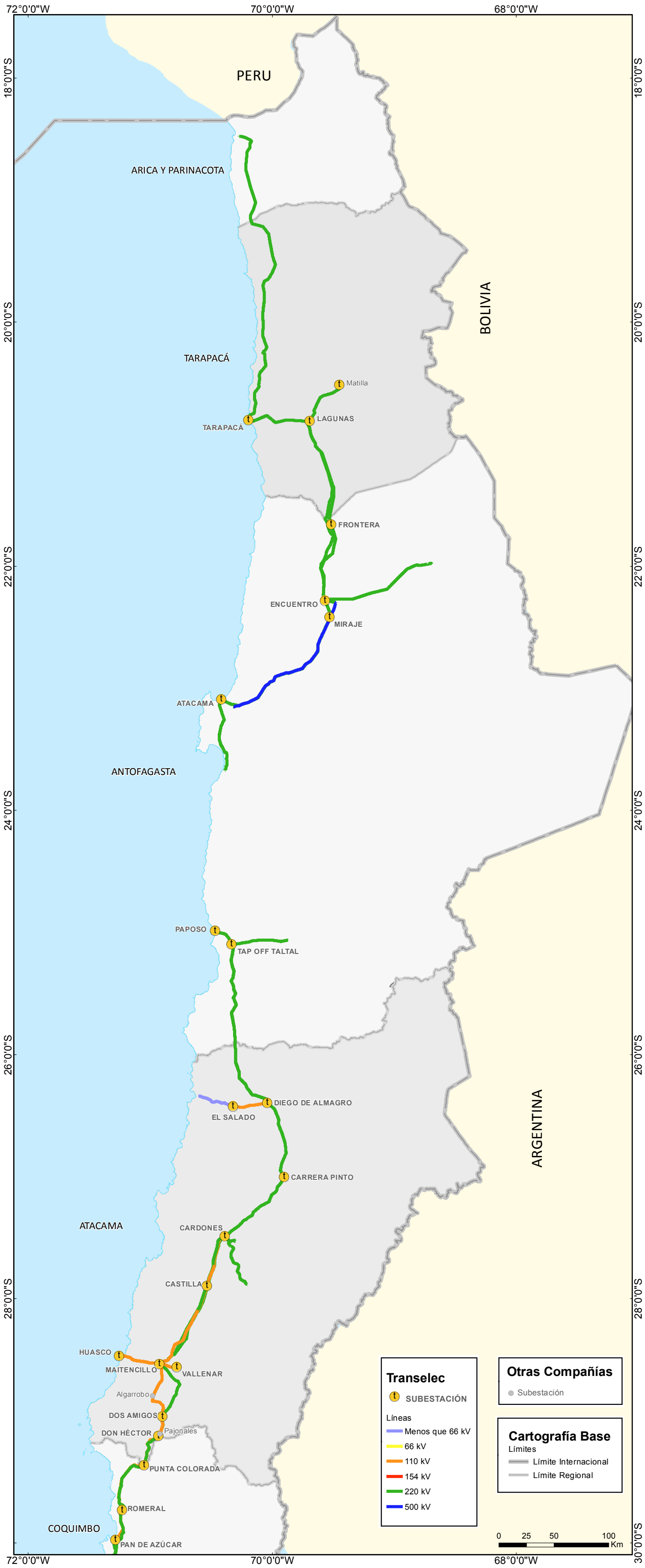
2019
Transelec reached its lowest accident and loss rate over the last ten years.

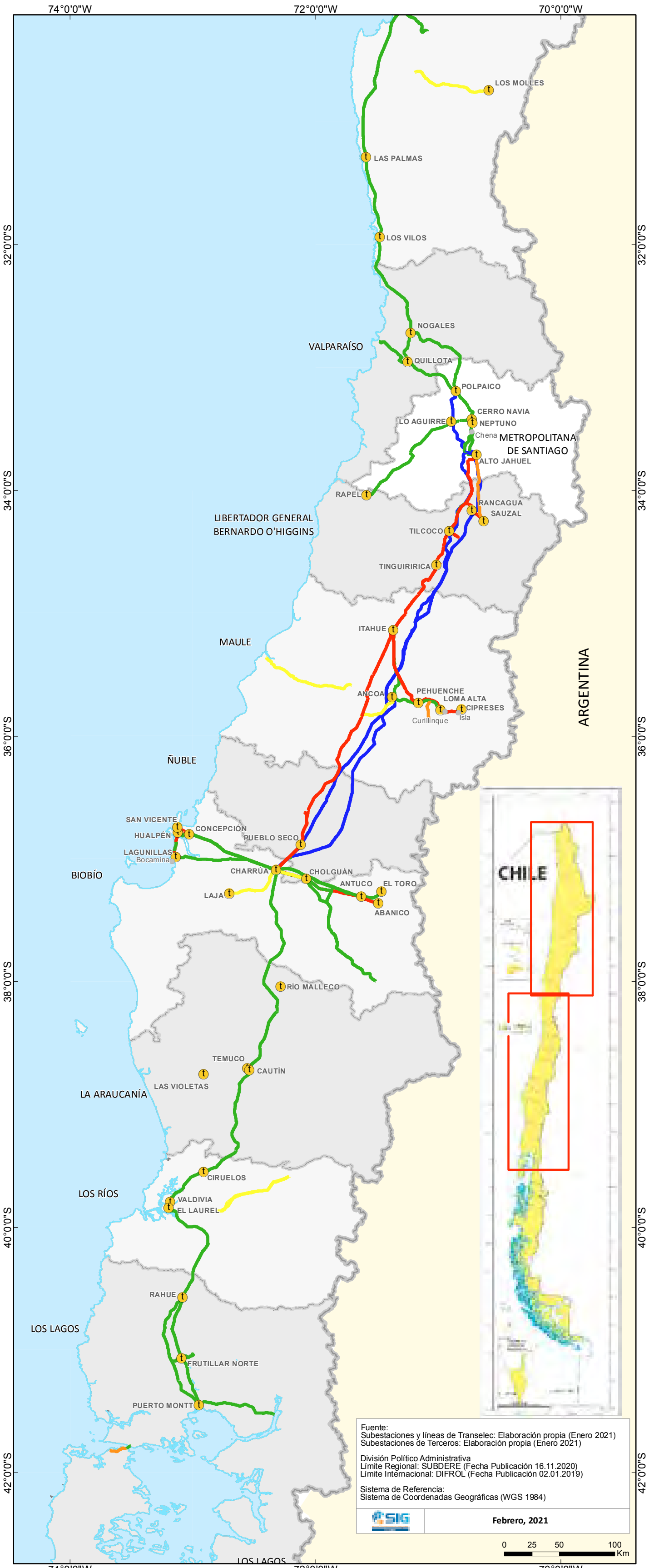
2020
Transelec developed Pulse, a digital platform for energy certification and traceability based on blockchain. The platform provides visibility for and promotes the role of renewable energy sources.

2021
Transelec **commissions transmission solutions** for important renewable projects as Atacama Solar, Río Escondido and Puelche Sur Wind Farm.



Transelec's Transmission System Map





2.

Corporate Government

Board of Directors

Scott Lawrence
Chairman
Foreigners
Deputy Chairman: Alfredo Ergas

Jordan Anderson
Director
Foreigners
Deputy Director: Jon Perry

Ganxiang Tang
Director
Foreigners
Deputy Director: Tao He

Richard Cacchione
Director
Foreigners
Deputy Director: Michael Rosenfeld

Andrea Butelmann Peisajoff
Director
ID: 6.383.159-K
Deputy Director:
Juan Agustín Laso Bambach

Blas Tomic Errázuriz
Director
ID: 5.390.891-8
Deputy Director: Patricio Reyes Infante

Mario Valcarce Durán
Director
ID: 5.850.972-8
Deputy Director:
José Miguel Bambach Salvatore

Juan Benabarre Benaiges
Director
ID: 5.899.848-6
Deputy Director: Roberto Munita Valdés

Claudio Campos Bierwirth
Deputy or Acting Director
ID: 10.266.027-7

The current Board of Directors was elected at a Shareholders Meeting held on April 30th, 2021 and is currently constituted as follows: Mr. Scott Lawrence as director and Mr. Alfredo Ergas Segal as his respective deputy director; Mr. Ganxiang Tang as director and Mr. Tao He as his respective deputy director; Mr. Richard Cacchione as director and Mr. Michael Rosenfeld as his respective deputy director; Mr. Jordan Anderson as director and Mr. Jon Perry as his respective deputy director; Mr. Mario Valcarce Durán as director and Mr. José Miguel Bambach Salvatore as his respective deputy director; Mr. Blas Tomic Errázuriz as director and Mr. Patricio Reyes Infante as his respective deputy director; Mr. Juan Benabarre Benaiges as director and Mr. Roberto Munita Valdés as his respective deputy director; Ms. Patricia Núñez Figueroa as director and Mr. Claudio Campos Bierwirth as her respective deputy director and Ms. Andrea Butelmann Peisajoff director and Mr. Juan Agustín Laso Bambach as her respective deputy director.

Mr. Scott Lawrence was elected Chairman of the Board of Directors at a Board of Directors meeting on May 26th, 2021.

The Board of Directors accepted the resignation of Director Ms. Patricia Núñez, after which assumed the Deputy Director Mr. Claudio Campos until the next Shareholders Meeting to be held in April 2022.

The Board of Directors is currently constituted by eight Directors, one Acting Director and their respective Deputy Directors.

In conformity with the Law and its provisions, the Board of Directors is required to meet at least once per month. During the 2020 fiscal year, the Transelec S.A. corporation held 12 Board of Directors meetings and 2 special Board of Directors meetings.

Additional information on the incumbent directors is presented below:

Name	**Seniority**	**Position**	**Dependency**
Scott Lawrence	14.11.2019	Chairman	CPP
Richard Cacchione	21.03.2019	Director	PSP
Jordan Anderson	30.09.2020	Director	BCI
Ganxiang Tang	24.02.2021	Director	CSG
Andrea Butelmann	11.03.2020	Director	Independent
Juan Benabarre	22.08.2018	Director	Independent
Blas Tomic	24.08.2010	Director	Independent
Mario Valcarce	24.08.2010	Director	Independent

There is a written procedure detailing the induction process for each new Director for Transelec S.A. This procedure includes, among others, the delivery to each Director of a folder containing information about the Company, policies, reports, manuals as well as the main laws and regulations that apply to Transelec.

Each new member of the Board of Directors is required to learn about the Company's internal regulations such as the Code of Ethics and Conduct, the Crime Prevention Model, the Sustainability Report, the previous Report, the Corporate Risk Map, the Bylaws, and the Internal Rules of Order, Hygiene and Safety, among others.

Board of Directors Salaries

Directors Scott Lawrence, Jordan Anderson, Han Rui, Ganxiang Tang and Richard Cacchione waived their salaries corresponding to the 2021 fiscal year. Director salaries for the 2021 fiscal year are listed as follows:

Mario Valcarce Durán	USD$90.000
Blas Tomic Errázuriz	USD$90.000
Patricia Nuñez Figueroa	USD$37.500
Juan Benabarre Benaiges	USD$90.000
Andrea Butelmann Peisajoff	USD$90.000

Board of Directors Expenses

There was no payment associated to director expenses throughout the fiscal year.

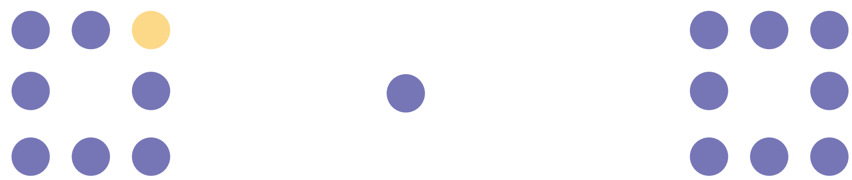
Diversity in the Board of Directors

In terms of diversity, there is one woman serving on the Board of Directors. The following figures show the Board of Directors distribution by nationality, age and seniority at the Company.

Directors | Deputy or Acting directors | Deputy directors

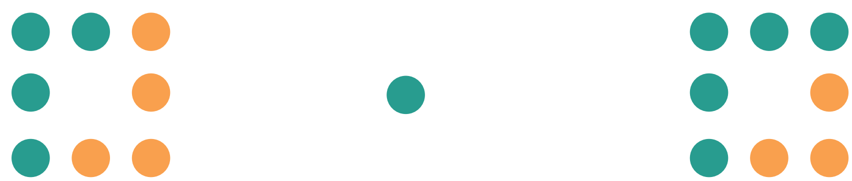
i) Number of persons by gender

Men · Women



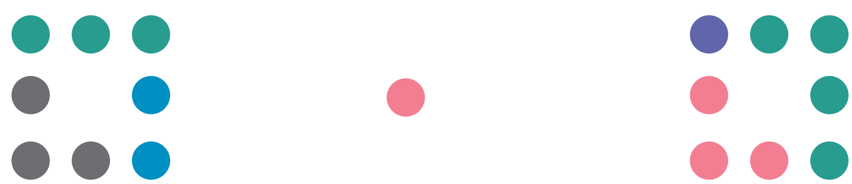
ii) Number of persons by nationality

Chileans · Foreigners



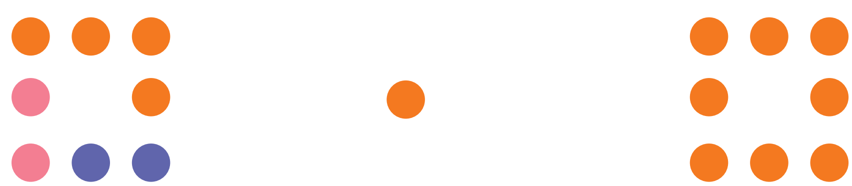
iii) Number of persons by age range

Under 30 · Between 30 and 40 years · Between 41 and 50 years · Between 51 and 60 · Between 61 and 70 years · Over 70



iv) Number of persons by seniority

Less than 3 years · Between 3 and 6 years · More than 6 years and less than 9 years · Between 9 and 12 years · Over 12 years



Audit Committee

In April 2007, the Audit Committee was created, supervising topics beyond what it is established in the Corporation´s Law. Its functions, among others, are to revise auditor reports, the company´s financial statements, the annual (internal and external) audit plan, as well as its progress and reports. The committee also supervises the application, operation and certification of the Company's Crime Prevention Model.

The Transelec Audit Committee is comprised of five directors (both directors and deputy directors) who are appointed by the Board of Directors. They serve for a period of two years and are eligible for re-election. The Committee elects a Chairman from among its members and a Secretary, who may be one of its members or the Secretary of the Board of Directors. The Committee held four meetings in 2021.

As of 31 December 2021. The Audit Committee was comprised of its Chairman, Mr. Mario Valcarce Durán, directors Juan Benabarre, Richard Cacchione, Alfredo Ergas y Tao He, and its Secretary, Mr. Arturo Le Blanc Cerda.

Salaries paid to Mario Valcarce Durán and Mr. Juan Benabarre as members of the Audit Committee between January 1st 2021 and December 31st 2021 amounted to USD 10,000 per person.

Investment Advisory Committee

The Investment Advisory Committee is responsible for improving information presented to the Board of Directors regarding the Company's different projects, thus facilitating decision making by the Board of Directors. The Committee's main objectives are to recommend return rates by project, tendering strategies, risk mitigation and other specific project factors to the Board of Directors and to make it possible for the Administration to gain access to shareholders' resources and experience.

Finance Committee

The Finance Committee meets regularly to review the Company's financial strategy. The Committee also provides consultancy and approves different proposals made by Transelec. Issues such as financing, hedging, risk management, distribution, tax issues and forecasts are reviewed, among others. Issues requiring approval are subsequently presented to the Board of Directors.

Regulatory and Corporate Reputation Committee

The Regulatory and Corporate Reputation Committee meets on a bi-semester basis to revise the Regulatory and Corporate Reputation Strategy which follows the main legal and regulatory amendments in the power and environmental sectors. The Committee also manages tariff processes in the National and Zonal Power Transmission Systems. The Committee is comprised by all members of the Board of Directors, an indication of how important this issue is.

People and Organization Committee

The People and Organization Committee meets at least once per year to review issues related to Transelec employees. Among other issues, the Committee reviews financial KPIs, which are the base of the incentive plan for the Company's variable bonus system, as well as other issues related to personal development, training, etc.

Corporate Governance Committee

The Committee's mandate is to propose and nominate members of the Board of Directors and to evaluate their management, approve codes and manuals and modifications made to these, to examine and evaluate Transelec corporate governance guidelines and to make recommendations to the Board of Directors, among others.

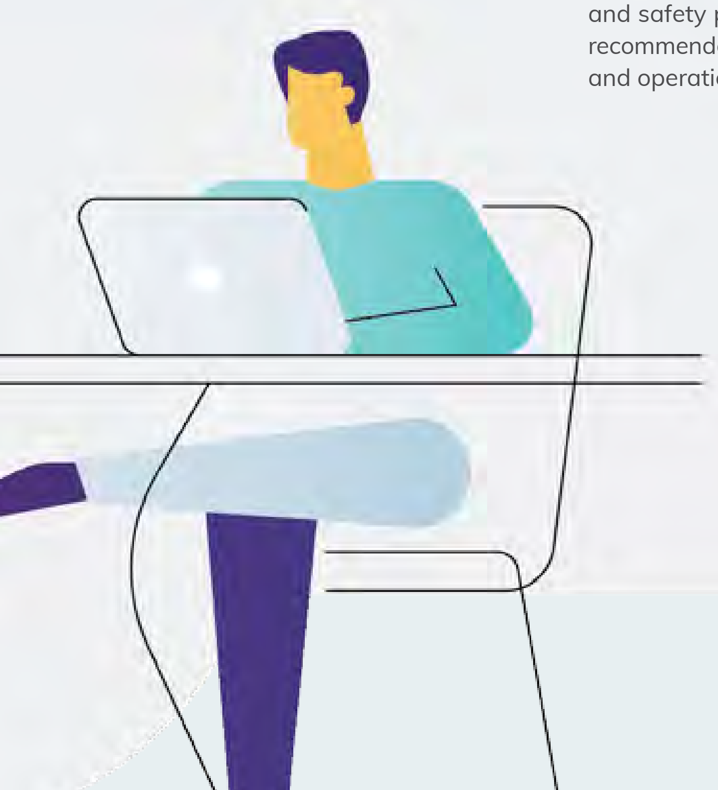
Operations Committee

The purpose of this Committee is to discuss in detail operational issues with the members of the Board of Directors, either before or after Board of Directors meetings. The Committee is also responsible for supervising health and safety programs set out in Transelec recommendations regarding health, safety and operational KPIs.

Other Committees

We also hold Coordination Committees, which involve the different Transelec Vice-Presidencies. The Committees meet regularly to coordinate the most important issues for the Company. These are listed below:

- Executive Committee
- Business Committee
- Projects Committee
- Ethics Committee
- Value Management and Results Committee
- Regulatory Agenda Committee
- Information Technology Committee
- Supply Committee
- Integrated Management System Committee
- Asset Management Committee



Management Team

1. Andrés Kuhlmann Jahn
General Manager
Civil Industrial Engineer
Pontificia Universidad Católica de Chile
ID: 6.554.568-3

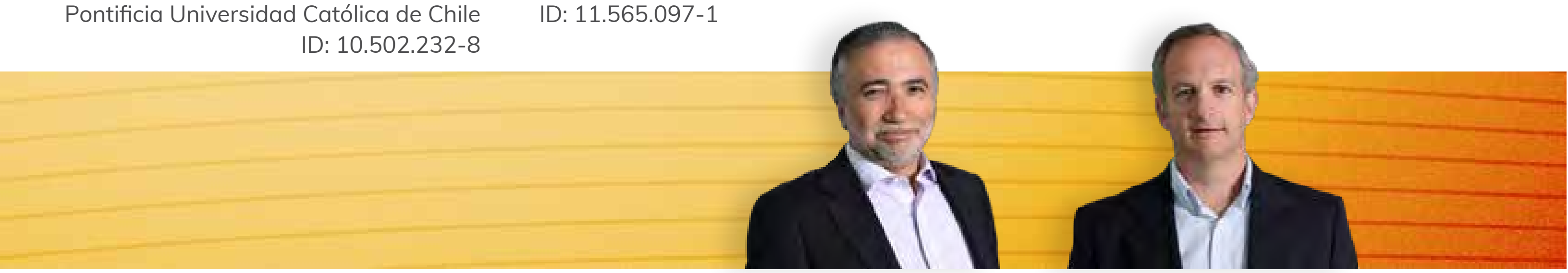
2. Sebastián Fernandez Cox
Vice-President of Business Development
Commercial Engineer
Universidad de los Andes
ID: 10.673.365-1

3. Francisco Castro Crichton
Vice-President of Finance
Civil Industrial Engineer
Pontificia Universidad Católica de Chile
ID: 9.963.957-1

4. Claudio Aravena Vallejo
Vice-President of People and Organization
Commercial Engineer
Pontificia Universidad Católica de Chile
ID: 9.580.875-1

5. David Noe Scheinwald
Vice-President of Corporate Affairs and Sustainability
Civil Industrial Engineer
Pontificia Universidad Católica de Chile
ID: 10.502.232-8

6. Bernardo Canales Fuenzalida
Vice-President of Engineering and Project Development
Bachelor of Science in Mechanical Engineer
Universidad de Chile
ID: 11.565.097-1



7. Rodrigo López Vergara
Vice-President of Operations
Electrical Civil Engineer
Universidad de Chile
ID: 7.518.088-8

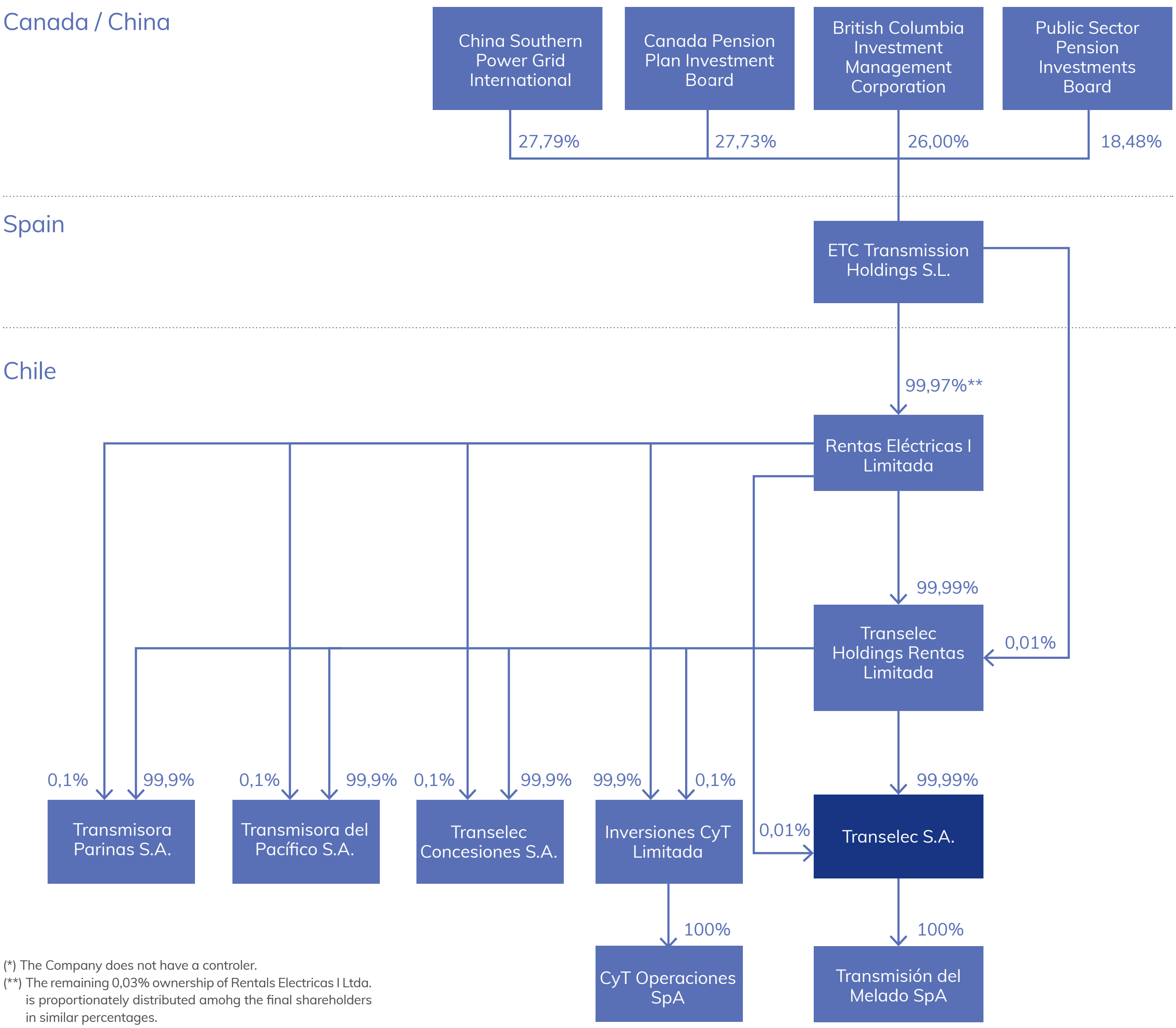
8. Arturo Le Blanc Cerda
Vice-President of Legal and Regulatory Affairs
Attorney
Universidad de Chile
ID: 10.601.441-8

Channel for Complaints and Inquiries

Transelec SA has a channel for complaints and inquiries open to both company personnel and external third parties. The channel is designed to ensure confidential, reserved and anonymous communication if preferred. This channel is found on the intranet and at the Transelec website: **https://transelec.ines.cl/transelec/formulario/index.php.**

Any complaint or query received triggers an internal compliance investigation protocol. Admissibility analysis is executed first, followed by an investigation. Said protocol has specific deadlines, guaranteeing due procedure and the rights of parties to be heard. This platform allows whistleblowers to track processing and progress.

Organizational Structure*



(*) The Company does not have a controler.
(**) The remaining 0,03% ownership of Rentals Electricas I Ltda. is proportionately distributed amohg the final shareholders in similar percentages.

3.

The Business

Transelec is the main transmission company in the country, participating in both the national and zonal (regulated) systems and in the dedicated system (bilateral contracts with large customers) that comprise Chile's power transmission business. In Chile, the Company owns transmission assets valued at US$4.170 million as of December 31st, 2021.

Regulatory scenario

The legal framework that regulates how the power transmission industry operates in Chile is based on the Ministry of Economy´s Development and Reconstruction Statutory Decree N°4 from 2006. This decree determines the consolidated, coordinated and systematized text of the General Electricity Services Law, hereinafter and indistinctively the "General Electricity Services Law" or "LGSE". The LGSE and its complementary regulations determine standards applicable to any power generation, transmission or distribution facility with regard to technical, safety, coordination, quality, information and economic aspects of appropriate power sector operation.

The latest important reform made to the LGSE is Law N° 20,936/2016 (Power Transmission Law), which incorporated the following important amendments:

- An exclusive National Electricity System Coordinator that is independent from market stakeholders and that replaces the Economic Load Dispatch Centers.

- Redefinition of power transmission systems, classifying these as the National Power Transmission System (formerly the trunk system), the Zonal Transmission Systems (formerly subtransmission systems), the Dedicated Systems (formerly additional systems), and the incorporation of two new segments: Power Transmission Systems for Development Poles and International Interconnection Systems.

- Incorporation of long-term energy and power transmission planning, considering system float in pursuit of a safer and more robust system.

- Preliminary definition of routes for new power transmission works of public interest, by means of an Easement Strip Study procedure executed by the ministry[1].

- Open Access to universal Power Transmission Systems.

- This regulates tariff setting for National Power Transmission Systems, Zonal Transmission Systems, Development Poles and payment for the use of Dedicated Power Transmission System facilities by users subject to price regulation, among other issues.

- Payment for National, Zonal and Dedicated Power Transmission Systems by users subject to price regulation shall be the responsibility of free and regulated end users, in contrast with the former law in which payment was the responsibility of power generation companies.

[1] Easement Strip Study: "This is a specific, participatory and transparent instrument for deciding where to locate new transmission lines, established in Article 92 and the following articles of the LGSE (introduced by Law 20,936), which is designed to subject certain New Works projects (determined by the Ministry of Energy) to an evaluation process designed to obtain higher degrees of certainty for project execution, assigning the State a leading role in route definition, reducing risks while socially and environmentally legitimating the project before it is tendered and the contract is awarded."

Transelec's business mainly focuses on economic compensation for the power transmission service provided by its facilities in accordance with safety and service quality standards established in the current legislation. The current legal framework that regulates the power transmission business in Chile divides its facilities into four categories[2]:

- **The National Transmission System:** comprised of power transmission lines and electrical substations that interconnect power transmission segments and enable power supply under different power system demand in different power generation facility availability scenarios, including contingency and fault situations.

- **Zonal Transmission Systems:** comprised of power transmission lines and electrical substations that supply current or future regulated customers identified on a territorial basis, without compromising use by free customers or power generation companies connected.

- **Transmission Systems for Development Poles:** comprised of power transmission lines and electrical substations used to transmit electrical energy generated by a single development pole into a power transmission system, thus making efficient use of national territory.

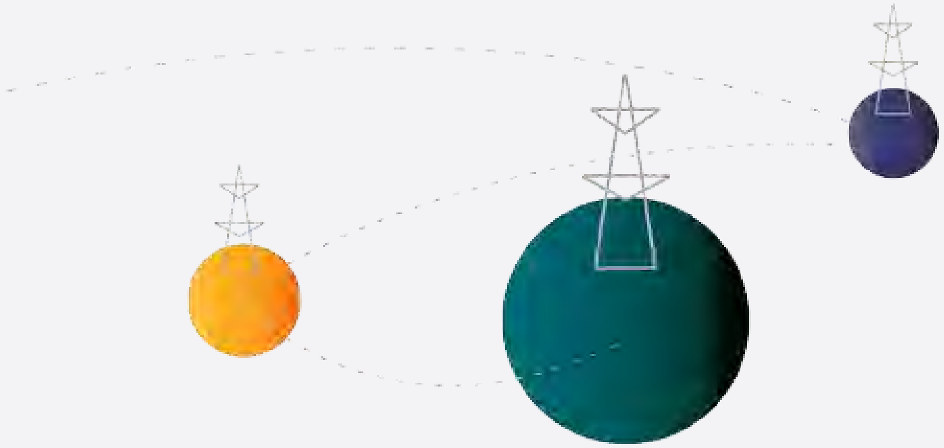
- **Dedicated Transmission Systems:** comprised of power transmission lines and electrical substations that are interconnected to the electricity system to supply electrical energy to users that are not subject to price regulation or to inject power produced by power plants into the power grid.

The first three systems are public services for which tariffs are set by the Ministry of Energy. These systems are subject to universal open access under non-discriminatory conditions. Access shall be provided to Dedicated System power transmission facilities as long as technical transmission capacity is available. Such availability is determined by the National Electricity Coordinator -hereinafter, the "Coordinator"-, regardless of the hired capacity.

Several regulations related to Law N° 20,936/2016 have been published to date, determining necessary provisions related to the National Electricity Coordinator, the Panel of Experts, energy planning, preliminary easement strips, international interconnections and compensation for power supply outages, as well as the passing of Technical Standards and Complementary Services. In addition, the National Power Grid Operation and Coordination Regulations were published in late 2019, followed by the Power Transmission Facility Remuneration, Tariff Setting and Qualification Regulations, Small-scale Means of Power Generation Regulations and Decree N°42, which amends Regulations for Power Transfer between Power Companies.

In addition to the above, Power Transmission Systems and Power Transmission Planning Regulations were published in 2021. These regulations indicate provisions applicable in accordance with the new Law 20,936 regarding the open access system, transmission planning and the upgrade works bidding process. In addition, an amendment to Supreme Decree N°327 was published. This amendment determines Power Services General Law Regulations designed to digitize concession and rights of way processes. In addition, Regulations determining criteria for companies that must report energy information on an annual basis in keeping with the new Energy Efficiency Law. For those issues that have not yet been regulated, the National Energy Commission, hereinafter and indistinctly "Commission" or "CNE", has published several resolutions with transitory provisions regarding terms, requirements and conditions determined by the new law.

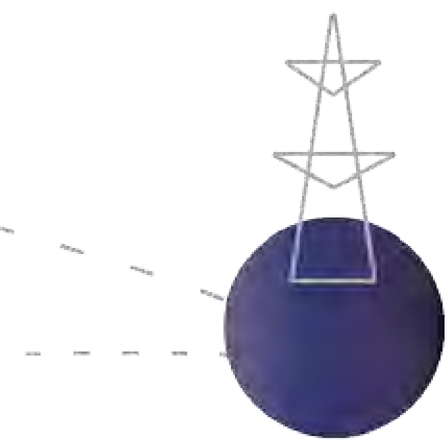
In addition, we wish to highlight that Energy Management Regulations for Consumers and Public Organizations with Energy Management Capacity and Regulations for Supplying Electricity to Electricity Dependent Persons are currently under revision by the General Comptrollership of the Republic. Moreover, new Regulations for Transferring Power Between Power Generation Companies were subjected to public consultation in September 2021 in order to determine a new power sufficiency calculation that will be agnostic to technology type. We wish to highlight that all regulations have been formulated by the Ministry based on a participatory process involving all electricity market stakeholders.



[2] LGSE Article 73° International interconnection systems also constitute part of the power transmission system and these will be subject to special standards passed for this purpose".

System growth

The CNE must conduct a power transmission planning process each year. This process must consider a timeline of at least twenty years. This planning encompasses upgrade projects required for the National Transmission System, the Zonal Transmission System, Development Poles and Dedicated Transmission Systems used by public distribution service concessionaires to supply users subject to price regulation. These upgrade plans feature investments that must be classified as new projects or upgrades for existing facilities. As the result of this process, the CNE formulates a technical report and the Ministry of Energy will use this report to determine the power transmission Upgrade Plan for the following 12 months. The Coordinator is responsible for hosting annual international tenders to award said power transmission projects according to the level of robustness and growth it considers appropriate and necessary for the system.



Remuneration for the national and zone transmission systems, development poles and dedicated facilities for users subject to price regulation

Revenue generated by existing facilities in the National and Zonal Transmission Systems and for Development Poles is constituted by the Annual Transmission Value by Segment (VATT), which is calculated based on Annual Investment Value (AVI) and Operating, Maintenance and Administration Costs (COMA), adjusted by income tax effects, for each of the segments comprising these systems. In addition, revenue generated from dedicated transmission facilities used by clients that are subject to price regulation is constituted by the proportion of their VATT assignable to said users.

System valuation studies

Segments comprised within these systems and their corresponding VATT are determined by the National Energy Commission (CNE) once every four years based on a Transmission System Valuation Study or Studies conducted by a consultant chosen by means of an international public tender. As part of this process, the CNE will formulate a technical report which will be used by the Ministry of Energy to set National and Zone Transmission and Development Pole tariffs for the next four-year period as well as payment for the use of dedicated transmission facilities by users subject to price regulation. During the four-year period between two consecutive tariff-setting processes, both AVI and COMA for each segment will be indexed using formulas designed to maintain the real value of AVI and COMA during said period. Indexing formulas and their application frequency are determined in the corresponding tariff setting process.

Power transmission system payment

Payment for the use of National, Zonal and Dedicated Transmission Systems by users subject to price regulation, shall be made by free and regulated end users. Transmission System payment for Development Poles determines a single rate which will compensate for the proportion of facilities to be used as development poles that are not used for existing power generation. Power generation companies injecting their production into the corresponding pole will pay VATT that is not covered by this rate. In the case of the National Transmission System, Law N°20,936 established a transition period, between 2019 and 2034, to replace the former payment and remuneration regime gradually with the aforementioned new regime. In the case of Zone Transmission Systems, the new payment and remuneration regime came into force January 1st 2018.

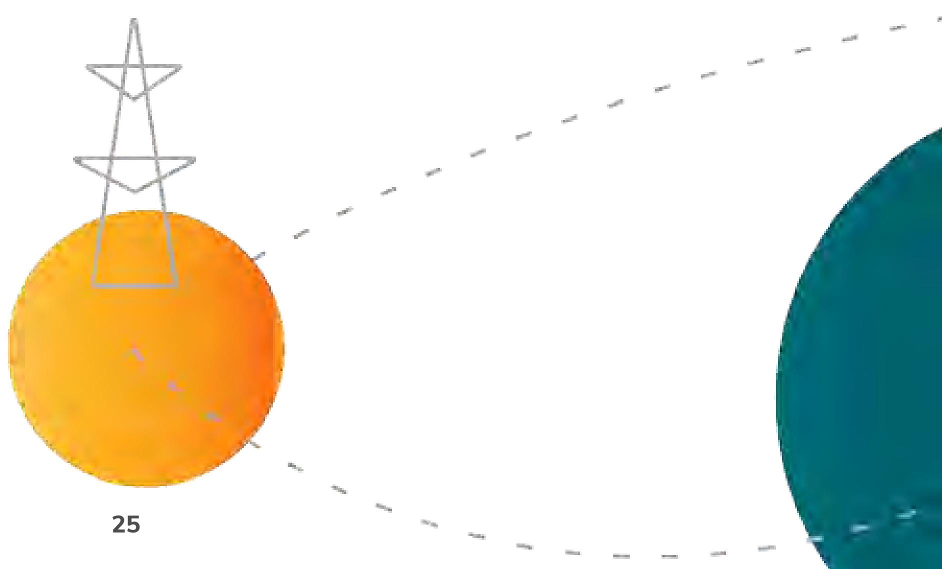
The Coordinator is responsible for international public tenders for upgrade projects, regardless of whether these are new works or upgrades. Tenders for the construction and execution of upgrades for existing facilities will be awarded depending on the VI proposal. The company awarded the contract will be paid by the owner of these facilities. On the other hand, new projects are awarded to the bidder offering the lowest VATT. The upgrade project owner will receive VATT comprised of the corresponding AVI and COMA, in which AVI will be determined considering the awarded VI, which will remain in force for five tariff setting periods of four years each. In the case of new projects, VATT resulting from the tender will constitute compensation and will be applied for the five tariff setting periods. Following the aforementioned five tariff setting periods, upgrades and new works will start to be considered as existing facilities for the purpose of valuation and remuneration, with a tariff revision conducted once every four years.

Because of the October 2019 social uprising in Chile, the Ministry of Energy announced that it would stabilize power tariffs for end customers. The authority has consequently taken the following measures:

i) Law N° 21,185 creating a temporary electrical energy price stabilization mechanism for customers subject to tariff regulation related to power company supply contracts and their customers was published in the Official Gazette on November 2, 2019.

ii) Law N° 21,194 was published in the Official Gazette on December 21, 2019. This Law temporarily stabilizes price levels associated to added value stemming from distribution costs applied or tariffs under the maximum tariffs being invoiced at the moment among other issues.

iii) The National and Zonal Transmission facilities valuation process currently underway is expected to be completed during the first quarter of 2022. This will come into effect retroactively as of January 1, 2020. In addition, charges are expected to be reduced due to, among other reasons, the reduction of the discount rate indicated in Law N° 20,936/2016. By means of the Exempt Resolution N° 815 from December 26, 2019, the National Energy Commission established exclusive charges referred to in articles 115 and 116 of the General Electricity Services Law, including exclusive charges related to power transmission. The National Energy Commission decided to maintain charges transferrable to end customers in force as of December 2019, making only some minor adjustments to these charges to avoid creating negative impacts for end customers.



Dedicated system remuneration

Revenue from Dedicated Transmission Systems is determined in the contracts signed between the users and owners of these facilities. Prices are normally set by calculating AVI + COMA that is determined by mutual agreement between the parties.

Even if these dedicated facilities are essentially being used to inject power produced by power plants into the system or to supply electrical energy to free customers, the authority could potentially consider these facilities to be National, Zonal or Development Poles if its operating conditions change and these facilities meet the corresponding requirements. Facilities qualification process is made once every four years by the National Energy Commission as part of the transmission system study, or if an upgrade projectis assigned to dedicated facilities.

Equivalent power transmission rate

Law N° 20,936, which "Establishes a New Power Transmission System and creates a Coordination Body independent of the National Electricity System" was published in the Official Gazette July 20th 2016. According to said legal body, end users will pay a single rate for the use of power transmission networks to their suppliers, who shall then compensate the power transmission companies. This compensation complements the tariff revenue from the injection and withdrawal of energy in the short-term market in order to complete the VATT transmission companies are entitled to.

However, Law N° 20,936 established two temporary application periods. The first spans from its publication date until December 31st, 2018, period in which power transmission companies shall receive remuneration in accordance with the standard prior to the legal change. Under the previous law transmission companies were compensated with (a) power transmission tolls from power generation companies and (b) the aforementioned tariff revenue. The second period spans from January 1, 2019 until 31 December 2034, in which the National Power Transmission System remuneration will be mixed. one portion according to the former standard and the other one according to the new standard. This transition period provides for a gradual migration from both collection methodologies for the aforementioned power transmission system.

During the transition period, Law N° 20,936 created a mechanism by which power generation companies could be exempted from the payment of injection tolls for the use of the National Power Transmission System by amending power supply contracts signed prior to the publication date of said Law. According to this Law, power generation companies had up until July 2018 to reach agreements with their customers on a permanent price deduction for power supply, which would be equivalent to the price for injection toll. This amount is called Equivalent Power Transmission Rate, hereinafter "CET", and is to be determined by the National Energy Commission for each individual power supply contract for each power generation company. In accordance with the foregoing, the setting of single power transmission rates for the first semester of 2019 shall include exemptions for the payment of injection tolls for power generation companies that have agreed with their customers on a price discount for their power supply contracts.

The process of setting CET rates was completed in late 2019, over one year behind schedule. This meant that power generation companies continued to pay injection tolls to power transmission companies in 2019. The National Electricity Coordinator reassessed tolls for use of the National Power Transmission System during the first semester of 2020, considering agreements signed between power generation companies and their customers for application of the CET mechanism.

This reassessment meant that Transelec had to pay power generation companies an amount of CLP 68 billion in June 2020, which corresponds to an important percentage of remuneration for use of the National Power Transmission System in 2019. Starting in the second semester of 2020, the National Energy Commission incorporated an adjustment to the single power transmission rate in order to collect said remuneration from 2019. This amount should be fully recovered by the end of 2022.

Tariff studies

National power transmission/trunk transmission system

The Ministry of Energy published Supreme Decree N° 23 T in February 2016, bringing new tariffs for Trunk Transmission and National System facilities into force for the 2016-2019 period as required.

Application of the new Law N° 20,936/2016 enabled the identification of two temporary collection, payment and remuneration periods for the National Transmission System, which are regulated by the following laws:

- The 2016-2018 Period: the collection, payment and remuneration regime established by Law N° 19,940 (Short Law I) in March 2004 will be applied.

- The 2019-2034 Period: the collection, payment and remuneration regime established by Temporary Article 25 of the new Law N° 20,936/2016 will be applied. This temporary standard was designed to prevent double payment for transmission due to current power supply contracts between power generation companies and free, end or regulated customers that were signed before the aforementioned law came into force.

Zonal transmission system/subtransmission system

Temporary Article Eleven of Law N°20,936/2016 indicates that Supreme Decree 14/2013 will remain in force between January 1st, 2016, and December 31st 2017, including adjustments made by the Ministry of Energy by means of a decree issued under the "by order of the President of the Republic" formula[3]. These adjustments to Supreme Decree 14/2013 were determined by the Ministry of Energy by means of Decree 1T dated February 2017. These adjustments to Supreme Decree 14/2013 were determined by the Ministry of Energy by means of Decree 1T dated February 2017. In turn, Temporary Article Twelve of Law N° 20,936/2016 indicates that continuity and termination will be provided for the process of setting the annual value of subtransmission systems for application during the 2018-2019 period throughout the extended term of Decree 14/2013.

Therefore, during the extended term of Supreme Decree N° 14/2013, the process for setting the annual value for subtransmission and additional transmission systems used by users subject to price regulation underway at the time the new Law N°20,936/2016 was published was completed. The CNE consequently published Exempt Resolution N°531 19 July 2018. This resolution replaced the technical report determining VATT for Zonal Transmission Systems and the proportion of dedicated transmission use by users subject to price regulation during the 2018-2019 period, approved by means of CNE Exempt Resolution N°414 dated 31 July 2017, in accordance with the provisions of the new Law N°20,936/2016. This technical report was used as the basis for formulating Decree 6T, published in the Official Gazette October 5th 2018, which sets the annual value by section of zonal and dedicated transmission facilities used by users subject to price regulation, as well as tariffs and indexing formulas for the 2018-2019 period.

[3] Ministry of Energy Decree N° 14 dated 2012 determines Subtransmission and Additional Transmission system tariffs and indexing formulas for the 2011-2014 period. The term for this decree was extended once until December 31st, 2015 by means of Decree N°8T dated March 2015.

New 2020-2023 tariff setting process – National and zonal transmission system

The 2020-2023 tariff setting process for the National and Zonal Power Transmission Systems started in 2019 with the first power transmission facilities qualification process executed in conformity with Law N°20,936/2016. This qualification process was completed in April 2019 with the publication of CNE Exempt Resolution N°244 approving the Final Facility Qualification Technical Report considering a ruling by the Panel of Experts. In addition, CNE Exempt Resolution N°272 approving Technical and Administrative Bases for conducting Valuation Studies was published, thus enabling the call to an international public tender for execution of these studies and constitution of a Supervision Committee for these studies. Transelec was chosen to represent companies from the National Power Grid.

The National Power Grid Valuation Study was awarded to Consorcio Synex Ingenieros Consultores Ltda., Estudios Energéticos Consultores S.A. and Elequipos Servicios de Ingeniería S.A. in July 2019 and study development began in August 2019. The National Power Transmission System Valuation Study was awarded to Consorcio Synex Ingenieros Consultores Ltda., Estudios Energéticos Consultores S.A. and Elequipos Servicios de Ingeniería S.A. in July 2019 and study development began in August 2019. The Zonal Transmission Systems Valuation Study tender was declared void because the bidders failed to comply with the bidding conditions. A second call to international public tender was made for this study and the contract was finally awarded to the Company SIGLA S.A. Study development started in October 2019.

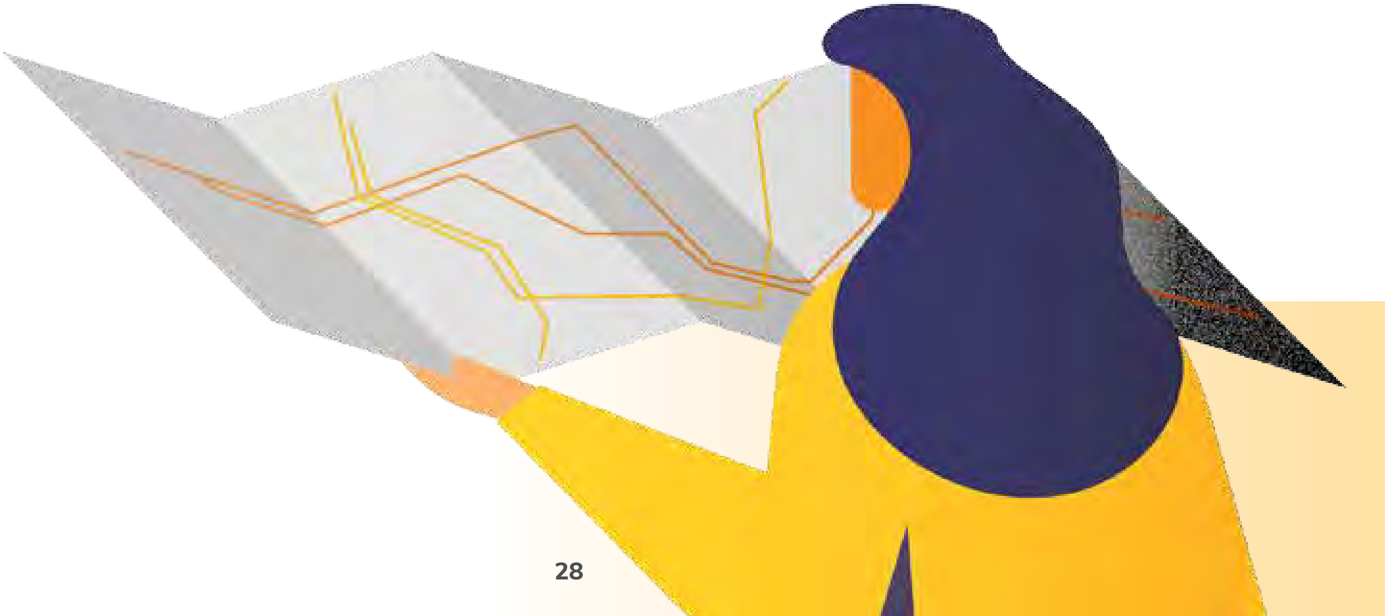
Consultants for the National Transmission System and Zonal Transmission System Valuation Study published their respective final reports in December 2020. Public hearings were held in November and December 2020, during which consultants from the National and Zonal Transmission Systems respectively presented the results of these valuation studies.

On April 6th, 2021, the CNE published the Preliminary Technical Report of the Valuation Studies of the National Transmission System and Zonal transmission system. The industry companies submitted their comments to this report. On August 3rd, 2021, the CNE published the Final Technical Report of the Valorization Studies of the National and Zonal System, together with the responses to the companies' observations. The panel of experts then received and reviewed comments from the companies to this last report and in January 2022, presented its opinion. Finally, in March 2022, CNE published the Final Technical Report.

The next stages of the national and zonal tariff setting process are the setting and publication of 2020-2023 tariffs by the Ministry. This tariff setting process should be completed by mid-2022.

Regulatory measures during the pandemic

Law N° 21,340 was published May 22nd, 2021, due to the Covid-19 health contingency. This law creates exceptional measures favoring health, electricity and natural gas network end users, such as prohibiting the suspension of power and natural gas supply due to payment default up until December 31st, 2021, and extends the benefits of said law. Subsequently, due to the extension of economic effects caused by the pandemic, in the month of October 2020 the Chilean Chamber of Deputies announced lobbying of a bill designed to extend the benefits provided by Law N° 21,249. Said project is still in the first phase of constitutional lobbying in Congress.



Other regulatory issues

In keeping with the foregoing, we wish to highlight relevant activity involving the following bills during 2021:

- A new Bill modifying the General Electricity Services Law in terms of Panel of Experts and the Coordinator Steering Council Law member salaries was passed September 21st, 2021. This is currently being processed in the Senate.

- A new bill promoting the storage of electrical energy and electro mobility was submitted to the Chamber of Deputies 2 December 2021. This is a major milestone for the implementation of large-scale power storage systems in the power grid. This is currently being processed.

- New bills designed to promote the participation of renewable energies in the national power grid and to promote the production and use of green hydrogen in Chile were submitted to the Chamber of Deputies 15 November 2021. Said bills are currently being processed

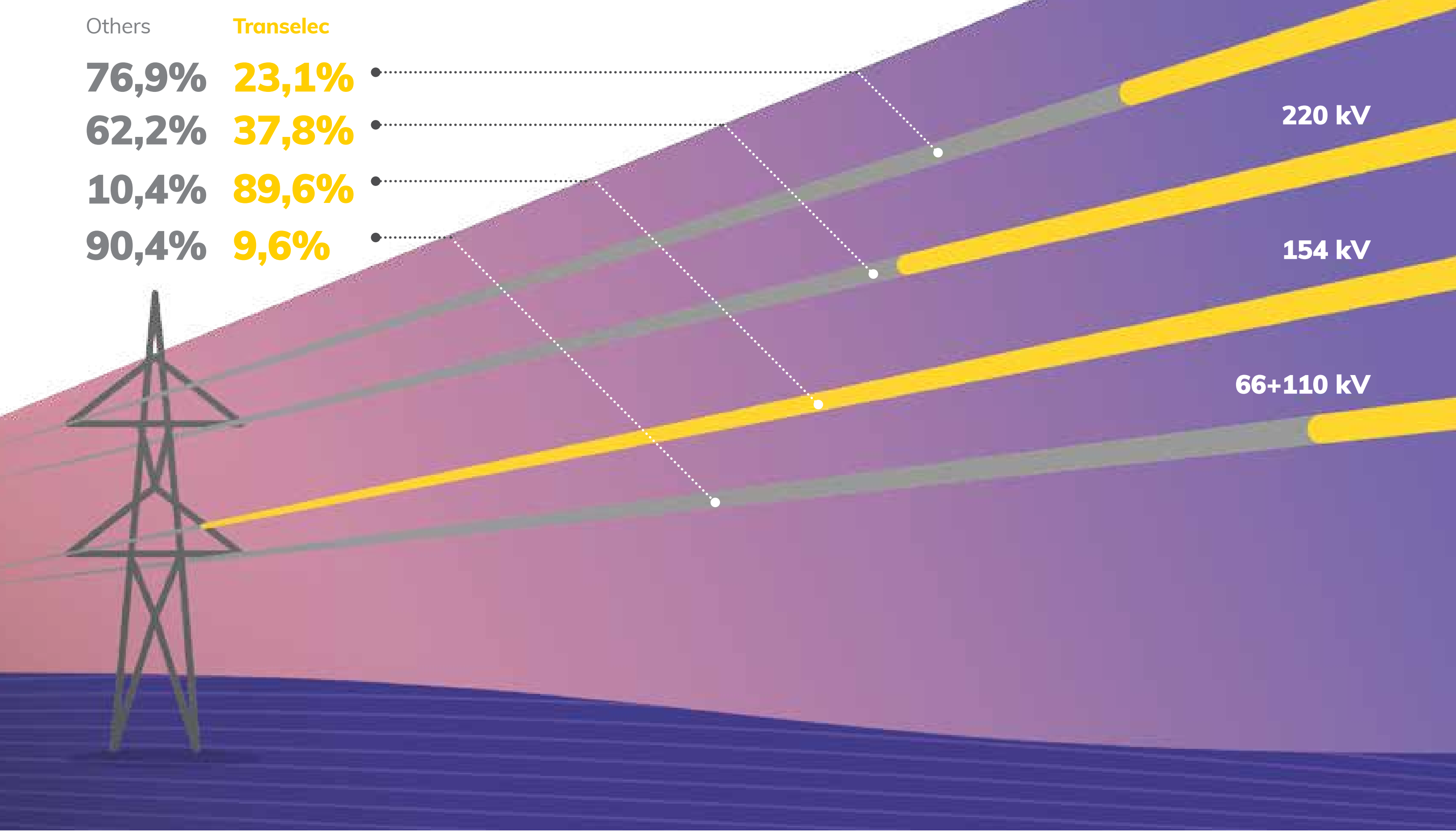
- A bill prohibiting the operation of coal-fired thermoelectric power plants in Chile starting in 2021 is currently in the second stage of processing in the Senate. This poses a new challenge for Chilean power grid operation.

- The Ministry announced it would temporarily suspend Electricity Portability Bill processing in the Chamber of Deputies at the start of 2021. This bill is designed to grant Power Grid users the right to choose their own energy suppliers, make the supply tender mechanism more flexible and ensure the observance of tendered supply contracts by means of a gradual transition with technical and objective criteria.

We also wish to highlight that the Ministry started a public consultation process for a preliminary draft of the updated National Energy Policy in December 13th, 2021. Commitments are proposed for the energy sector over the coming decades and the process is based on sustainability, resilience, accessibility, inclusion and respect. We wish to highlight that this process is being executed by the Ministry based on a participatory process involving all stakeholders in the electricity market.

Market share as of december 31st, 2021

Transelec is an important stakeholder in Chile's power transmission system, as a pioneering company and leader that has substantial know-how and expertise. Transelec has the market share for transmission lines shown in the graph below, which indicates the scope of its ownership when it comes to operational power transmission lines, especially at 154 and 220 kV. In keeping with the remuneration system for the power transmission market, the Company receives revenue as profit over the assets that represent its installed transmission capacity and therefore market share is not a significant factor for cash generation in the Company.



Projects under development

The Company has continued to develop a significant number of projects during 2021. We are proud to be a important part of the country´s decarbonization efforts by building facilities that allow the connection of several renewable energy generating companies to the electricity system.

However, we have not been unaffected by the Covid-19 pandemic, which has posed significant challenges in project development. The focus has been to establish strict sanitary protocols in order to provide optimal safety and occupational health conditions for all employees.

The depth of the crisis has led to the implementation of a series of measures designed to minimize the effects of the pandemic, such as disruptions in logistics chains, construction material shortages, workforce shortages, health restrictions limiting the entry of foreign personnel, loss of productivity, etc. The significant increase in execution time has consequently been mitigated.

National Power Grid Projects

NEW PROJECTS

1. Studies

Transelec S.A. is currently developing studies to participate in the new projects tendering process organized by the National Electricity Coordinator. The project portfolio has a reference investment value amounting to approximately US$ 201.98 million and is outlined as follows:

Decree	Project	Ref. VI (MUS$)	Commissioning
0229/2021	New Nueva Lagunas Sectioning Substation and new 2x500 kV Nueva Lagunas - Kimal transmission line.	194.46	3rd Quarter 2026
0229/2021	New 220 kV La Invernadera Sectioning Substation	7.52	1st Quarter 2025

2. Projects Awarded

During 2021, Transelec S.A. was not awarded any projects associated with the National Power Grid.

3. Project Development

Project development with a reference investment value of approximately US$ 198.21 million continued in 2020. This is indicated as follows:

Decree	Project	Ref. VI (MUS$)	Commissioning
0004/2019	New 220 kV Los Notros Sectioning Substation	19.11	3rd Quarter 2023
0004/2019	New 500/220 kV Parinas Sectioning Substation	54.31	1st Quarter 2024
0004/2019	New 2x500 kV Parinas - Likanantai transmission line energized at 220 kV	105.62	1st Quarter 2025
0004/2019	New 2x220 kV Lagunas - Nueva Pozo Almonte transmission line, first circuit laid	19.17	1st Quarter 2025

4. Commissioning

Projects with reference investment value amounting to US$ 11.21 million were energized in 2021:

Decree	Project	Ref. VI (MUS$)	Commissioning
0422/2017	220 kV Frutillar Norte Substation	11.21	2nd Quarter 2021

UPGRADES

1. Studies
The National Electricity Coordinator started the tendering process for national upgrades with a reference investment value amounting to US$41.05 million:

Decree	Project	Ref. VI (MUS$)	Commissioning
0171/2020	Coupling bay circuit breaker replacement at 66 kV Temuco Substation	0.87	4th Quarter 2023
0171/2020	Upgrade at Temuco Substation (BPS+BT)	0.26	3rd Quarter 2024
0185/2021	Capacity upgrade for the 2x220 Nueva Zaldivar - Likanantai transmission line	1.89	3rd Quarter 2024
0185/2021	Capacity upgrade for the 1x220 kV Charrúa – Hualpén, Tramo Concepción - Hualpén transmission line	4.21	1st Quarter 2025
0185/2021	Upgrade at S/E Don Héctor 220 kV (IM) Substation and 2x220 kV Nueva Maitencillo – Punta Colorada transmission line sectioning	10.02	1st Quarter 2025
0185/2021	Replacement of reactive compensation equipment at Lagunas Substation (RCER AT)	20.01	3rd Quarter 2025
0185/2021	Capacity upgrade for the Tarapacá - Lagunas transmission line, Nueva Lagunas - Lagunas section.	3.79	3rd Quarter 2026

2. Projects Awarded
Transelec S.A. was awarded contracts and started the development of projects whose reference investment value reaches US$53.96 million in 2021:

Decree	Project	Ref. VI (MUS$)	Commissioning
0171/2020	220 kV Rahue Substation upgrade (BPS+BT)	0.69	2nd Quarter 2023
0171/2020	110 kV Maitencillo Substation upgrade (BPS+BT)	1.74	2nd Quarter 2023
0171/2020	Coupling bay circuit breaker replacement at Alto Jahuel Substation	0.70	3rd Quarter 2023
0171/2020	Switchgear replacement for the 2x220 Alto Jahuel - Chena transmission line at Alto Jahuel Substation	1.78	3rd Quarter 2023
0171/2020	2x220 kV La Cebada - Punta Sierra transmission line capacity upgrade	3.58	2nd Quarter 2024
0171/2020	Frontera Substation upgrade and 2x220 kV Lagunas-Encuentro transmission line sectioning	9.93	2nd Quarter 2024
0171/2020	1x220 kV Charrúa - Temuco transmission line capacity upgrade	15.98	4th Quarter 2024
0171/2020	2x220kV Frontera – María Elena and 2x220 kV María Elena – Kimal transmission line capacity upgrade	19.56	3rd Quarter 2024

3. Project Development

Transelec S.A. continued to develop projects with reference investment value amounting to US$ 60.15 million:

Decree	Project	Ref. VI (MUS$)	Commissioning
0293/2018	Upgrade at Lagunas Substation	2.44	1st Quarter 2022
0198/2019	Upgrade at Polpaico Substation	1.20	4th Quarter 2022
0293/2018	Nueva Tineo - Puerto Montt high voltage transmission line capacity upgrade and upgrade at Tineo Substation	3.94	2nd Quarter 2023
0293/2018	Nueva Ciruelos - Cautín transmission line capacity upgrade	10.35	4th Quarter 2023
0198/2019	2x500 kV Alto Jahuel - Lo Aguirre transmission line capacity upgrade and upgrade at Lo Aguirre Substation	42.22	2nd Quarter 2024

4. Commissioning

Projects with reference investment value amounting to US$ 8.57 million were energized in 2021:

Decree	Project	Ref. VI (MUS$)	Commissioning
Art. 102	Upgrade at 220 kV Miraje Substation	3.50	2nd Quarter 2021
0373/2016	Upgrade at 220 kV Punta Colorada Substation	2.53	2nd Quarter 2021
0158/2015	2x220 kV Nueva Crucero – Lagunas transmission line extensión	2.54	4th Quarter 2021

INVESTMENT DURING 2021

National Power Grid
Values in CLP million

Project type	Actual investment
New Projects	14,904
Upgrades	14,981
Carry over (*)	3,371
Total National System projects	**33,257**

(*) Corresponding to payment made in 2021 for projects commissioned in 2020 or earlier.

Zonal System Projects

NEW PROJECTS

1. Studies

Transelec S.A. is currently developing studies in order to participate in the new projects tendering process organized by the National Electricity Coordinator. The project portfolio has a reference investment value amounting to approximately US$ 109.48 million and is outlined as follows:

Decree	Project	Ref. VI (MUS$)	Commissioning
0229/2021	New Buli Sectioning Substation	9.86	1st Quarter 2025
0229/2021	New Buenavista Sectioning Substation	16.85	1st Quarter 2025
0229/2021	New 1x66 kV Santa Elisa – Quilmo II transmission line	5.18	3rd Quarter 2025
0229/2021	New Coiquén Substation and new 1x66 kV Coiquén – Hualte transmission line	8.61	3rd Quarter 2025
0229/2021	New Totihue Sectioning Substation and new 2x66 kV Totihue – Rosario transmission line	20.51	3rd Quarter 2025
0229/2021	New 2x220 kV Don Goyo – La Ruca transmission line	21.87	3rd Quarter 2025
0229/2021	New Llepu Sectioning Substation and new 2x154 kV Llepu – Linares transmission line	26.60	3rd Quarter 2025

2. Projects Awarded

Transelec S.A. was awarded contracts and started the development of projects whose reference investment value reaches US$ 4.78 million in 2021.

Decree	Project	Ref. VI (MUS$)	Commissioning
0185/2020	New 1x110 kV Maitencillo - Vallenar transmission line	4.78	3rd Quarter 2024

3. Project Development

Transelec S.A. continued to develop projects with reference investment value amounting to US$ 58.66 million:

Decree	Project	Ref. VI (MUS$)	Commissioning
0418/2017	New 220/110 kV Río Aconcagua Substation	24.22	1st Quarter 2022
0418/2017	New 220/66 kV Lastarria Substation	14.87	2nd Quarter 2022
0004/2019	New 2x220 kV Candelaria – Nueva Tuniche transmission line and Nueva Tuniche 220 kV Substation	19.57	1st Quarter 2025

4. Commissioning

No new projects were energized in the zonal system during the period.

UPGRADES

1. Studies

The National Electricity Coordinator started the tendering process for national upgrades with reference investment value amounting to US$ 2.29 million:

Decree	Project	Ref. VI (MUS$)	Commissioning
0171/2020	Upgrade at Temuco Substation (NTR ATMT)	2.29	3rd Quarter 2024

2. Projects Awarded

The National Electricity Coordinator awarded contracts and started project development for a reference investment value of US$ 5.78 million in 2021:

Decree	Project	Ref. VI (MUS$)	Commissioning
0171/2020	Upgrade at Ovalle Substation	0.25	3rd Quarter 2024
0171/2020	Upgrade at Laja Substation (RTR ATMT)	1.43	3rd Quarter 2024
0171/2020	Upgrade at Vallenar Substation (NTR ATMT)	4.10	3rd Quarter 2024

3. Project Development

Transelec S.A. continued zonal upgrade project development with investment value amounting to approximately US$ 33.69 million:

Decree	Project	Ref. VI (MUS$)	Commissioning
0418/2017	2x154 kV Alto Jahuel - Tinguiririca high voltage transmission line sectioning at Punta Cortés Substation	4.52	1st Quarter 2022
0418/2017	1x154 kV Charrúa – Chillán TAP and 1x154 kV Charrúa – Monterrico circuit replacement	2.45	2nd Quarter 2022
0293/2018	Upgrade at Laja Substation	0.58	3rd Quarter 2022
0418/2017	GIS upgrade at 110 kV Cerro Navia Substation	2.73	4th Quarter 2022
0293/2018	220/110 kV Transformer No. 1 double connection at Cardones Substation	6.80	4th Quarter 2022
0418/2017	Upgrade at 220 kV Nueva Valdivia Substation.	7.16	4th Quarter 2022
0198/2019	Expansion at Charrúa Substation	2.73	2nd Quarter 2023
0293/2018	2x220 kV Punta de Cortés – Tuniche transmission line upgrade: line bay incorporation	6.72	1st Quarter 2024

4. Commissioning

Projects with investment value amounting to approximately US$ 1.62 million were energized in 2021:

Decree	Project	Ref. VI (MUS$)	Commissioning
0418/2017	Capacity Upgrade 1x110 kV Maitencillo - Algarrobo high voltage transmission line	1.62	4th Quarter 2021

INVESTMENT IN 2021

Zonal System
Values in CLP million

Project type	Actual investment
New Projects	19,112
Upgrades	11,213
Carry over (*)	145
Total Zonal System Projects	**30,470**

(*) Corresponding to payment made in 2021 for projects commissioned in 2020 or earlier.

Dedicated system projects

1. Studies
Transelec S.A. has continued its pursuit of new business opportunities in 2021, aiming to establish and strengthen relations with its customers while contributing its expertise to the provision of technical, innovative and competitive solutions.

2. Projects Awarded
During 2021, Transelec S.A. did not award any projects to the Dedicated System.

3. Project Development
During 2021, Transelec S.A. continued to develop the following projects:

Connection Type	Project	Commissioning
Solar	Valle del Sol transmission line conditioning	1st Quarter 2022
Industrial	Quebrada Blanca (Phase II), Teck	1st Quarter 2022

4. Commissioning
During 2021, the following projects were energized:

Connection Type	Project	Commissioning
Solar	Atacama Solar	1st Quarter 2021
Solar	Río Escondido Power Transmission Project	1st Quarter 2021
Wind Power	South Puelche Wind Farm	2nd Quarter 2021

INVESTMENT IN 2021

Dedicated Transmission System
Values in CLP million

Project type	Actual investment
Dedicated Works	79,572
Carry over (*)	53
Total Dedicated System Projects	**79,625**

(*) Corresponding to payment made in 2021 for projects commissioned in 2020 or earlier.

Our clients

In Transelec, we transport and deliver the electrical energy necessary for the operation of the energy market. Our slogan, "uniting Chile with energy", sums up our main objective; we unite our customers, allowing them to inject or receive electric energy from the system. These customers are generators and end customers (through electricity distributors, industrial and mining customers). We are the link between generation and the demand that our people need every day, the main provider of energy transmission services in the electricity system, and we play an important role in the country's energy development.

We have the responsibility to ensure a continuous, uninterrupted, safe and reliable supply of electricity to residential and industrial users, contributing to the improvement of the quality of life and development of the country.

In 2021, Transelec, together with Enel, Engie, Colbún and Generadora Metropolitana signed a contract for the installation of two current transformers at the Polpaico substation, thus increasing the transmission capacity of the Lo Aguirre-Polpaico section. This development responds to our customers' need to reduce system congestion and to transmit renewable generation from the north of the country to the consumption center in the Metropolitan Region. This project is a joint search and a customized solution to the needs of our customers, and it the only relevant work that is being carried out to help solve the energy shortage problem we are facing.

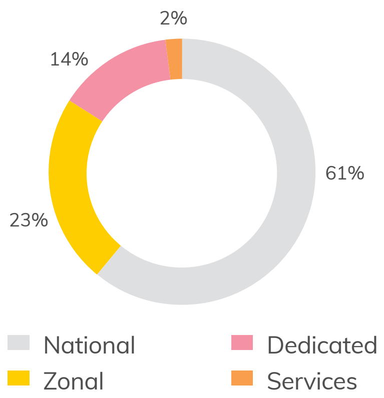
During 2020 Transelec developed Pulse, a blockchain-based digital power certification and traceability platform. Several pilot programs have been executed with customers who have associated with Transelec and the Pulse platform to contribute to an environment with less emissions. This provided customized solutions for multiple and dissimilar requirements for each of our customers. Finally, the first contract for this initiative was signed with the recognized consulting firm "Estudios Eléctricos" in the fourth quarter of this year. Estudios Eléctricos has set out to certify the energy used at its main offices. Next year we hope to extend our reach to include more customers by giving them tools to differentiate their products and enhance their brand. Consequently, we are exploring the possibility of obtaining an internationally recognized certification.

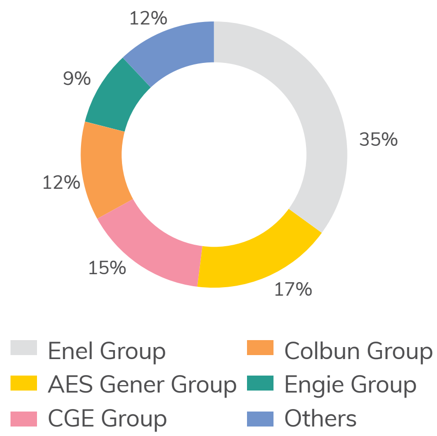
We understand that being a leader in the transmission market means more than just being a manager of large projects; it also means providing the best solutions for each type of client. The company has evolved to adapt to the new needs of a market in constant transformation, and thus to be able to face the future with an innovative vision in which digital transformation is a relevant tool to fulfill our commitment to productivity, reliability and quality.

The electricity market has undergone important changes in recent years. Transelec's commitment to Chile's energy future remains intact because we believe energy is an engine of economic and social development with a high impact on the country.

The company's objective is to achieve renewed leadership, focusing on quality service management in a scenario where exemplary customer relations management, new technologies, sustainable development, conscious and informed citizenry, and a world that continuously transforming converge.

INCOME DISTRIBUTION BY SYSTEM*





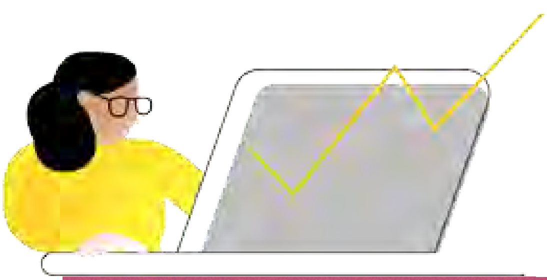
Our Customer Service Policy

Our policy is to interpret and understand our customers' needs, identifying optimum technical and economic solutions for each project. Our objective is to execute projects in keeping with the highest quality, safety and environmental parameters.

Our commitment is to provide service and consultancy using our extensive and specialized knowledge of power transmission in order to provide tailor-made support for our customers' projects. The customer service we provide and our knowledge as system specialists are the foundation for ongoing close relationships with our customers over the long term.

The pursuit and provision of a specialized power supply allows us to develop the best and most innovative power transmission solutions, especially for highly complex projects with tight deadlines, incorporating cutting-edge technological solutions. Our projects are executed in compliance with the highest standards in a framework of sustainability throughout their entire life cycle, using environment-friendly technology and designs compatible with our communities, employees and contractors.

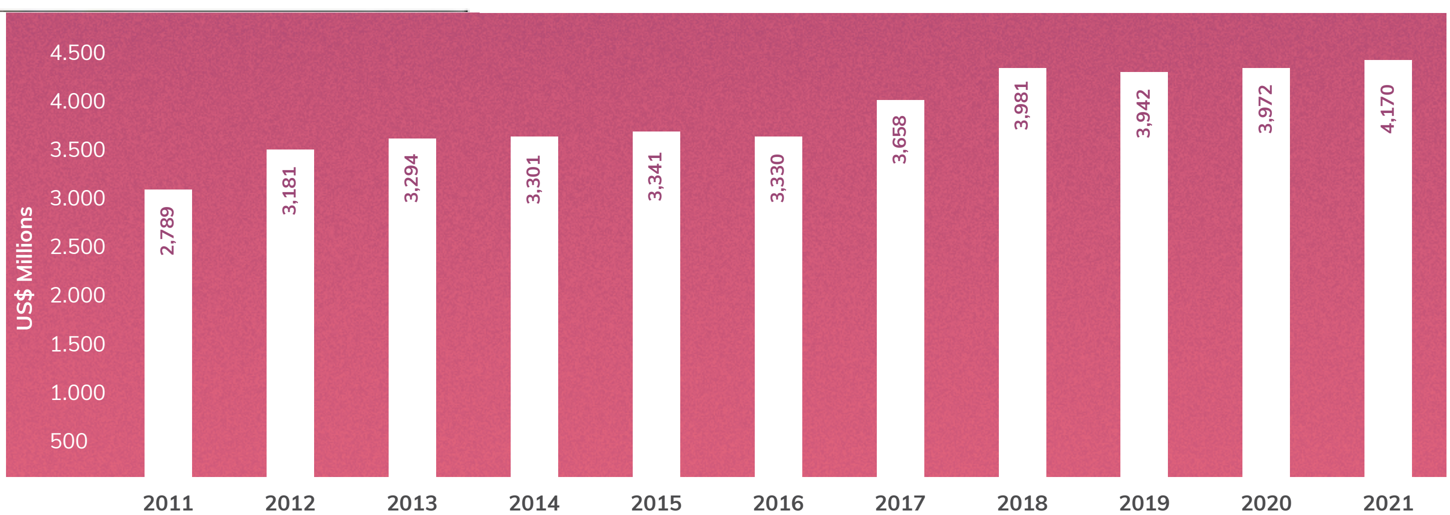
We have placed special emphasis on close service and experience, listening to our customers' essential feedback and becoming their partners. We conducted a couple of surveys in 2021 as part of our Customer Satisfaction Program. The Connections survey has been going for the longest consecutive time, with the latest satisfaction level amounting to 73%. This has been a positive trend throughout recent years, following the first surveys with unsatisfactory results. The instrument was applied for the first year in the case of Business, with a satisfaction level of 76%. This considers 43% customers evaluated as very satisfied and 33% as satisfied, all measured on a scale of 1 to 5.



Investment Value (VI)

The current regulatory framework establishes mechanisms for calculating and publishing power transmission company investment valuation at market prices. This information is used to set service tariffs.

Transelec power transmission facilities were valued at US$4,170 million as of December 31st, 2021.



(*) According to invoicing.

4.

The Operation

Transelec's main objective is to deliver a superior quality service with high safety standards. Transelec is a public service company, strongly committed to its customers and to the optimal management of its assets. Thus, the Company has its own personnel and highly qualified contractors, as well as technological resources and processes based on risk models

Asset management

The formal implementation of an Asset Management System based on the international standard ISO 55001 started in 2021. This is a relevant milestone and key initiative for the development and evolution of how we manage assets at Transelec. Our vision is to generate value by means of a management system based on an international standard, connecting the different processes of the asset life cycle, aligning objectives, establishing approaches and seeking a common understanding for the organization. This will all be executed under a reference framework based on effectiveness, efficiency and risk management objectives while complying with requirements established by the authority through the Regulatory Technical Specification No. 17 and its Power Facilities Integrity Management System.

The 2021 implementation focus was on the development of the Asset Management System activities at a strategic level. One of the main milestones was the definition of strategic level governance by creating the Asset Management Committee, an executive committee whose role is to lead the creation of a system implementation vision.

In addition, an extended implementation table was created with the collaboration of all Transelec Vice-presidencies, which are represented by divisions participating more directly in different asset life cycles and support activities. The Transelec Asset Management Policy was also updated, entering into force in December 2021 and replacing the policy established in 2015. Its role in the Asset Management System is essential, declaring guiding principles for all our collaborators in terms of processes and activities related to the asset life cycle.

We will continue to develop this initiative in 2021, formulating measures and specific action plans designed to ensure service quality at power transmission system points with the highest impacts, mainly comprised by facilities for which a simple outage could cause power supply loss.

In this context, the implementation of actions established in 2019 and 2020 for regulated customers and high-impact facilities at substations continued. In addition, work focused on the definition of specialized preventive plans for facilities affecting free customers, leading to prioritized investment in OPEX (Operational Expenditures) and Sustainable CAPEX (Sustainable Capital Expenditures, or Asset Replacement Plan).

As for work at our facilities, we have continued to develop strict safety protocols designed to prevent Covid-19 infection, complemented by the use of augmented reality technology to support a series of activities remotely executed on site, in order to uphold the level of service expected by our end customers. We have also put forth our best efforts to return to normal working capacity and execute activities we were unable to complete in 2020 due to Covid-19 restrictions.

The Disconnection Rate indicator is used to assess facility performance. This considers the number of outages due to internal causes at Transelec facilities in relation to the number of assets, disaggregated into transmission line and substation events. This is designed to provide a measure equivalent to the ITOMS (International Transmission Operations and Maintenance Study) benchmark, a global consortium focused on improving performance and best practices for power transmission companies around the world. This indicator evidenced results similar to those set for the year. In general terms, a breakdown for the two technical areas assessed using this indicator is provided as follows:

- Transmission line disconnection rate results came to 3.17 failures per 1,000 kms of lines. The year's results were close to the target, evidencing improvement and a reduction amounting to nearly 9% compared to last year.

- Line outages caused by trees continued along the downward trend which started in 2017, the result of a multidisciplinary monitoring and control strategy coordinated by the Vice-presidency of Operations. Action plans were also implemented in this area, in keeping with SEC requirements for winter and summer periods.

- The substation outage rate came to 89.77 failures per 1,000 circuit end. This indicator was finally positioned at a minimum range, up by approximately 23% compared to 2020.

Power transmission asset maintenance compliance categorized by risk came to 118%, similar to the goal set for the year. Similarly, for the "Sustainable CAPEX" asset replacement plan, compliance with the "physical-financial progress" indicator amounted to 92%. The result was affected by mobilization and work execution difficulties due to sanitary restrictions.

The Digital Transformation process underway at Transelec has continued and five focal points have been determined for the Operation and Maintenance stage:

- Digital asset management;
- Vegetation management;
- Contamination and corrosion management;
- Service quality;
- TotEx (CapEx + OpEx) execution,

These have been grouped into what we call Asset Management 4.0. This features a portfolio of 39 digital products, 20 of which are already in the initial production phase (roll out), implemented, or are already part of Transelec's permanent tools in use.

Asset Management 4.0 initiatives include the APM (Asset Performance Management) platform implementation process being executed with our strategic partner General Electric (GE). In addition, a tendering process designed to award the Optiplan contract is being executed to optimize all operation and maintenance (OpEx) costs and replacement plan (Capex) costs while optimizing TotEx costs. Finally, in order to provide these systems with data required from assets, the AMS platform is being continuously improved to capture data from the execution of transmission line maintenance. Finally, the development of the FSM (Field Services Manager) platform has started at a pilot level. This enables data to be captured from maintenance work executed at substations.

Innovation for intervention, maintenance and replacement activities requires the implementation of a methodology designed to replace micro-outage protection systems. This methodology proposes a procedure for replacing these assets without disconnecting facilities, making progress at projects featuring operational restrictions that require service continuity to be maintained.

Ongoing innovation and the digital transformation of our Asset Management process are fundamental drivers toward achieving world-class standards and ensuring service continuity for our customers. Technological development will enable risk situations to be anticipated, making better technical-economic decisions and ensuring service continuity.

Operation

Transelec's National Transmission Operation Center (CNOT) plays a fundamental role in ensuring service continuity. The CNOT monitors and remotely operates our assets distributed throughout the country in normal and post-contingency conditions at a single facility. The CNOT is led by a team of highly qualified operators.

Construction was completed in 2014 in keeping with the highest safety standards. Transelec thus centralized the operation of its facilities in real time. A competency management process for CNOT operators was implemented in 2016. The process included the assessment of model skills. An Operator Training System (OTS) was implemented in 2019 and this system enabled additional improvement of our operators´ technical and behavioral performance in a controlled environment by simulating extreme conditions and events, replicating actual system and workplace features in 2020.

In 2020, the Covid-19 pandemic forced us to incorporate necessary health measures to protect our personnel, making operational continuity a major challenge. The National Power Transmission Operation Center (CNOT) was an important part of our action plans, in which thorough implementation has been essential for preventing community infection while maintaining operational continuity at the control center. We wish to highlight that 26 employees, including engineers and analysts, were trained to take temporary responsibility for operational functions in the event of a health contingency that could affect the CNOT team.

During 2021, we continued to train our personnel and consolidated the operation between the backup and main control center of the CNOT, allowing us to isolate the operating groups and thus avoid community infections. This initiative allows us to be better prepared in case of a health emergency without compromising operational continuity.

Occupational Health and Safety (SSO)

Context

During the most critical phase of the COVID-19 pandemic in 2020 and early 2021, organizations had to learn to manage this new risk.

The experience we developed during this phase allowed us to implement important actions to guarantee the continuity of power transmission services, and to fully comply with the legislation issued by the health authority at all our facilities. With the ongoing support from the Work-related Accident Insurance Administrative Body, The Chilean Construction Chamber Mutual Safety Association, Transelec upheld its commitment to create a healthy and protected workplace. As a result, no cases of work-related COVID-19 infection were identified.

Focal points for 2021

During 2021, the Integrated Management System focused on the 4 focal points for SSO management:

Focal Point	Initiative	Actions
Digitization	OHS (Occupational Health and Safety) and Reportability Platform	Implementation of the OHS Management and Reportability Platform.
Processes	COVID-19 Regulatory Compliance	100% compliance with health authority requirements, being awarded the COVID-19 Seal by the Mutual Safety Association.
SGI and Safety Culture	OHS Management System	ISO 45001:2018 compliance and recertification.
	Safety Culture	Fair Organization Model Strategy implementation (2021-2022).
Projects	National Fire Protection Association (NFPA) Audit 70E Action Plan	

Process digitization

Safety data generation, improved OHS management quality and indicator monitoring in real time are part of the objectives for this focal point.
Transelec has been implementing its Digitization strategy for some years now, in accordance with the natural evolution of organizations. The challenge for Occupational Health and Safety was to determine priority processes for digitization, with Incident Reportability/Informed Organization at the top of the list.

Processes

The health authority´s continuous updates of COVID-19 prevention protocols required systematized processes for the implementation, verification and correction of the actions taken by Transelec to comply with these regulations. Transelec thus protected its own workers and those employed by contracting companies. The Mutual Safety Association presented its COVID-19 Seal to Transelec for all of its operational, engineering and main office facilities.

Projects

Transelec's commitment to fully comply with regulations led to joint planning of NFPA 70E standard implementation with the Mutual Safety Association and external consultants. This project, beyond any compliance requirement, proposed a challenge and cultural change in terms of how the organization looks at and manages electrical risks, which are typical of Transelec's business. The challenge for the future is maintenance of new standards that will be consolidated in the Electrical Safety Program based on NFPA 70-E from a cultural and operational perspective.

Safety Culture and Management System

Transelec has a certified Management System since 2010, which has consolidated management culture based on the OHSAS and ISO standards model. Transelec migrated to ISO 45001 in 2020 and was recertified in 2021.

Standard maintenance work, process systematization P-D-C-A (Plan – Do – Check – Act) model, capturing Opportunities for Improvement, managing new risks identified and incorporating lessons learned, all add value to the organization, strengthening a solid OHS management culture.

Transelec committed to implementing a Fair Organization Strategy in the Safety Culture area, one element of the Transelec Culture Model. This initiative features the following main objectives:

a. Formulating and determining a clear line between acceptable and unacceptable behavior, as well as actions required for recognition, correction and/or penalties.

b. Workers can report potentially risky situations without fear of punishment, while the organization can generate improvement actions (learn) about the factors causing errors.

c. A policy or standard is discussed, reviewed and legitimized by members of the company as a whole.

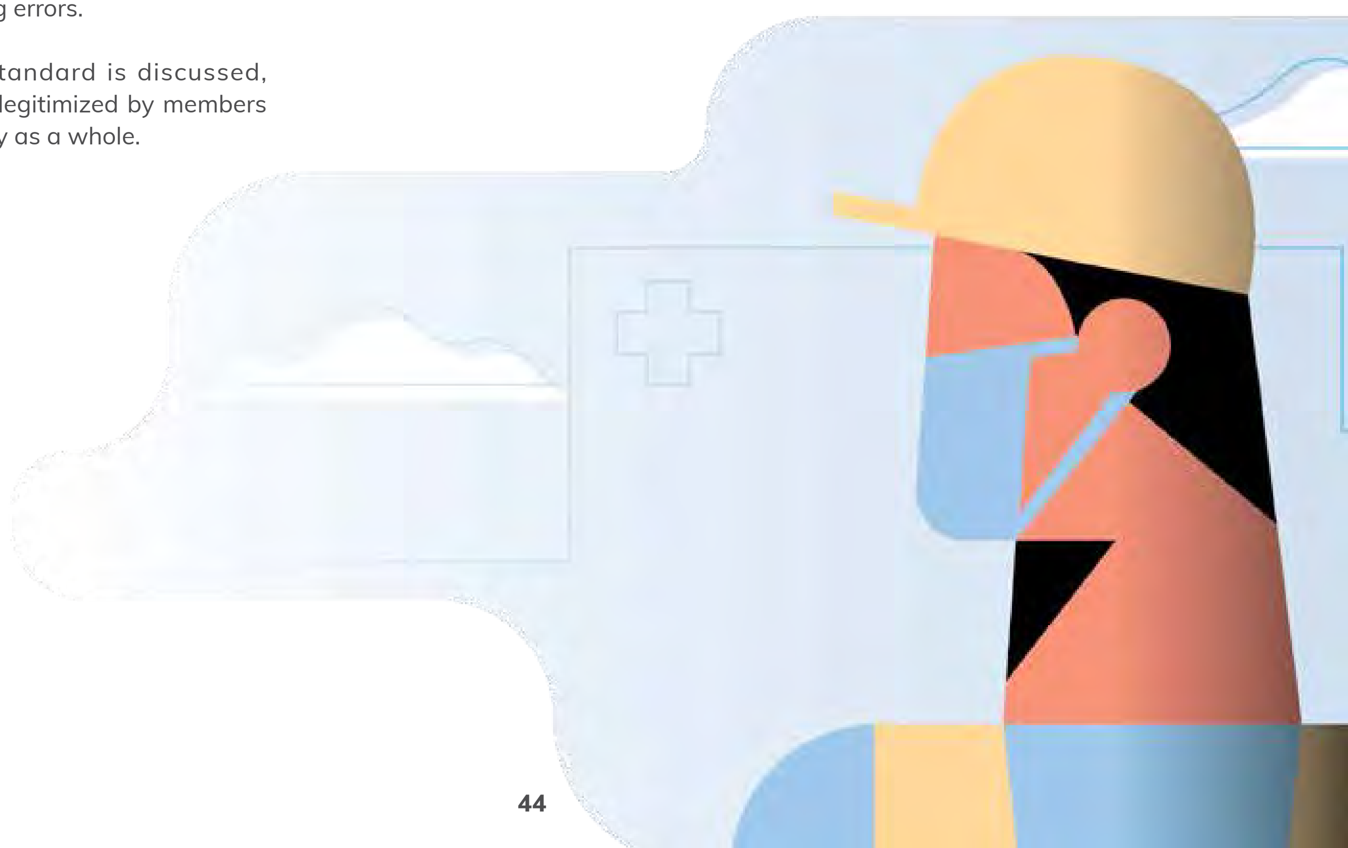
Projects

Transelec's commitment to fully comply with regulations led to the implementation of the NFPA 70E standard with support from the Mutual Safety Association and external consultants. This project, beyond any compliance requirement, proposed a challenge and cultural change in terms of how the organization evaluates and manages electrical risks, which are typical of Transelec's business. The challenge for the future is the maintenance of new standards that will be consolidated in the Electrical Safety Program based on NFPA 70-E from a cultural and operational perspective.

Indicators

	Historical maximum (2008)	Historical minimum (2019)	End of 2021
Accidentability Rate[4]	1.20	0.07	0.30
	Historical maximum (2008)	Historical minimum (2019)	End of 2021
Accident Rate [5]	48.04	2.12	3.42
	Historical maximum	Historical minimum	End of 2021
Work-related illness[6]	0	0	0
		2020	2021
Work-related COVID-19 infection		0	0

[4] Accidentability Rate: the quotient between Lost Time due to Accidents and Number of Workers (Total Lost Time due to Accidents*100/Number of Workers)
[5] Accident Rate: the quotient between total Days Lost and Number of Workers (Total Days Lost*100/Average Number of Workers)
[6] Work-related illness: illness directly caused by execution of a person's work or profession leading to disability or death.



Service Quality

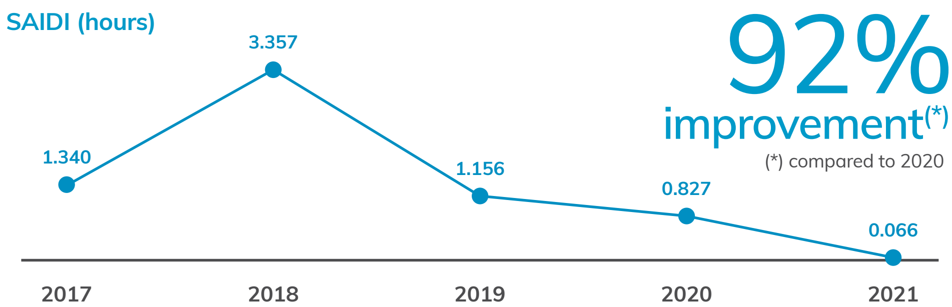
Service quality is one of the Transelec's strategic pillars; we aim to provide high quality service and each action developed by Transelec points in this direction. The maintenance and modernization of our assets, together with a timely response to network incidents are the main drivers of service improvements.

We have three main indicators for assessing service quality. These provide a focused and aggregated view of our performance, allowing us to detect additional opportunities for improvement.

Indicators

TRANSELEC SAIDI: this indicator measures time a locality has remained without power supply. This is used to measure Transelec's impact on end customers at the 13 most critical points in the system, which were chosen due to historical performance or topology vulnerability.

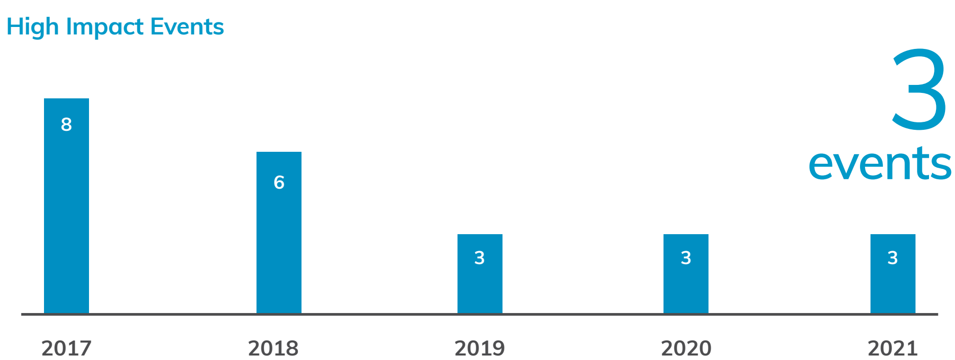
RESULTS: 0.066 hours, a 92% improvement compared to 2020 and a 96% improvement compared to our average results in 2017.



92%
improvement(*)
(*) compared to 2020

HIE (High Impact Events) consider all power supply interruptions for end customers greater than 30 MWh. This value was determined as the threshold indicating that 15% of outages generate 80% of impacts on end customers over the last 5 years.

RESULT: 3 events. This means 1 fewer event compared to last year and a 54% diminution compared to the last 5 years average.



3
events

Compensations: this indicator is designed to estimate compensations to be paid by Transelec due to outages on end customers, final compensations are determined by the regulator. The authority has not made any ruling regarding value to be compensated for outages during 2021. Therefore, considering energy not supplied as a reference, this was down by 58% in 2021 compared to 2020 and by 54% compared to the average over the last 5 years, the result of the targeted improvements executed in recent years.

58%
down(*)
(*) compared to 2020

5.

Environment and Communities

Law No. 19,300/1994 on General Bases of the Environment ("Environmental Law") and its subsequent amendments are the basis for Transelec's operations. The Environmental Law requires owners of new transmission projects to submit them for evaluation to the Environmental Impact Assessment System (SEIA) by filing an Environmental Impact Assessment (EIA) or Environmental Impact Statement (EIS), as appropriate. These projects are evaluated and environmentally certified by the respective Environmental Evaluation Commissions and, if favorable, will be approved by means of an Environmental Qualification Resolution (RCA). In addition, the regulations establish that project owners may request a statement from the Environmental Evaluation Service as to whether the project or its modifications should be submitted to the SEIA. The enactment of Law 20,417/2010 was the main reform made to the Environmental Law, which created new environmental management instruments and modified existing ones. Consequently, Transelec had to adjust to these new requirements. The environmental authority is made up of the following agencies:

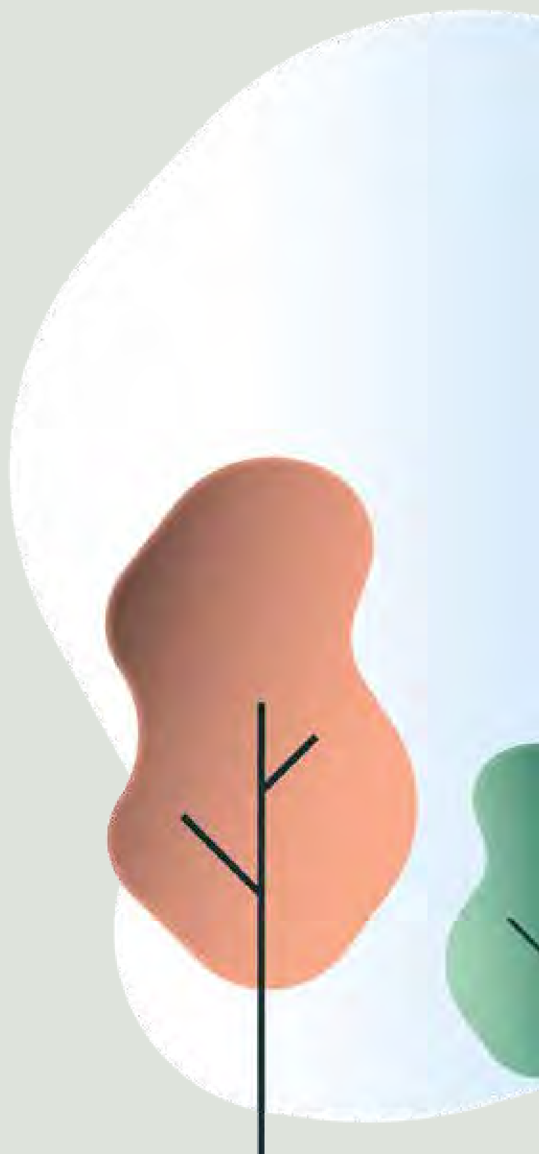
i. Ministry of the Environment
ii. Council of Ministers for Sustainability
iii. Advisory Councils
iv. Environmental Evaluation Service
v. Environmental Superintendence
vi. Environmental Courts

These institutions are responsible for the design and application of environmental policies, plans and programs.They are also responsible for the proposal of sustainability criteria for the formulation of planning processes, regulations, and policies at ministries, the administration of SEIA, and the inspection of projects, among others. Environmental Evaluation System Regulations (SD N°40/2012) came into force in December 24th, 2013. Among other issues, these regulations indicate requirements for environmental impact evaluation procedures for Environmental Impact Studies, Environmental Impact Declarations and community participation, as well as consultation with indigenous communities throughout this process. We wish to highlight that the creation and commissioning of Environmental Courts on December 28, 2012 was accompanied by entry into force of inspection and sanction capacity for the Environmental Superintendence.

In the field of climate change, a multifactorial and multisector participatory process was executed in order to prepare the framework law on climate change.

Within the framework of COP26 hosted in Glasgow, Scotland, the Chilean government sent the country's Long-Term Climate Strategy (LTCS) to the Executive Secretary of UN Climate Change. This is the roadmap determining specific sectorial objectives and goals designed to make Chile carbon neutral and climate resilient by no later than 2050.

Power transmission, our business, plays a key role in society and has the potential to generate impacts on the environment, considering that our high-voltage transmission lines intersect several territories and ecosystems. Preventive culture is essential when it comes to minimizing our socio-environmental impacts.



Potential environmental impacts stemming from our operations vary depending on business stages. Many of our potential impacts can be prevented or minimized during the design stage. One example of this is route deviation in order to minimize the alteration of biodiversity found in natural landscapes and/or valuable ecosystems, while also reducing the loss of farmland.
Some examples of how environmental impacts are prevented and controlled during construction and operation phases are constantly managing environmental requirements and permits associated with Environmental Qualification Resolutions through the m-risk platform. This platform allows us to determine control and review periods, taking responsibility for execution. Transelec is an active user of environmental institutionalism. Five environmental evaluation projects were submitted to the SEIA in 2021 and environmental certification is currently being processed. We wish to highlight that Transelec has 76 duly approved Environmental Qualification Resolutions as of 2021. These are related to projects currently operating or in construction stages.

This has been a year of challenges, since the pandemic compromised many deadlines. A total 20 projects are currently under development, seven projects are being subjected to environmental evaluation and with two sanction processes initiated in 2020 that have been handled in a way of presenting proposals to the authority.

Rincón de Pataguas

The SMA pressed charges against Transelec and all other companies with facilities at the Ancoa Substation on July 9, 2020 because noise levels exceeded the provisions set by the Ministry of the Environments Supreme Decree 38-2012 by means of a sanctionary proceeding (file D-094-2020). Transelec and Celeo Redes have submitted compliance programs to the SMA in 2020 in order to restore compliance. The last action executed by both companies was the submittal of a Joint Compliance Program on November 10th, 2021, which is currently being reviewed by the SMA.

Charrúa Lagunillas transmission line

The Superintendence of the Environment (SMA) pressed charges against Transelec in the framework of the "Charrúa – Lagunillas" project (RCA N° 174/2009) on July 3rd, for failing to satisfactorily comply with reforestation measures. An Environmental Compliance Program (ECP) containing reforestation and restoration actions was submitted to the SMA on August 11. The SMA approved the proposed compliance program on September 10th, 2020. Compliance program actions were executed in 2021 with the reforestation of the Combate property (20 Ha) and restoration actions at Nonguen National Park (10.7 Ha). 5 monitoring reports have been submitted to the SMA and Compliance Plan closure actions will continue up until 2023. However, Transelec has a working horizon up until 2025 in these sectors.

Environmental objectives

"We transmit energy while contributing to development in the territories where we operate. Sustainability is our company's guiding light and our collaborators are the key factor in this sense". (Transelec Sustainability Policy, 2018)

Transelec sets its environmental and community goals and objectives by means of the Integrated Management System Committee. This Committee is composed of different company areas and is based on ISO 9001, ISO 45001 and ISO 14001 regulations.

Transelec Integrated Management System objectives for community and environmental issues mainly focus on six areas:

1) Regulatory Compliance
2) The "ConSuma Conciencia" Environmental Responsibility Program
3) Climate Change
4) Environmental Care
5) Social License
6) Territorial Coexistence

Environment	Variable	Goals
Regulatory compliance 1	RCA compliance Permits work plan Projects permits plan	Goal: 0% RCA non-compliance (projects and operations) Goal: 100% Permits Work Plan compliance by zone Goal: 100% project permits obtained according to plan
"Con Suma Conciencia" environmental 2	Recycling at the office Recycling at Operations Recycling at Projects	Goal: 100% recycling at offices implementation Recycling Goal: 75% non-hazardous industrial waste Recycling goal: 60% of hazardous industrial waste Execute recycling actions with the goal of 5 projects underway in 2021
Climate change 3	Adaptation to CC CC effect mitigation	Incorporate actions to adapt to climate change at 2 projects (goal) Design of a (goal: 1) initiative to reduce carbon footprint emissions.
Environmental care 4	Compliance model Environmental incidents	100%: Corporate Environmental Plan and Zone Management Plan implementation Goal: zero (0) significant environmental incidents involving sanctions
Social license 5	Opposition to project operation Opposition to new projects	Number of facilities without access due to opposition from communities (goal: 0%) Number projects suspended during construction phase 0 (goal: 0)
Territorial coexistence 6	Easement strip invasion	Maintain community management in 100% of areas where invasion has taken place (squatter settlements), which were reported in 2021

Each of these areas had variables to be evaluated and a goal to be executed during 2021, as stated above. The Company was able to comply with these objectives in all topics.

Point 4, Environmental Care features a Compliance Model, an important variable for environmental management. The model is divided into 6 work axes:

1. Structure, roles and responsibilities
2. Processes and procedures
3. IT systems for environmental management
4. Training
5. Information certification
6. Risk model and analytics

These lines of work guarantee outstanding environmental management, an important objective for Transelec.

An Environmental Management Plan (EMP) was created in 2021. This plan is designed to report environmental variables at a zonal level and to comply with Transelec' environmental compliance model.

This EMP considers the following activities or actions at an operational level in 2021:

a. Significant environmental aspects
· Aspect-impact matrix revision and dissemination.
b. Environmental regulations:
· Compliance with regulations (legal compliance)
c. Environmental authorizations:
· Permits matrix and internal dissemination.
· 2021 environmental permit management.
d. RCA Requirements:
· Compliance with environmental requirements (RCA): · Commitments and Verifiers.
e. Emergencies and Contingencies:
· Emergency plan
· Simulation program
f. Gaps detected and action plans:
· Ongoing monitoring of environmental commitments and auditing.

Finally, we wish to highlight that Transelec's commitment to the sustainable development and operational excellence of the power transmission system is reflected in the daily work of its employees, in its environmental strategy, and in the creation of relationships of trust with their neighboring communities.

During 2021, the following are some environmental values:

- Number of enforced sanctions from the Public Registry of Sanctions of the Superintendence of the Environment: Two sanctioning processes notified in January 2021, with associated compliance program -PoC- (1 in progress and 1 awaiting approval).
- PoC of Charrúa - Lagunillas Line (Exp. F-049-2020)
- PoC of Rincón de Pataguas - Ancoa Substation (Exp. D-094-2020)
- Number of compliance programs approved= 1.
- Total fines= 2.

These originated from a complaint filed by CONAF before the Local Police Court of Ovalle, Coquimbo region, for cutting xerophytic formations without a work plan approved by the National Forestry Corporation during maintenance of the La Cebada - Pan de Azúcar 2x220 kV transmission line strip. A correction plan was submitted, which was observed, being fined for the second time due to exceeding the deadline set by the authority for its reinstatement. A second correction plan is currently being processed before the competent authority.

- Compliance programs satisfactorily executed= 0 (still under execution and approval by the SMA).
- Remediation plans for environmental damage submitted = 0.
- Remedial plans for environmental damage satisfactorily executed = 0.

Our contributions to decarbonization and the fight against climate change

Several initiatives were executed in 2021 in order to contribute to the fight against climate change and become a more sustainable company.

With the goal of reducing emissions, the "Súbete" initiative was developed in 2019, aimed at promoting carpooling among Transelec employees. Due to the restrictions imposed by the pandemic, this initiative had to be reinvented. Thus, the initiative went on to promote the use of safe and sustainable means of transportation such as bicycles.

Since 2019 we have used a tool developed by an expert consultant in emissions quantification to identify processes, quantify detailed emissions by scope, and carry out a sampling at the level of our operations and partially in projects under development with our contractors. Quantifying emissions generated by our operations undoubtedly helps us to formulate short, medium and long-term actions and design an emission reduction plan with clear goals and objectives.

Environmental responsibility for waste generated is an essential commitment at the industrial level and in terms of our impact at the level of collaborators. Transelec made headway with the planning and implementation of a waste management system at our corporate office with the support of the consulting firm Manuia (formerly TriCiclos). The consulting company assessed waste generated by our Main Office in Santiago and created modules for recycling different materials, including plastics (PET, HDPE, LDPE, among others), cardboard and paper, aluminum (cans), Tetra pack containers, glass, and also small e-waste. We focused on extending this system to our main offices in the Antofagasta and Coquimbo regions in northern Chile, Cerro Navia Center, Itahue South Center and Concepción and Temuco in the south zone.

In addition, we are pleased to announce recent certification of our Cerro Navia Substation (Corporate Office for the Central Division), with the "Zero Waste to Elimination" Clean Production Agreement (valid until 2024) and the advanced level "Zero Waste" seal awarded by the Ministry of the Environment for the year 2020, exclusively for this Transelec facility.

Some of our environmental management values are presented as follows:

2021 Enviromental indicators	**Value**
Non-Hazardous Industrial Waste Generation (tons)	647
Hazardous Industrial Waste Generation (tons)	68
% Non-Hazardous Waste Valuation *	78%
% Hazardous Waste Valuation	86%
Electricity Consumption (GJ)	34.5
Water Consumption (m^3)	91,899

* The disposal of pottery insulation was not considered within the percentage of recovery, due to the lack of installed capacity in Chile for its recovery at an industrial level

Greenhouse gas emissions (in tons co_2 equivalent)	**Value**
Range Emissions 1	7,731
Range Emissions 2**	3,803
Range Emissions 3	706

** The value presented does not consider transmission losses. The value associated with transmission losses is 361,645 tons of CO_2e.

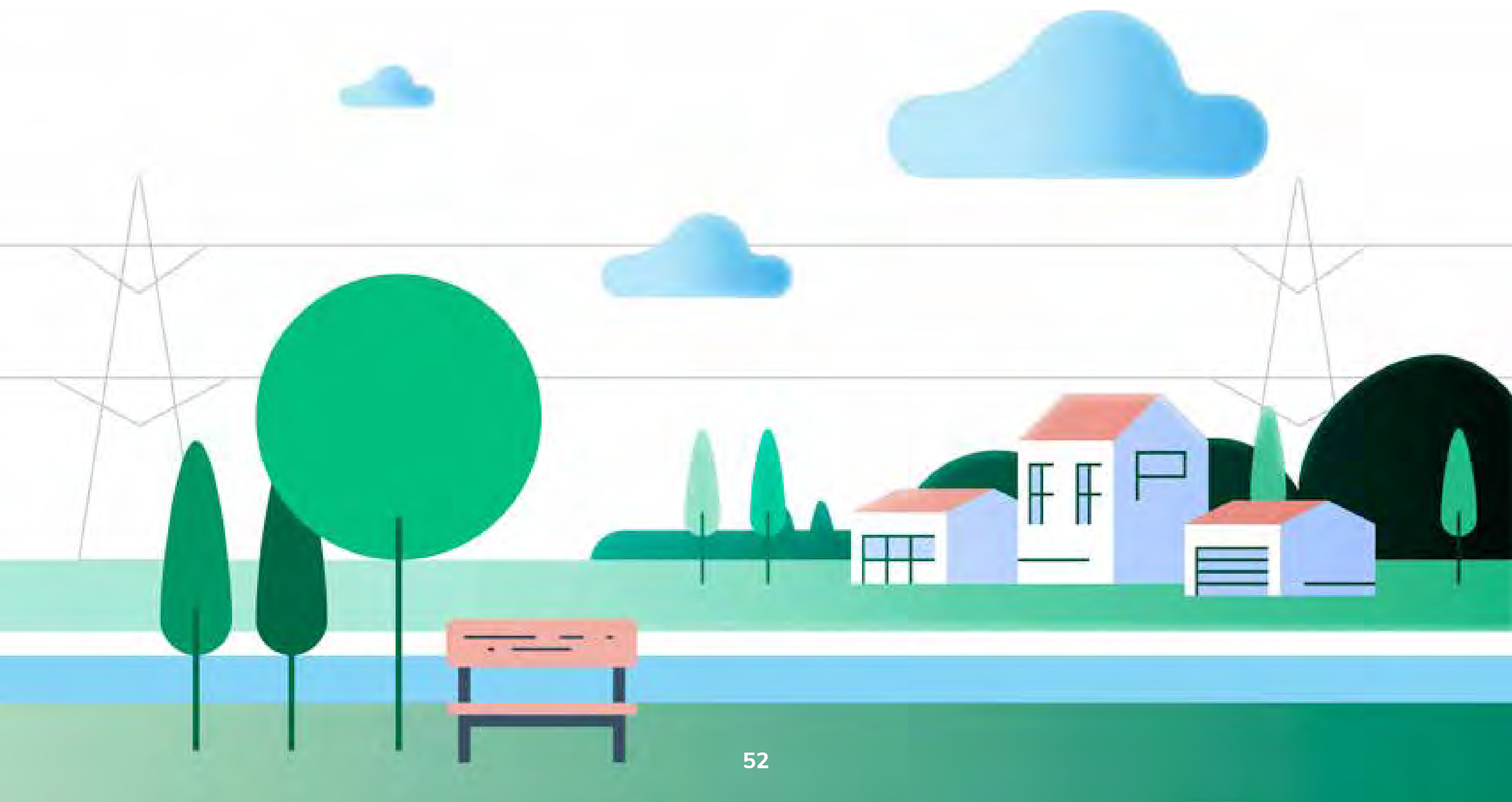
Communities

Transelec has a community relations and social investment area responsible for the annual design of the community relations and social investment strategy. Our objective is to create relationships of trust with communities in the vicinity of our current infrastructure and of new projects.

Social costs are assessed during the design stage by analyzing communities in the project´s area of influence and the project´s potential impact. In addition, social due diligence is carried out when existing assets are being purchased.

When presenting new projects, communication with communities are essential in terms of approval and better time management for the process. Citizen participation is taken into consideration as part of the environmental evaluation framework. Anticipating this process allows us to reduce points of conflict and distrust. In this sense, actions such as voluntary early citizen participation and voluntary early indigenous citizen participation in keeping with ILO Convention 169 are actions implemented by the company going beyond what is required by law. In addition, the company develops voluntary social investment agreements including a series of actions and projects executed to benefit communities, seeking to strengthen local development.

Given that transparency and communication are key to building trust, the Community Relations and Social Investment model contemplates a series of formal milestones that make public the commitments that we establish with the community, which is documented in the "Collaboration Agreements and Social Investment". The community leaders and Transelec sign these documents. The agreements establish the social investment projects that will be implemented, the formal mechanisms for dialogue with the community, the formation of a working group with social leaders and the holding of periodic community assemblies.



The Covid-19 emergency

As a part of its sustainable development strategy, Transelec continued to execute social investment programs with over 25 communities and over 50 organizations neighboring our facilities and construction projects throughout the country.

In 2021, the negative impact of the Covid-19 pandemic continued in communities close to Transelec. This led us to increase our support in different areas of need. These are concentrated in what we call the COVID-19 Plan for Community Assistance, increasing resources allocated to social investment by 70% in both years, with activities executed in 2020 and 2021.

This plan´s objective was to mitigate impact generated by the Covid-19 health and economic crisis for our neighboring communities. The program has been extended throughout 25 territories spanning from Arica to Chiloé and includes actions and initiatives in the fields of health, nutrition, education, community infrastructure and local employment, among others.

Overall Covid-19 community assistance plan results are indicated in the following figure:

11,760 food boxes for communities between Quillagua and Chiloé

9,736 PCR test
631 comunity medical atentions
1,500 EPP PRimera línea Félix Bulnes
3,000 Epp kits for communities
9,289 people vaccinate in Mobile Clinics

50 improvement projects in sanitary infraestructure in **26** schools

Remote education for **125** children from Cerro Navia and Chiloé with "Niños primeros" Foundation.

Social investement project 2020 and 2021 in **16** strategic communities, built jointly by local suppliers and wokers

33 community sites with open and free internet for the people (2020 and 2021)

100 microentrepreneurs capacited
50 microentrepreneurs with technical assistance and CLP $300,000 seed capital

Transelec made an alliance with Desafío Levantemos Chile and, in coordination with the Ministry of Health, to bring mobile vaccination stations to remote locations in the Metropolitan, O'Higgins and Los Lagos regions in order to support vaccination efforts in isolated communities.

In turn, together with TECHO, Transelec cooperated with the Bío Bío region health service, providing primary medical care not related to Covid-19 at rural public medical centers, CESFAM, community centers and homes in remote areas far from urban centers.

The plan considers entrepreneurial and local economy reactivation actions executed in 2021. Additional information is available at https://www.transelec.cl/coronavirus/

6.

Our People

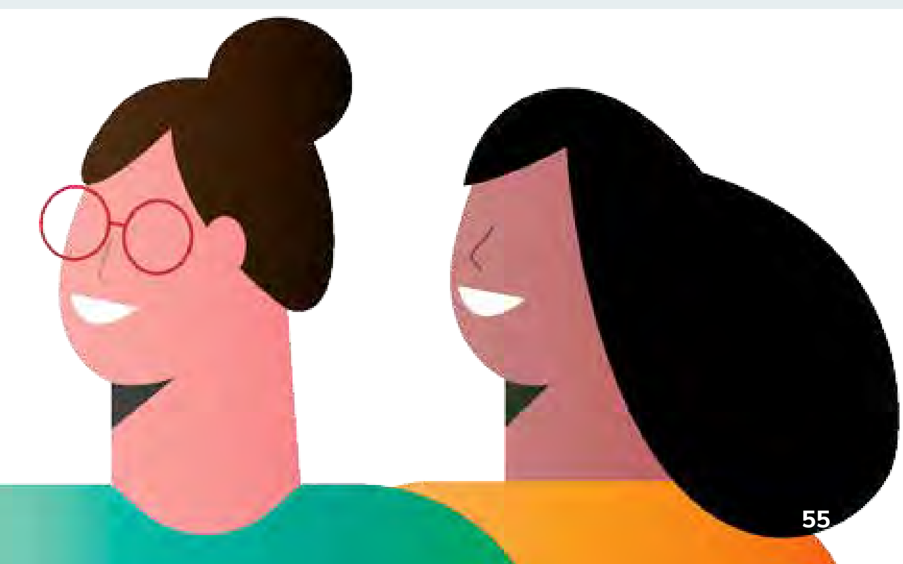
Transelec has always considered its employees the key to the Company's development. During the pandemic, the company took all necessary and known measures to protect the health and integrity of its teams. In addition, in 2020 we intensified communication with our personnel, to inform and accompany them in this challenging process.

Although supporting our teams during the pandemic was our main priority in 2021, we also worked on attracting new talent. Transelec has competitive benefit and compensation policies, as well as incentive plans that enable us to attract, retain and motivate top talent.

Regarding professional development for our collaborators, the Company is regularly implementing training programs that allow our employees to develop new competencies and skills. Our teams continually work to meet the highest professional standards and adapt to changing requirements of the organization.

Remote work has continued since the start of the pandemic in order to protect the health of our employees. This measure was implemented for all members of our Main Office and Zone Divisions, including all workers that could work from home. However, the need to work close to our assets meant that nearly 30% of our personnel remained in the workplace.

In order to safeguard personal safety and respect protocols currently in force, we designed a gradual partial Reincorporation Plan, which remained in force throughout 2021. A maximum of 120 people worked at our Main Office, thus consolidating a hybrid work model. This plan is based on the Weizmann Institute of Science, Israel, which divided its organization into two groups to prevent infection and implemented a 4x10 working model in which employees are required to work 4 days in the office and 10 at home. We have successfully executed this model to date, in keeping with decisions made by the health authority.



In addition, we started to look at Transelec's future without the pandemic in 2021. We consequently started to analyze the degree of flexibility for each position. This all depends on a high-participation space throughout the entire organization where we listen to different groups of interest and the company's senior management. This work produced several results, including our permanent flexible work model that will enter into force in 2021.

We wish to highlight that despite the pandemic, Transelec has maintained its commitment to its employees, continuing training and development plans, promoting diversity and inclusion, and providing benefits and activities designed to achieve a balance between work and family life.

Quality of Life

2021 led us to explore new ways of working and protecting our employees' quality of life. Transelec has adapted to the pandemic, incorporating new initiatives and rethinking others. The following initiatives highlight the efforts that the company has made to support employees´ quality of life:

- Remote work emphasized the need for talking about balancing work, personal and family life. We consequently host talks to help employees navigate these challenges.

- Since a survey of our employees' needs showed that they had an interest in developing tools to improve their communication style, family life, and emotional health, we have also organized talks to discuss mental health issues.

- We have continued to support mental health initiatives such as the Special Emotional Support and Containment Program (PEACE), which provides counselling services for our employees, their spouses and dependent children.

- This year, we kept the reduced working day on Fridays, which was maintained throughout the year. In addition, we continued to provide the benefit of bridge days when legal holidays fall on Tuesday or Thursday, adding Monday or Friday as an additional day off.

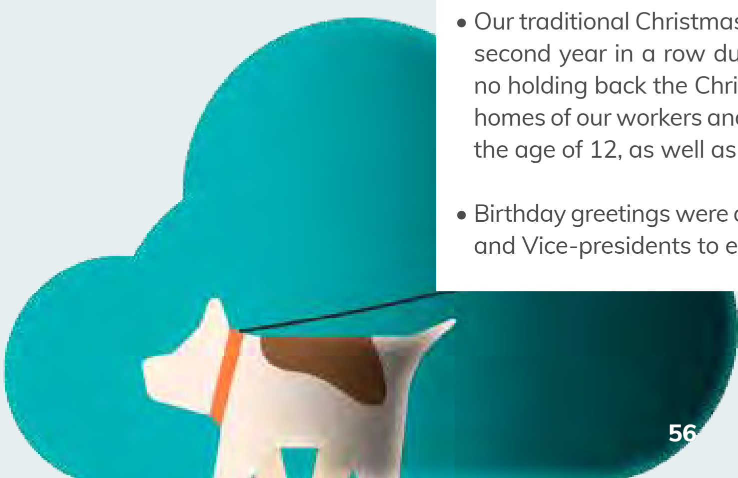
- We also wish to highlight Transelec Club, which under the 1+1 modality (the company contributes the same amount as employees), develops recreational, sports and cultural activities. In keeping with the health contingency, this year the Club promoted remote activities and contests hosted from home.

- As part of our efforts to integrate families into the company, for the eleventh year in a row, Transelec hosted "Open Day", one day a year in which Transelec invites our workers' children to visit their parents' workplace and appreciate their contribution to the company. The activity was hosted remotely this year because of the pandemic.

- Health concerns meant that we could not gather for any type of celebration. However, we sent presents to the homes of our employees and closest contractors, thus enabling us to celebrate Independence Day festivities despite the distance between us.

- Our traditional Christmas Celebration was also suspended for the second year in a row due to the pandemic. However, there was no holding back the Christmas spirit and we sent presents to the homes of our workers and normal contractors for all children under the age of 12, as well as a present for each family.

- Birthday greetings were also sent via e-mail from our Organization and Vice-presidents to each of our workers on their birthday.



The future of work at transelec

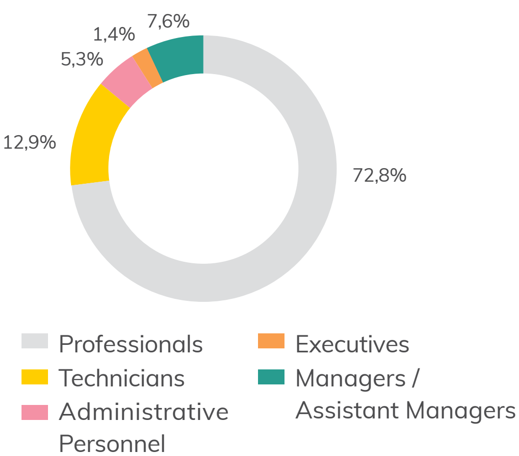
In 2021 we started the Future of Work Project at Transelec, which created an open listening channel for the entire organization, designed to assess the organization's needs and expectations regarding the possibility of flexibility and a new way of working after the pandemic. One of the outcomes of this process was the design of a flexibility matrix for each position. This information was used to start the transition process towards the adaptable organization model that become permanent starting in 2022.

In keeping with the way of working indicated in the Future of Work, we determined a series of actions for implementing and sustaining a permanent flexible model. These include workplace implementation assignments, permanent remote work assignments, lunch allowance renewal and ergonomic recommendation monitoring, all of which is accompanied by a robust communications plan to prepare this huge cultural change.

Finally, to support cultural change over the coming years, we consolidated a high-level strategic project that will address five fronts: talent attraction, diversity, infrastructure, technology, culture and leadership. Transelec is seeking to establish a series of medium- and long-term actions under these fronts. They will ensure that this new way of working becomes a reality to benefit people's productivity, satisfaction, well-being and the balance between work and family life required by these new times.

Our staff

Transelec's staff came to 592 people as of December 31st, 2021. Over 96% of these workers are technically or professionally specialized, proving that the Company is highly knowledge intensive, in line with the service quality it requires. 71% of our Company's personnel are employed in Operations, Engineering and Project Development.



Note: this does not include personnel for projects

In terms of diversity at Transelec, we wish to highlight that one woman works at the Senior Management and reports level, while 23% of the rest of our staff are women (135). The following graphs and figures indicate employee distribution by nationality, age and seniority at the Company.

i) Nationality

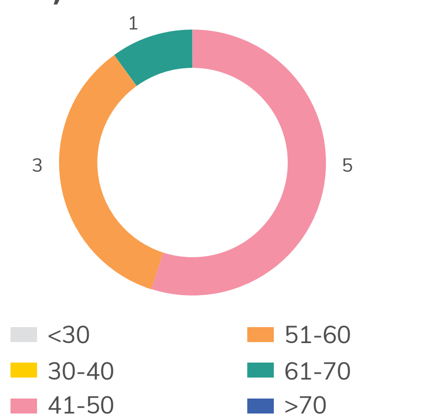
	Alta Dirección y quienes le reportan			Organización		
Nationality	**M**	**F**	**Total**	**M**	**F**	**Total**
Chilean	9	1	10	423	121	544
Foreigners	-	-	-	24	14	38
Overall Total	**9**	**1**	**10**	**447**	**135**	**582**

ii) Age distribution

a. Senior Management and reports

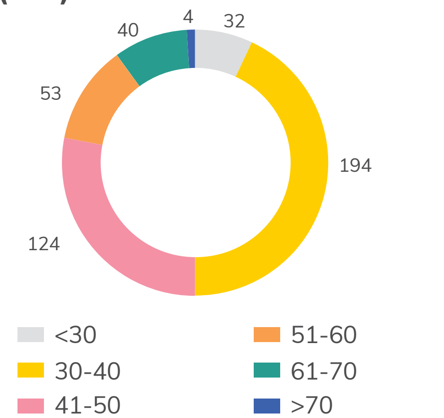
b. Organization

NUMBER OF PEOPLE BY AGE RANGE (MEN)

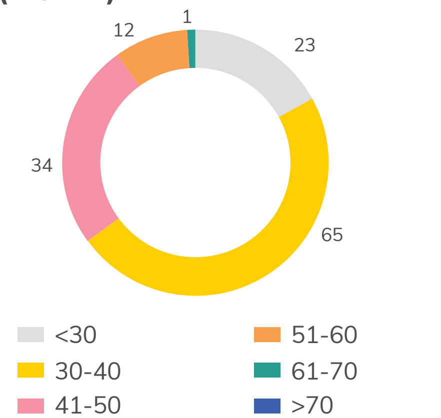


The age range for women is between 41 and 50.

NUMBER OF PEOPLE BY AGE RANGE (MEN)



NUMBER OF PEOPLE BY AGE RANGE (WOMEN)

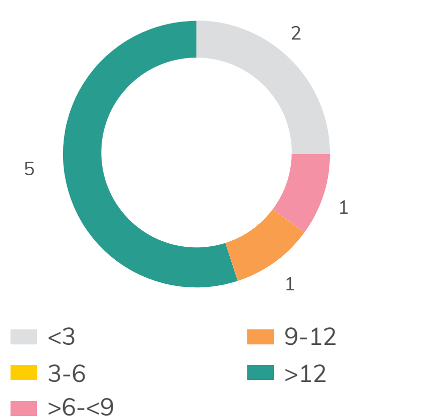


iii) Distribution by seniority

a. Senior Management and reports

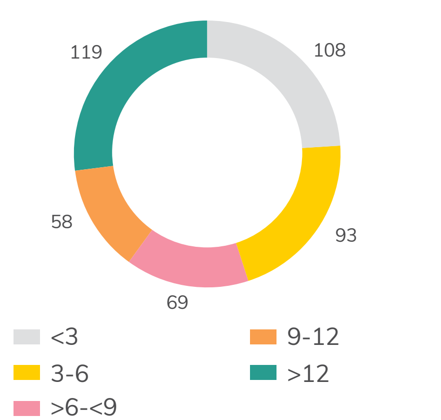
b. Organization

NUMBER OF PEOPLE BY SENIORITY (MEN)

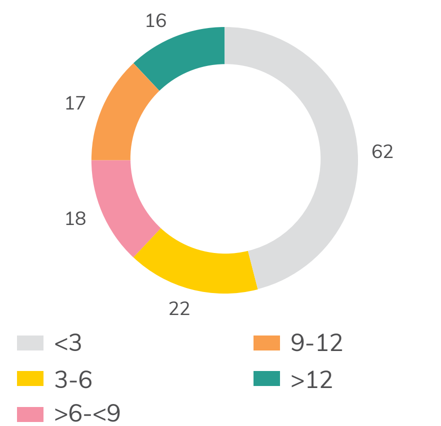


The seniority range for women is over 12 years.

NUMBER OF PEOPLE BY SENIORITY (MEN)

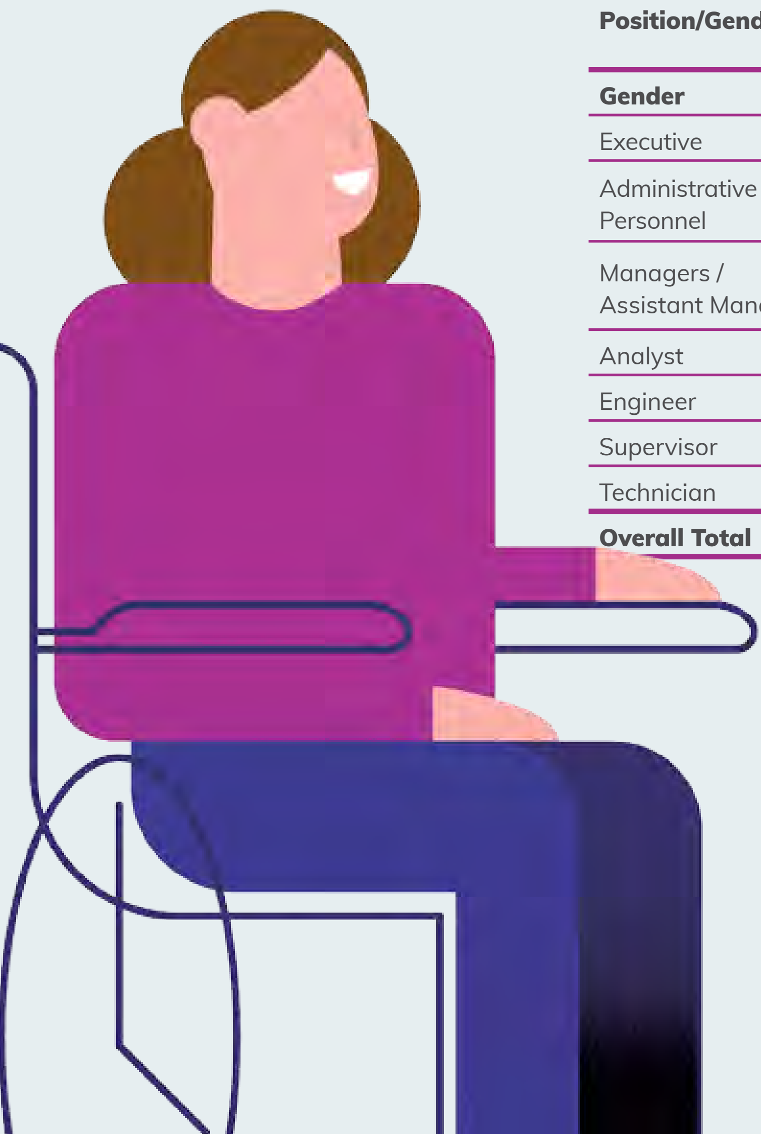


NUMBER OF PEOPLE BY SENIORITY (WOMEN)



iv) Distribution by Position

Seniority	**<3**		**3 - 6**		**6 - 9**		**9 - 12**		**>12**	
Gender	**M**	**F**	**M**	**F**	**M**	**F**	**M**	**F**	**M**	**F**
Executive	2	-	-	-	1	-	1	-	4	-
Administrative Personnel	4	4	3	4	2	4	-	2	2	7
Managers / Assistant Managers	6	4	1	-	5	-	6	3	19	3
Analyst	38	24	31	10	15	9	8	4	11	-
Engineer	31	16	31	5	21	2	25	3	18	3
Supervisor	18	10	13	3	16	3	14	5	40	4
Technician	11	4	14	-	10	-	5	-	30	-
Overall Total	**110**	**62**	**93**	**22**	**70**	**18**	**59**	**17**	**124**	**17**



v) Disability status

Position/Gender	**M**	**F**
Gender	**M**	**M**
Executive	-	-
Administrative Personnel	1	1
Managers / Assistant Managers	-	-
Analyst	1	-
Engineer	3	-
Supervisor	-	1
Technician	-	-
Overall Total	**5**	**2**

vi) Salary gap

The following figure shows the salary gap between men and women as percentage rates. Salary gap is based on average gross salary for women compared to men. (AGS for Women / AGS for Men).

Position	**AGS W / AGS M**
Administrative Worker	124%
Analyst	102%
Manager / Assistant Manager	91%
Engineer	89%
Supervisor	87%
Technician	88%

Labor relations and organizational climate

Transelec has been continued to promote good labor relations. In fact, the company has been given several awards in this category over recent years. Transelec has open house policy with its two unions, holding regular meetings with them to address different labor issues. This policy has helped build a relationship of trust between the two parties.

The Company successfully reached an agreement in June for a new Collective Contract with the Transelec Workers Union S.A., SITRAT. This Union represents 67.4% of the Company's total personnel. The process was executed virtually by means of Team meetings within deadlines indicated in the Labor Code and was closed with an agreement for the maximum legal period of 3 years, satisfying the parties involved. This is the second collective contract executed virtually, evidencing mutual trust and commitment.

Working environment

During 2021, we have followed up on the action plan that each vice presidency committed to according to the results of the OHI organizational health survey (Organization Health Index, an index that provides a global standard to measure organizational health compared to a large number of companies , from different geographies and industries) applied in October 2020. This survey measures nine key dimensions within an organization, such as the work environment and leadership, and which the company performs every 2 years. Each factor assessed by this survey has been making positive progress over the years. The 2020 score was 80 points, a figure placing us in the upper decile for this evaluation worldwide, in keeping with our last three surveys with scores of 80 points or higher.

Diversity and inclusion

We continued to further strengthen our diversity and inclusion strategy this year with the "Sumando Energías" program. In addition to full compliance with Law 21,015, requiring inclusive selection processes open to any applicant, and completing the first training stage for Internal Inclusion Manager certification, we conducted an inclusion diagnosis with the support of an expert consultant, talks on disability awareness and normalization, and we actively participated in REIN work groups and the SOFOFA Inclusion Network, strengthening our organizational commitment to inclusion in our industry and beyond.

We are still actively involved in the "Energía más mujer" program, and have signed a commitment to take actions to promote the inclusion and development of women in the power industry. We will continue to promote the incorporation of female and multigenerational talent through talks at educational institutions and job fairs. We have focused on our selection processes, participating in the WEC Chile Women in Energy program, creating an Internal Mentoring Program and working with ARS Global for the implementation of Chilean Standard 3262 at our organization. We also conducted an in-depth diagnostic upon which action years will be built for the coming years. We prioritize promoting an inclusive culture and working on unconscious biases. We have held new Corporate Competencies talks to train team leaders, as well as ongoing communications in our grid.

In line with the conversations stemming from the social context of recent years, and based on the deep interest of our employees in volunteering, a social group called the Energy Solidarity Committee was created in 2020. This group, which brings together dozens of volunteers, reaffirmed its interest in generating and strengthening deep ties with the environment, by means of cooperation projects to benefit several communities.

This space for volunteer work was consolidated by incorporating new members and leading initiatives that will reach a large number of beneficiaries. The Energy Solidarity Committee sponsored three rural schools from Chile's central and central-southern areas, benefiting over 80 children and their families.

These activities include the following:

- **Enseña con Energía:** Agents for Change. This program is designed to provide integral training for boys and girls regarding issues such as the environment, recycling and energy, complementing the school curriculum.
- **Enseña con Energía: All hands on deck!** This program's main driver is contributing to improvements in school infrastructure, as well as shared and recreational spaces.
- **Dulce Campaña:** This Christmas campaign is executed at a corporate level, calling for candy donations to be given to boys and girls as Christmas presents.
- **Bookathon:** A campaign executed at a corporate level for the donation of school supplies, books and educational material. Over one thousand books and hundreds of materials were donated.
- **Christmas Card Contest:** Hosted at three schools with winners from all institutions.

Training and Development

Our e-learning platform (APRENDE) provided training opportunities for our employees with tailor-made courses that were integrated with MOOCs (edX and Get Abstract). The platform thus became a learning ecosystem enabling formal training to be complemented with other resources and tools at Transelec and also enabling our corporate induction program to be carried out successfuly in 2021.

Additionally, renowned national and international providers and institutions held training sessions for our employees, saving time and costs for the Organization's Training Plan.

We also wish to highlight that a Transelec English level diagnostic test was conducted. The evaluation allowed us to identify gaps in knowledge and provide resources to employees whose positions require English fluency.

The Corporate Competencies Model developed in 2020 was designed to align employees'' expected behavior so that they can mobilize the organization effectively in the face of strategic challenges.Then, we designed and implemented a Training Route consisting of:

1) raising awareness through cross-company webinars,
2) training, with workshops and practical laboratories for leaders and workshops for employees, and
3) reinforcement to ensure and accompany the learning process and delivery of tools for the application of said competencies at the Organization.

Total training hours in 2021 came to 32,067 hours, amounting to a monthly average of 4.57 hours per worker. 99% of our employees had the opportunity to participate in training (courses, workshops, seminars, webinars, diplomas, etc.), related to technical issues, soft skills, safety, innovation and digital transformation, languages, administrative issues, management and information technology, among others.

Digital transformation and change

The COVID-19 pandemic has encouraged us to prioritize the process of digital transformation. We have Product Owners in all areas of the company, who are developing different digital products each team´s processes. We measured our digital maturity level for the third year in a row, based on the 23 characteristics of being digital used in the Deloitte Digital DNA Assessment. Our positive 2021 results show that our digital culture leverages technologies to extend capacities while collaborating with business processes. Our results place us in the Transforming stage, with a 2021 score of 5.1.

Exploring	**Doing Digital**	**Becoming Digital**	**Being Digital**
DigitalLeverage traditional technologies to automate existing capabilities. Dabbling with digital. No change to the organization.	Leverage digital technologies to extend capabilities, but still largely focused around same business, operating and customer models.	Leverage digital technologies - becoming more synchronized and less siloes - with more advanced changes to current business, operating and customer models.	Business, operating and customer models are optimized for business and profoundly different from prior business, operating and customer models.
1 < 3.25	**3.25 < 5**	**5 < 6.25**	**6.25 < 7**

In addition, digital culture actions focused on data culture in 2021, which has been supported by the change management and internal communications area, as well as all company areas affected by the use of data for valuable decision making at the company.

Vice-president salaries

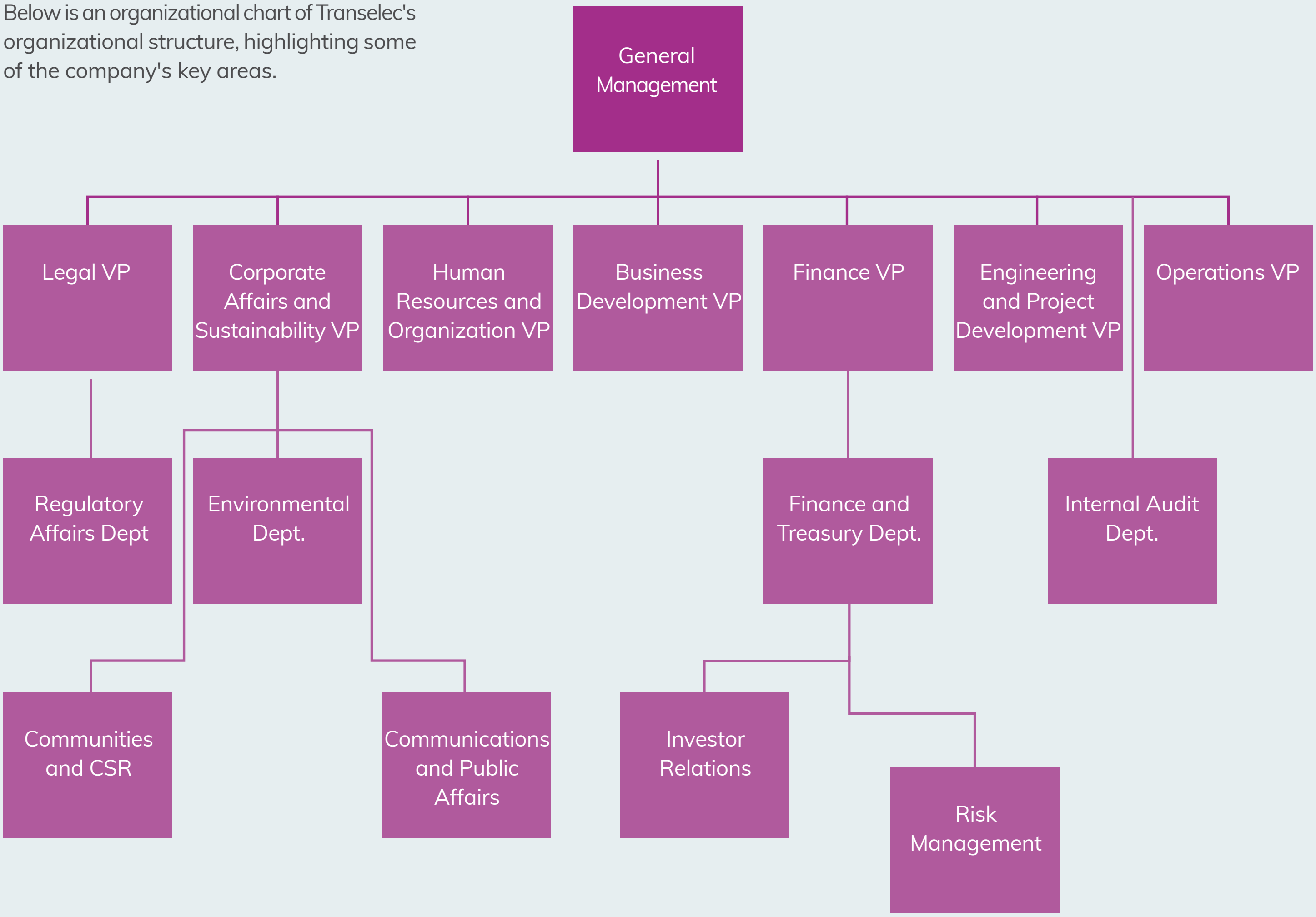
Salaries paid to vice-presidents employed by Transelec amounted to CLP 3.64 billion in 2021 and CLP 4.45 billion in 2020.

Bonus plans

Transelec personnel participate in a bonus program determined by their abilities to meet objectives aligned with the Company strategy. These objectives are developed in accordance with the level of detail and responsibility in the Transelec organizational chart.

Organizational chart

Below is an organizational chart of Transelec's organizational structure, highlighting some of the company's key areas.



7.
Finance

The regulatory changes made in Chile in 2004 protect both revenue and margins for power companies such as Transelec. This is mainly due to the industry's current tariff structure, which provides a good level of certainty and low risk by generating revenue and margins stemming from a 100% take or pay structure, without any transported volume risk.

Considering the extended impact of the Covid-19 pandemic, the company has focused on reinforcing its liquidity position and maintaining operational continuity, without facing any significant contingencies. In terms of liquidity, Transelec has an approved committed credit line of US$250 million, which was refinanced in 2021 achieving very competitive market conditions, and from which no money was withdrawn in 2021.

An industry tariff review process is currently taking place for 2020-2023. This should be completed with the publication of the new tariff decree during the first half of 2022. The tariff review is expected to impact the company´s cash flows since the results will be applied retroactively. However, this should not have any significant impact on liquidity, considering the high availability of cash and cash equivalents. In addition, Transelec has reported provisions for reduced income since 2020 due to the retroactive effects of tariffs.

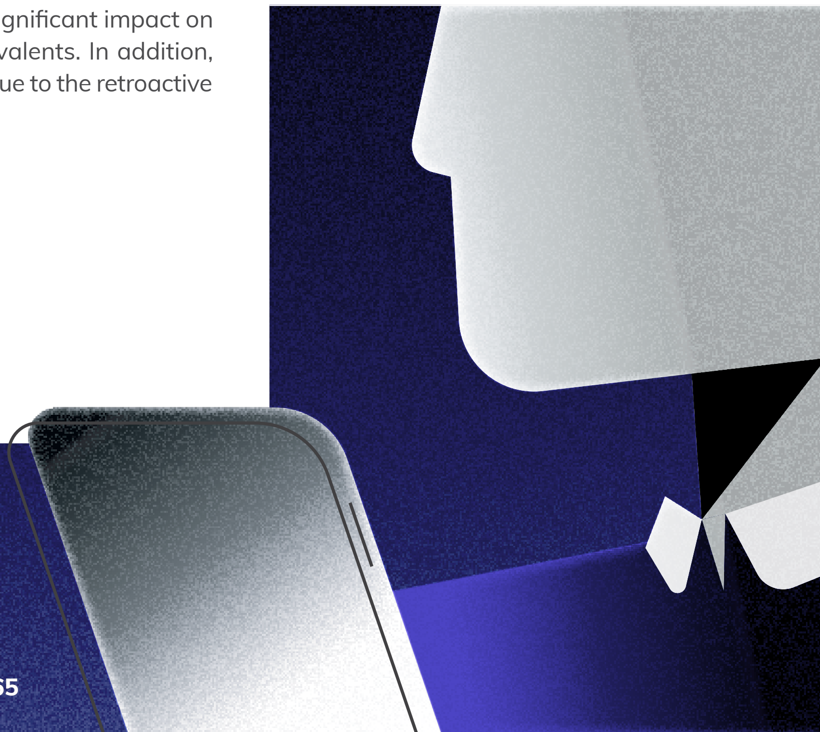
Ongoing communication with our investors

Maintaining the confidence of investors in the Company is key for the development of Transelec and the country.

The Company is firmly committed to provide access to high-quality information with the financial markets since it allows them to make an accurate analysis of Transelec's financial soundness.

It is very important for the Company to maintain permanent access to capital markets and banks to have the necessary funds to develop projects and make acquisitions.

Transelec is committed to maintaining permanent contact with local and international investors. Likewise, relations with different financial institutions and risk rating agencies, among other institutions, are close and trustworthy.



Risk rating

Transelec maintains credit ratings with local and international institutions. These ratings were ratified during 2021, in recognition of the good results obtained in recent years and Transelec's financial strength.

International Rating

Moody's Investors Service	Fitch Ratings	Standard & Poor's
Baa1	BBB	BBB

Local Rating

Humphreys Clasificadora de Riesgo	Feller.Rate Clasificadora de Riesgo	Fitch Ratings
AA	AA-	AA-

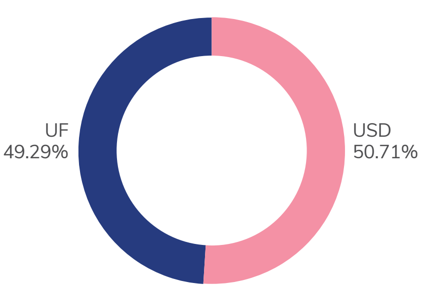
In the case of the local rating, it is worth noting that Feller-Rate improved the company's outlook from "stable" to "positive", which also reinforces the low risk that characterizes Transelec.

Debt	Date issued	Interest rate	Expiry date	Current amount	Currency
Bond D	14 DEC 06	4.25%	15 DEC 27	13,500,000	UF
Bond H	13 AUG 09	4.80%	01 AUG 31	3,000,000	UF
Bond K	04 DEC 09	4.60%	01 SEP 31	1,600,000	UF
Bond M	19 JAN 11	4.05%	15 JUN 32	3,400,000	UF
Bond N	19 JAN 11	3.95%	15 JUN 38	3,000,000	UF
Bond Q	03 MAY 13	3.95%	08 OCT 42	3,100,000	UF
Bond US$	26 JUL 13	4.63%	26 JUL 23	300,000,000	US$
Bond US$	09 JUL 14	4.25%	14 JAN 25	375,000,000	US$
Bond US$	12 JUL 16	3.88%	12 JAN 29	350,000,000	US$

UF: Unidad de Fomento (a price level restatement unit set by the Chilean Central Bank, Law 18,840).
All bonds are bullet bonds (principal payment upon expiry of the last coupon).

The company has outstanding public debt issued in both the local and international markets, with the following breakdown as of December 31st, 2021:

PUBLIC DEBT PERCENTAGE, BY CURRENCY



Total debt in US dollars is covered by the company's assets and principal only contracts (principal only swap), thus covering 100% of the balance.

Local bonds include in their contracts certain financial covenants that the company must maintain at all times:

- Total Debt/Total Capitalization not to exceed 0.7x
- Minimum consolidated equity of CLP350,000 million
- Minimum consolidated shareholder's equity of UF15 million

The Company has complied with all these covenants over time, and is in a comfortable position with all of them.

Debt service reserve

Transelec has a debt service reserve since 2006, which is required by local bond contracts in order to make restricted payments (according to the definition of these in the debt contracts). This debt service reserve considers the Company's public debt and benefits all bondholders, both local (D, H, K, M, N and Q bonds) and international (144A bonds issued in 2013, 2014 and 2016). This reserve goes as high as the amount of interest and main capital amortization – with the exception of the final payment– corresponding to a six-month period for the aforementioned bonds in which the Bank of New York acts as Trustee. As of December 31, 2021, the debt service reserve account reached US$ 50,000,000, which further strengthens the company's liquidity position.

Available revolving credit facility

The Company has an unsecured revolving credit facility to ensure the availability of funds to cover working capital needs, financing of capital expenditures projects (in development and potential), acquisition of transmission lines and possible debt refinancing. At the end of 2021, this facility is fully available, according to the conditions detailed below:

Banks	Maturity	Amount (up to)	Credit Type	Use
MUFG, Scotiabank, Bank of China, China Construction Bank, SMBC, JP Morgan, Banco Santander	May 28th, 2024	US$ 250,000,000	Unsecured revolving credit line	Working capital/ Capex/ Short-term refinancing

This credit facility was renegotiated in May 2021, resulting in a more attractive interest rate and an availability extension (until 2024). The facility´s bank composition also changed.

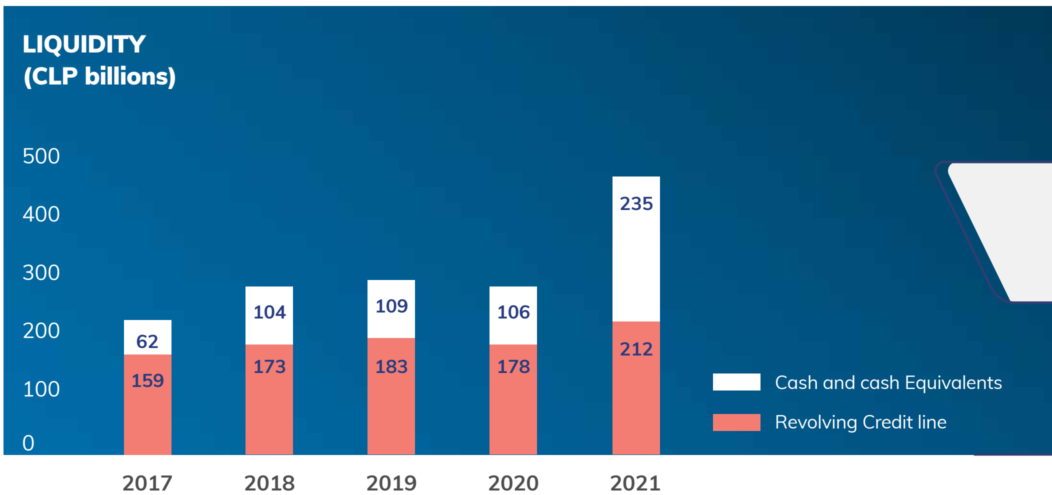
Considering the Company's financial soundness, good liquidity position and reduced short-term cash risks and requirements related to the pandemic, Transelec had no need to withdraw money from its committed credit facility in 2021.

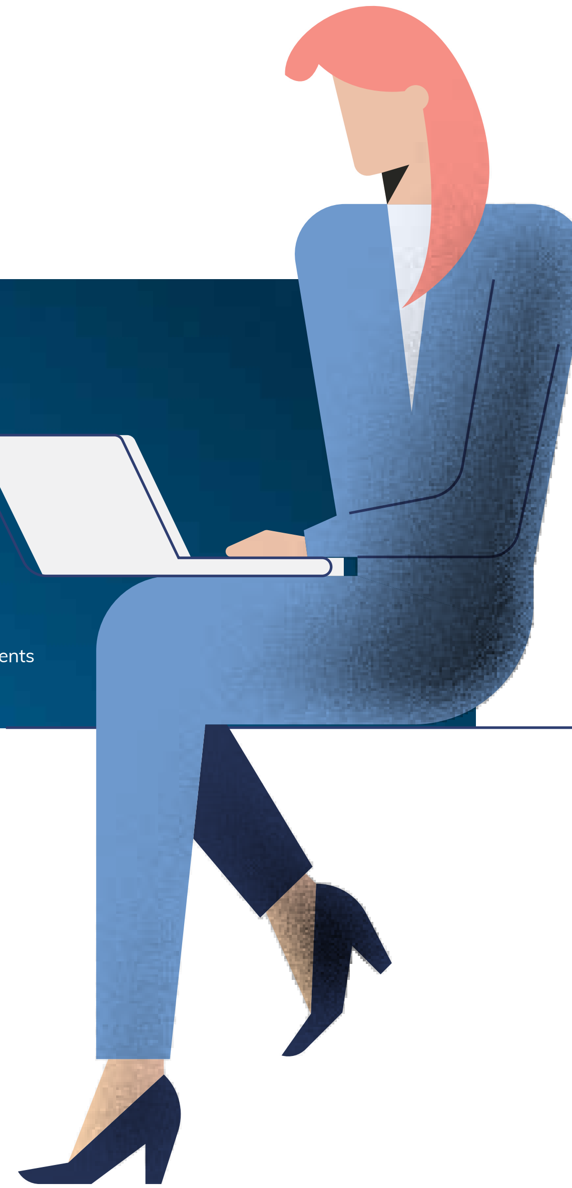
Performance indicators

Liquidity

Considering positive results in 2021, Transelec has a solid liquidity level, mainly due to:

i. The availability of its Revolving Credit Facility.
ii. Partial reinvestment of its own cash generation, which will enable the company to finance its future investment plans, as well as the reassessment following the tariff revision process.
iii. The availability of its debt service reserve.
iv. The firm commitment of its shareholders to invest or reinvest in the Company when necessary.





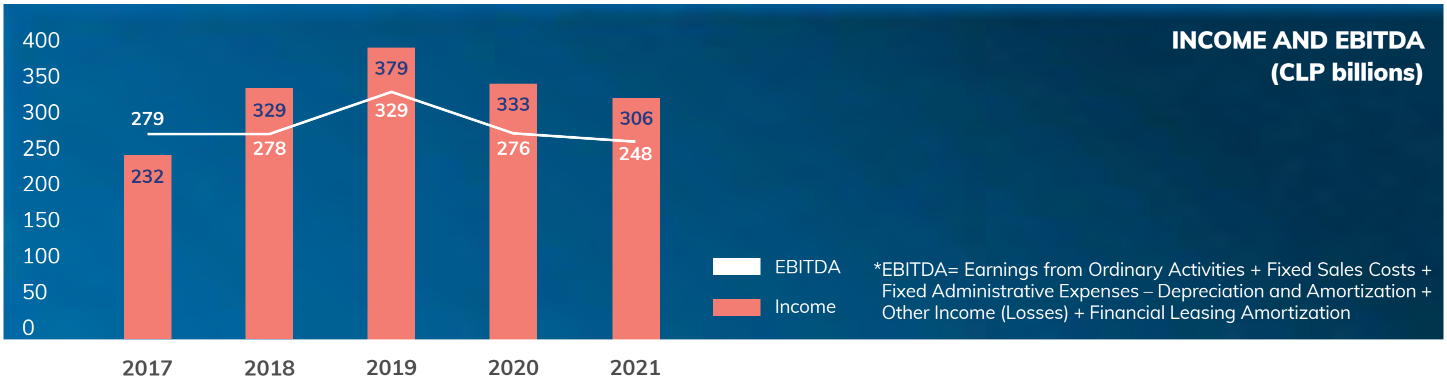
Operating income in 2021

Transelec's revenues can be divided into two main categories, according to their nature:

1. **Regulated revenues:** These are revenues from facilities in which the regulator determines the income that each owner must receive for each transmission asset. These are revenues from the national transmission system and zonal systems.

2. **Contractual revenues:** These are revenues from transmission services agreed in bilateral contracts with other companies, which include, among others, dedicated transmission assets.

Given that the company has practically all of its transmission revenues guaranteed and are of the "take or pay" type (where the installed transmission capacity is remunerated, regardless of how much electricity is consumed), Transelec has been able to maintain stable results over time, with 2021 being no exception. This, together with a low volatility in the transmission cost structure, has allowed the company to maintain a good Ebitda margin over time.



Given that the 2020-2023 tariff review process is not yet complete, the company began to provision its best estimate of the new tariff in 2020, incorporating the variables that had already been determined. In 2021 it made a new provision, incorporating the final tariff report and the Panel of Experts´ observations, even though the decree is yet to be published. 2021 includes part of the effects not provisioned in 2020.

Transelec has been receiving more revenues for 2 years than it would be entitled to, according to the new tariff to be published in 2022 (with retroactive effect to 2020), due to the delay in the process of determining the 2020-2023 tariffs. These additional revenues will have to be reimbursed once the tariffs are published. These revenues received in excess of the new tariff have been kept in cash, which explains, among other factors, the important leap in the company's available liquidity as of December 2021 (see graph above).

Dividends

Dividends policy

The Dividends Policy states that the Board of Directors will distribute 100% of the net profit reported by the Company, considering acquisitions and investment opportunities, the Company's financial situation, commitments made when issuing bonds and the issuing of any other debt instrument and regarding impacts related to the implementation of new IFRS standards. The Board of Directors will determine on a quarterly basis the amount to be distributed as temporary dividends, if required in accordance with the aforementioned conditions.

Dividends distributed

Transelec has distributed the following dividends to its shareholders over the last 10 years:

DIVIDENDS PAID EACH YEAR (*)
(Temporary, eventual and final)

Year	Historical Value (in CLP million)
2011	45,866
2012	106,806
2013	59,064
2014	63,038
2015	88,166
2016	80,894
2017	79,294
2018	58,599
2019	96,218
2020	43,852
2021	28,723

(*): Values as of December each year.

PROFIT SHARING
(Taken from each fiscal year)

Year	CLP million (*)	% of Profit from Fiscal Year
2011	46,839	100%
2012	61,749	100%
2013	63,292	98%
2014	66,773	100%
2015	82,989	99%
2016	80,983	100%
2017	78,249	99%
2018	39,887	38%
2019	140,070	100%
2020	28,723	30%
2021 (**)	0	0%

(*): Values as of December each year.
(**): Corresponds only to interim dividends paid during the year 2021, since as of December 31, 2021 the final dividends for the year 2021 are not yet known, which will be defined at the Ordinary Shareholders' Meeting to be held in the course of the year 2022.

Insurance

The insurance policies that cover the company's fixed assets (Property) include equipment and parts that are both in substations owned by Transelec and third parties. This coverage is provided by an industrial policy that covers physical damage caused by fire, machinery breakdown, earthquakes and natural hazards. As in previous years, it was not considered necessary to cover physical damage to transmission lines and towers, due to good international construction practices and the high requirements of Chilean standards, except for some facilities that have been insured because they are considered strategic or due to contractual requirements with clients.

During fiscal year 2021, our Terrorism policy, which covers events classified as terrorist acts, strikes, riots, civil commotion and acts of vandalism was maintained and renewed. Likewise, civil liability and professional liability insurance were maintained. In addition, vehicles and mobile equipment were insured, and coverage was taken out for cabotage operations and international transportation of equipment and materials. Regarding engineering projects, Transelec takes all-risk coverage for construction and assembly, civil liability and transportation, when applicable.

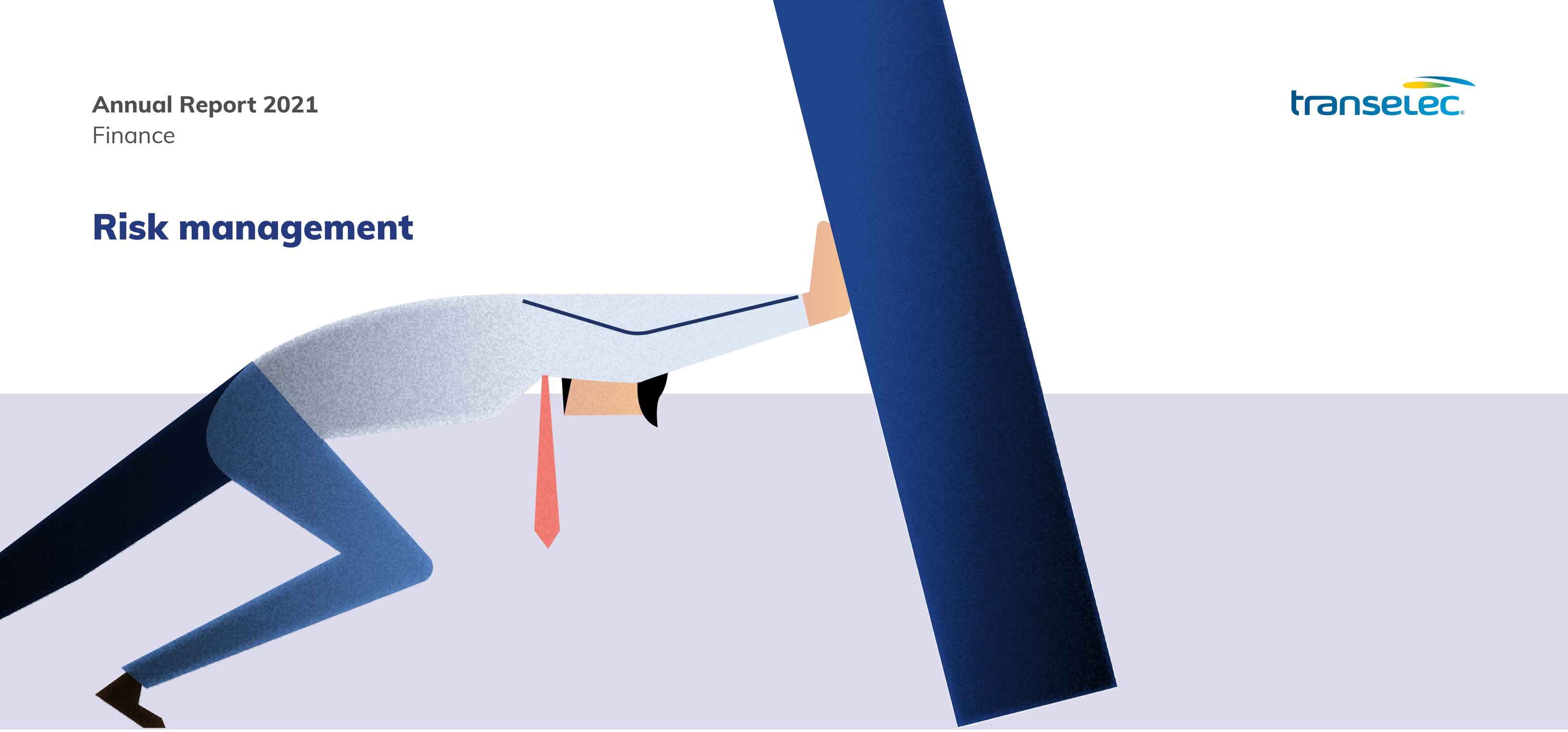
For personal accident risks, the company continues to maintain insurance contracts for its employees. These include complementary health insurance, travel assistance and secondment.

In 2021, all of the company's insurance policies, which had been renewed at the end of 2020, remained in place, while others were renewed in 2021.

Among these insurances, the main ones are Property, Terrorism and Liability, which encompasses several more specialized policies. All policies will be renewed during the first half of 2022 since we expect to find more competitive prices and conditions than what prevailed in recent years, when significant increases in the value of premiums were recorded.

It is also worth mentioning that Transelec tendered the insurance brokerage service, assigning a new broker, which provides the opportunity to renew the service and advice we receive to optimize this area of the company.

Risk management



Transelec manages its risks through a corporate program integrating all company areas. Part of the process includes the vision and information provided by the members of the Board of Directors and the employees in direct contact with the risks, through workshops in which past and potential risks are analyzed and aligned with the company's strategy. Concrete actions for preventing and/or mitigating these risks are executed, reducing probability of occurrence and impact. In addition, risk owners or parties responsible for risks are determined in order to manage said preventive and mitigation measures. The methodology used pools characteristics from several internationally used trends, such as COSO ERM and ISO 31000.

The company has a specialized risk management unit, whose duties include the following:

- Monitoring preventive and mitigatory measures (Action Plans) for risks, to prevent materialization or reduce impacts.
- The company's risk map is updated on an annual basis and the main risks are extracted for monitoring.
- Reporting medium- and long-term risks it considers the company will face to the Board of Directors for discussion and decision making.
- Reporting action plan status or preventive and mitigation actions to Vice-presidents of each area on a quarterly basis.

The risk detection methodology is based on workshops hosted for the areas once a year (at which risk inventory is reviewed and updated according to conditions observed), as well as quarterly monitoring of preventive and mitigatory measures determined at these workshops. Probability of occurrence and the level of impact of each risk are quantified to know which risks are more significant, thus determining risk levels. Conditions analyzed at workshops include the financial aspect, business, regulatory, operational, construction, compliance, communities, workers, and socio-political, among others.

The company executes a Stages and Decisions process at a project level, ensuring that projects are regulated by established protocols starting with gestation of a business idea, through presentation of an offer, contract award and subsequent construction or acquisition, up until entry into regular operation, to ensure that decision makers have necessary information and that risks are identified and mitigated in different project stages.

Main risks are presented to and discussed with Board of Directors on a quarterly basis. A consolidated matrix is published internally on an annual basis, indicating all risks faced by the company at a corporate level, with regular monitoring of control measures proposed. Risks the company is exposed to by internal or external events are fully identified and described by Transelec risk analysis and management.

Risks

Regulatory framework

Power transmission tariffs are established by law and include readjustments 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. These are complemented by income obtained from the existence of 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 in the case of those assets that are not regulated by a 20-year tariff award decree.

Reassessment of national and zonal revenue

According to the provisions of temporary Article twenty-five of the General Electricity Services Law "LGSE", the collection, payment and remuneration regime specified in the standards that the new Law N° 20,936/2016 abolished are to be applied between the period starting July 20th, 2016, which corresponds to the entry into force of the new Law N° 20,936, and ending December 31st, 2018. This is to say that the former regime established in Law N° 19,940/2004 (Short Law I) will continue to be applied. By virtue of the above, Transelec is entitled to the collection procedure set out in Ministry of Energy Supreme Decree N° 23 T/2016. Transelec annually collects Annual Transmission Value by Section for its existing national facilities, for which it receives monthly tolls from each section and temporarily receives actual tariff revenue that is subsequently reassessed compared to estimated tariff revenue.

The Company could face the risk of failing to collect tolls in a timely manner from any of the companies owning power generation assets established in the CEN payment charts, which could temporarily affect the Company's liquidity status. In relation to tariff revenue and in the Company´s opinion, work executed by Transelec in terms of the aforementioned collection does not consist of collection management of its own, but is rather the mere collection and transfer of external appraised surplus and deficit revenue, with the exception of estimated tariff revenue.

Customers concentration

A 35% of Transelec's revenue comes from a single customer, Enel Generación Chile S.A., and its power generation subsidiaries. Transmission tolls to be paid by Enel and its subsidiaries will generate a substantial percentage of Transelec's future cash flow and any substantial change made to its business model, financial status or operating income could be detrimental for Transelec.

Renegotiation of bilateral contracts for dedicated (additional) facilities

Revenue generated by certain dedicated (additional) facilities stems from long-term contracts. Once these contracts have expired, a condition renegotiation process must be executed. This includes new payment and tariff terms, as well as the determination of which transmission services will continue to be provided. Therefore, we cannot guarantee that the economic terms will remain in force once the renegotiation process has concluded.

Increasing competition in the power transmission market

Chile's power transmission industry is becoming increasingly competitive. We believe that this trend will continue over the short term and that we will face increased competition during tendering processes. This could mean fewer transmission network upgrades and new projects awarded, which would reduce our market share and could also hamper our estimated operating results in the future.

Operating risks

Although Transelec administration believes the company will continue to hedge its risks appropriately in keeping with industry practices, including the annual full exercise of Enterprise Risk Management, there is no guarantee that preventive actions and mitigations implemented (asset management, safety strip management, insurance policies, etc.) will be enough to cover certain operating risks, including forces of nature, damage to transmission facilities, cybersecurity incidents, work-related accidents and equipment failure..

Occupational health and safety for our people

Our personnel and our subcontracting companies' personnel could be affected by work-related accidents. Our employees' health conditions may not be compatible with certain tasks they are required to do as part of their duties. The company is aware of these risks faced by people and consequently ensures full compliance with labor legislation and transmits this to its collaborators and subcontractors, which also constantly review safety conditions at facilities, access roads and offices, while continuously evaluating issues related to workload and stress to safeguard the psycho-occupational health of its personnel, among other measures. Transelec has had an OHSAS 18001 certified OHS Management System since 2010 that was migrated to ISO 45001-2018 in 2020. This system provides a framework for managing and continuously improving occupational health and safety (OHS) at the organization.

Labor conflict

Delays, suspensions, or other labor conflicts affecting Transelec could have an adverse material effect on the corporation's business, financial conditions, operating income and expectations. Approximately 74% of the Transelec workforce belongs to one of its two unions and is covered by collective agreements, which expire in 2023. Although Transelec administration believes that current labor relations evidence mutual collaboration between the company and its workers, there is no guarantee that strikes, delays or suspensions will not occur prior to or at the time the current group contracts expire, which may lead to subsequent arbitration. The administration cannot estimate the possible effect of these events on Transelec operations. Finally, Transelec S.A. is presently included among "Strategic Companies" that cannot go on strike as long as conditions indicated in the labor code are being met.

Fines stemming from power transmission service suspension

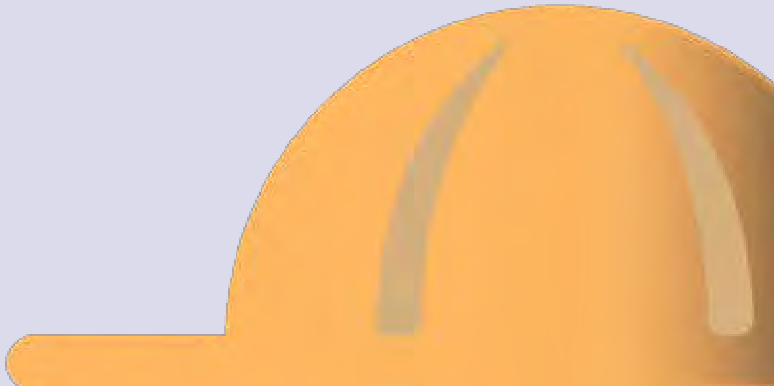
As of December 31st 2021, Transelec had nine sanction procedures pending with the Superintendence of Electricity and Fuel (SEC) due to charges pressed by the authority stemming from forced electricity transmission service disconnections. In three of these cases, the SEC applied fines amounting to a total one hundred and nine thousand Monthly Taxation Units (UTM). Transelec subsequently filed claims of illegality before the Santiago Court of Appeals, which are currently being processed. No resolutions indicating the amount of fines have been passed for the remaining two sanction procedures.

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 project and environmental permit lobbying taking longer than expected, which would delay project construction and increase the possibility of fines being applied. These have been identified and preventive and migratory measures have been determined for all risks related to the environment and communities in the vicinity of company facilities.

Construction delays for new power 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.



Exchange rate risk

Depending on market fundamentals, specific financial characteristics of the business and other considerations, when necessary Transelec has conducted hedging operations such as cross-currency swaps, options or currency forwards in order to correlate assets and liabilities in currency other than the functional currency (Chilean pesos), to minimize any potential mismatch in the company's earnings.

However, there is no guarantee that Transelec will be totally protected by the fact that it holds exchange rate hedging contracts. In addition, cross-currency swaps and forwards bear credit risk for the counterpart, cash requirements at maturity dates or recouponing clauses (if this is the case) and other associated risks.

Credit risk

Credit risk corresponding to accounts receivable stemming from power transmission activities has historically been very low due to the limited number of customers, their risk ratings and short collection time.

However, revenue is highly concentrated in a few customers that will produce most of Transelec's future cash flow. Any substantial change to these companies goods, financial standing and/or operating income could be detrimental for the Company.

Commodity price risk

This risk refers to potential commodity price volatility. Transelec is mainly exposed to this risk during the development of new projects.

More specifically, Transelec could be exposed to this risk during projects in which there are long periods between the negotiation and purchasing of supplies. In some cases, this risk is transferred from suppliers to Transelec by the quotation of supplies indexed to metal prices. Transelec evaluates this type of hedging for the cost of projects of a certain scale.

Liquidity risk

Liquidity risk is the possibility of the company not being able to meet a monetary requirement in cash or make debt payment upon maturity. Liquidity risk also includes the risk of not being able to liquidate assets at a reasonable price and in a timely manner.

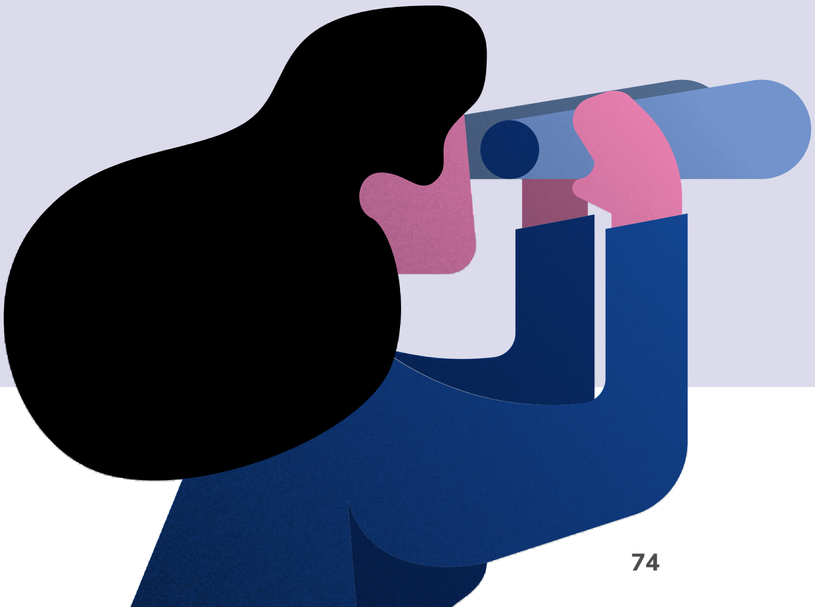
The company is exposed to risks associated to its debt, including the risk of refinancing debt upon maturity. These risks are mitigated by the use of long-term debt and the structure of debt maturity over time.

In order to ensure that the company is able to react quickly to investment opportunities and to pay its obligations upon maturity, Transelec had a fully available revolving credit facility amounting to US$ 250 million as of December 31st, 2021, in addition to the company's cash surpluses and short-term accounts receivable. Moreover, Transelec has unused credit lines that have been approved by local banks that could be used to meet all of its short-term requirements.

Interest rate risk

Company assets are mainly long-lasting fixed assets and intangibles. Financial liabilities used to finance these assets thus mainly consist of long-term liabilities at fixed rates.

In addition, current loans held by the Company with related companies are denominated in Chilean pesos, UF and US dollars and feature a fixed interest rate for long-term contracts, which also helps to mitigate this risk.



Inflation risk

Although higher inflation in Chile could affect debt costs expressed in UF and consequently affect the company's income from readjustable units, these impacts are partly mitigated by the company's revenue, which is also partially adjusted according to local inflation variation by means of contract indexing formulas.

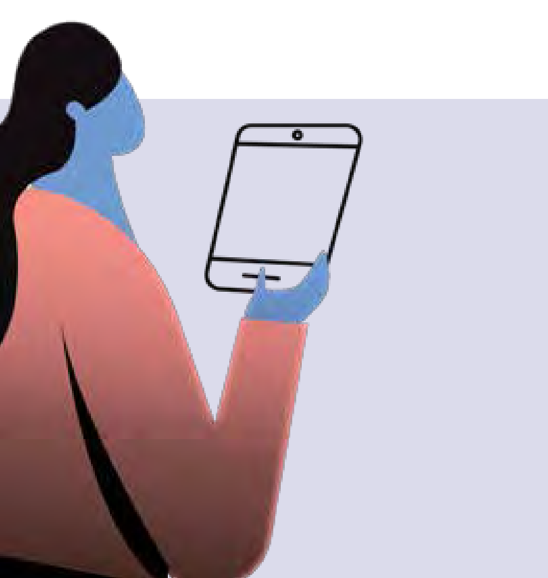
Technological changes

As previously indicated, compensation for Transelec investment in power transmission facilities is obtained by means of an annual existing facility assessment (EFA) fee at market rates, which is regularly recalculated according to the process established in current regulations. If important technological advances are made for equipment at Transelec facilities, this valuation could be lower and thus hamper overall recovery of investments made.

Other risks

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

Risks related to the effects of the Covid-19 pandemic appeared in 2021. These were mitigated by means of several actions, which will continue in 2022.



Suppliers Management

Transelec's relations with its suppliers are of paramount importance for the development and maintenance of a sustainable business model aligned with its strategy. We also know that the challenges of today's world are increasingly complex. We constantly propose a complete revision of the company's supplier management in order to meet all standards required from commercial, technological and compliance perspectives.

Supplier Evaluation

In order to comply with Transelec's efficiency, quality, safety and environmental standards, the company has a Comprehensive Supplier Evaluation Policy, which qualifies each supplier (services, construction or supplies) on a scale of 1 to 5, according to their performance in the following categories:

Technical Aspects (Services)
- Compliance with agreed service deadlines
- Timely provision of quality documentation associated with the service
- Quality in the execution of services and work
- Technical competencies of its personnel
- Equipment / technological support / optimum software programs for service execution / tools

Technical Aspects (Works)
- Engineering Quality
- Construction Strategy
- Commissioning of Works
- Technical competencies of its personnel

Environmental and Safety Aspects
- Compliance with ETG / Applicable OHS regulations / Accreditation
- Compliance with applicable regulations for the sale and disposal of surplus and waste
- Environmental Regulation Compliance
- Relations with communities/landowners

Contractual Aspects
- Proactive and timely compliance with Labor Legislation
- Compliance with conditions for contracts awarded
- Performance bond compliance
- Presentation of additional requirements according to prices awarded, with details facilitating review/approval
- Financial soundness review, compliance with payment terms, among others.

Supply Delivery Time
- Compliance with Rev. 0 0
- Compliance with agreed delivery times for supplies.

Quality Aspects for Supplies
- Quality of manufacturing blueprints/technical documents
- Quality of supply, goods or equipment
- Transportation Conditions (safety, quality)
- Technical service quality (FAT tests, commissioning, post sales tests)
- Transelec personnel training

Suppliers Payment

Transelec's payment policy to suppliers considers 30 days as the standard term. Nonetheless, after the social protests of 2019, and with the objective of aiding small and medium businesses, the company established an approximate 7 days term of payment to all our suppliers. This payment term is still the one used in the Company.

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 February 24th, 2021: the Transelec S.A. Board of Directors acknowledged and accepted the resignation presented by Mr. Rui Han from his position as Director, as well as the resignation presented by his deputy director, Mrs. Sihong Zhong.

2) In addition, at the same date, the Transelec S.A. Board of Directors appointed Mr. Ganxiang Tang to replace Mr. Rui Han as Director.

3) In compliance with the provisions of Article 9 and the second paragraph of Stock Market Law N° 18,045 Article 10, the following relevant fact was reported on March 24th, 2021:

At a meeting held on March 24th, 2019, the Transelec S.A. Board of Directors agreed to announce the notice 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, Balance Sheet, Financial Statements and External Auditors Report corresponding to the period ending December 31, 2021.

2. Final dividend distribution. In this regard, the Transelec S.A. Board of Directors at a normal shareholders meeting agreed to propose the amount of CLP 28,723 million as final 2020 dividends to be paid in conditions and within deadlines agreed to at the meeting.

3. Board of Directors election.

4. Board of Directors and Audit Committee salaries.

5. Appointment of External Auditors.

6. Newspaper to be used to announce shareholders meetings.

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

8. Other issues of interest for the corporation and for consideration at the shareholders meeting.

4) In compliance with the provisions of Article 9 and the second paragraph of Stock Market Law N° 18,045 Article 10, the following relevant fact was reported on March 24, 2021: At a meeting held on March 24th, 2019, the Transelec S.A. Board of Directors agreed to announce the notice of a shareholders meeting on April 30th, 2021: in order to announce the following issues to the shareholders and request their approval:

- Modify article 15 of the Articles of Incorporation, regarding the requirement of physical presence at the respective Board of Directors meeting in order to reach agreements.

5) In compliance with the provisions of Article 9 and the second paragraph of Stock Market Law N° 18,045 Article 10, the following relevant fact was reported on April 30th, 2021: Transelec

S.A. held a special shareholders meeting at which article 15 of the Articles of Incorporation was modified regarding the requirement of physical presence at respective Board of Directors meetings to reach agreements, in the sense that the quorum necessary to approve and adopt any resolution at a Board of Directors meeting would be the favorable vote of more than 50% of directors in attendance, regardless of the physical location where they may be located.

6) In compliance with the provisions of Article 9 and the second paragraph of Stock Market Law N° 18,045 Article 10, it was reported on April 30th, 2021 that Transelec S.A. held a special shareholders meeting and the following agreements were made:

- To approve the Annual Report, Balance Sheet, Financial Statements and External Auditors Report corresponding to the period ending December 31st, 2020.

- To approve final dividend distribution for 2020 corresponding to CLP 28.72 billion, equivalent to 30% of net income for the 2020 fiscal year.

- It was agreed that the members of the Board of Directors were to be renewed and therefore the Board is now comprised as follows: Mr. Scott Lawrence as director and Mr. Alfredo Ergas Segal as his respective deputy director; Mr. Ganxiang Tang as director and Mr. Tao He as his respective deputy director; Mr. Richard Cacchione as director and Mr. Michael Rosenfeld as his respective deputy director; Mr. Jordan Anderson as director and Mr. Jon Perry as his respective deputy director; Mr. Mario Valcarce Durán as director and Mr. José Miguel Bambach Salvatore as his respective deputy director; Mr. Blas Tomic Errázuriz as director and Mr. Patricio Reyes Infante as his respective deputy director; Mr. Juan Benabarre Benaiges as director and Mr. Roberto Munita Valdés as his respective deputy director; Ms. Patricia Núñez Figueroa as director and Mr. Claudio Campos Bierwirth as her respective deputy director and Ms. Andrea Butelmann Peisajoff as director and Mr. Juan Agustín Laso Bambach as her respective deputy director.

- Board of Directors and Audit Committee salaries were determined.

- To approve appointment of the firm Deloitte as the corporation's external auditors for the 2021 fiscal year. To approve Diario Financiero as the newspaper to be used for publishing notices of shareholders meetings.

- Agreements reached by the Board of Directors regarding matters contained in Corporations Law Article 146 and following articles were reported.

7) In conformity with Article 9 and paragraph 2 of Stock Market Law N° 18,045 Article 10 and General Standard N° 30, it was reported as a relevant fact that the Transelec S.A. Board of Directors acknowledged and accepted the resignation presented by Mrs. Patricia Núñez Figueroa from her position as corporation director on May 17th, 2021, which comes into effect immediately.

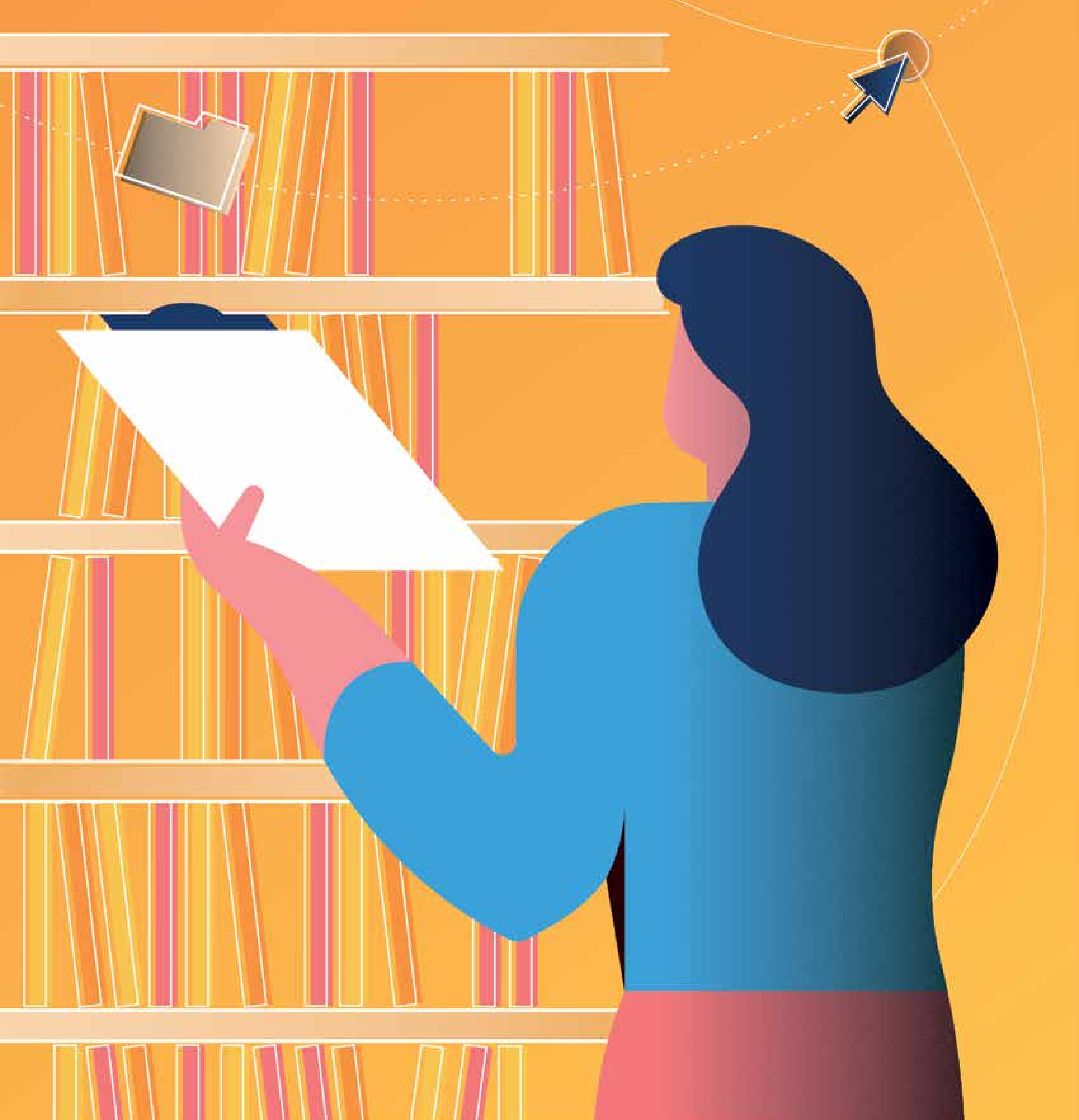
8) In conformity with Article 9 and paragraph 2 of Stock Market Law N° 18,045 Article 10, it was reported as a relevant fact that Mr. Scott Lawrence was elected president at ordinary session number 214 dated May 26th, 2021.

9) In conformity with Article 9 and paragraph 2 of Stock Market Law N° 18,045 Article 10, it was reported as a relevant fact that at a meeting dated 16 December 2021, the Transelec S.A. Board of Directors unanimously decided to start a succession process for the position of the Company's General Manager, which should be completed during the first half of 2022 in response to the General Manager stating interest about generating a replacement process after 15 years in the position.

8.

Legal Incorporation and Amendments

transelec



Transelec S.A. is an open stock corporation founded for an indefinite period that was originally founded as a limited liability company with the firm name "Rentas Eléctricas III Limitada", by public deed dated June 6th, 2006 granted at the Santiago Notary Office owned by Ms. María Gloria Acharán Toledo. An extract corresponding to its incorporation is inscribed in sheet 22,031, N°15,264 of the Santiago Real Estate Registrar Commercial Registry corresponding to the year 2006, and was published in the Official Gazette N°38,485 dated 9 June 2006.

The assignment of rights and actions for the corporation was executed by means of a public deed dated June 15th, 2006 granted at the Santiago Notary Office owned by Ms. María Gloria Acharán Toledo, with the corporations Rentas Eléctricas I Limitada and Rentas Eléctricas II Limitada established as partners. In addition, the corporation's share capital was increased and its administration was changed. An extract corresponding to this corporate modification is inscribed in sheet 25,168, N°17,510 of the Santiago Real Estate Registrar Commercial Registry corresponding to the year 2006, and was published in the Official Gazette N° 38,501 dated 30 June 2006. The aforementioned amendment extract inscribed in sheet 28,355, N°19,800 of the Santiago Real Estate Registrar Commercial Registry corresponding to the year 2006 was corrected and published in the Official Gazette N° 38,518 dated July 20th, 2006.

The corporation's share capital was increased by means of a public deed dated December 11th, 2006 granted at the Santiago Notary Office owned by Ms. María Gloria Acharán Toledo. An extract of this deed was inscribed in sheet 53,096, N° 37,999 of the Santiago Real Estate Registrar Commercial Registry corresponding to the year 2006, and was published in the Official Gazette N°38,650 dated December 29th, 2006.

A public deed dated March 26th, 2007 granted at the Santiago Notary Office owned by Ms. María Gloria Acharán Toledo recorded that the corporation became an open stock corporation with the firm name "Rentas Eléctricas III S.A.". An extract corresponding to the corporation's transformation is inscribed in page 12,696, N° 9,344, of the Santiago Real Estate Registrar Commercial Registry corresponding to 2007 and was published in the Official Gazette N°38,727 dated March 30th, 2007.

It was agreed at the company's first special shareholders meeting held on April 24th, 2007 that the company would be incorporated as an open stock corporation by means of the voluntary registration of the company and its shares in the Securities Registry of the Securities and Insurance Commission. The minutes of this first special shareholders meeting were reduced to a document of public record dated April 25th, 2007.

In June 2007, Rentas Eléctricas III S.A. took over Transelec S.A., ID 76.555.430-6, as stated in a public deed dated June 30th, 2007 granted at the Santiago Notary Office owned by Ms. María Gloria Acharán Toledo, an extract of which was inscribed in sheet 27,509, N°19,936 corresponding to the year 2007 and was published in the Official Gazette N°38,812 dated July 13th, 2007.

It was agreed at the second special shareholders meeting held on June 30th, 2007 that the company's articles of incorporation would be changed. The firm name was changed to "Transelec S.A." and a new Board of Directors was elected. The minutes of this second special shareholders meeting were reduced to a document of public record dated June 30th, 2007 at the Santiago Notary Office owned by Ms. María Gloria Acharán Toledo. An extract of this reform was inscribed in sheet 27,530, N°19,941 dated 2007 of the Santiago Real Estate Registrar Commercial Registry and was published in the Official Gazette N°38,812 dated July 13th, 2007.

It was agreed at the company's tenth special shareholders meeting held May 24th, 2011 that price level restatement corresponding to the year 2009 would be capitalized. This came to CLP 19,732,724,601 following amendment of the corporate bylaws that increased the company's share capital. The minutes of this tenth special shareholders meeting were reduced to a document of public record dated June 6th, 2011 at the Santiago Notary Office owned by Ms. María Gloria Acharán Toledo. An extract of the reform was inscribed in sheet 33,736, N°25,194 dated 2011 of the Santiago Real Estate Registrar Commercial Registry and was published in the Official Gazette N°39,994 dated June 24th, 2011.

It was agreed at the eleventh special shareholders meeting held January 22nd, 2014 that the corporation's capital would be reduced by CLP 857,944,547,865, divided into 1,000,000 ordinary nominative shares with no nominal value to CLP 776,355,047,865, divided into 1,000,000 ordinary nominative shares with no nominal value. This reduction was made considering the current stakes in the Corporation owned by shareholders, in such a way that the partner Rentas Eléctricas I Limitada would continue to own 100 shares amounting to CLP 77,635,505 and 0.01% of the corporation's share capital, and that Transelec Holdings Rentas Limitada would continue to own 999,900 shares amounting to CLP 776,277,412,360 and 99.99% of the corporation's share capital, amending Article Five and the First Temporary Article of the Corporation's articles of incorporation. The minutes for this meeting were reduced to a document of public record January 30th, 2014, at the Santiago Notary Office owned by Ms. María Gloria Acharán Toledo, and an extract was inscribed in sheet 17,669 N° 11,117 dated 2014 of the Santiago Real Estate Registrar Commercial Registry and was published in the Official Gazette N°40,811 dated March 19th, 2014.

It was reported at the corporation's twentieth special shareholders meeting held January 23rd, 2015 that takeover mergers would be executed with the corporations Transmisora Abenor Limitada, Transmisora Araucana de Electricidad Limitada and Transmisora Huepil Limitada by Inversiones Eléctricas Transam Chile Limitada as agreed at a special Board of Directors Meeting held December 23rd, 2014. In addition, it was agreed at this special shareholders meeting to approve the merger between the subsidiary Inversiones Eléctricas Transam Chile Limitada and Transelec S.A., assigning the Corporation's Board of Directors to announce when this merger would take place. Moreover, it was agreed at the company's eighth shareholders meeting held April 28th, 2015 that in accordance with an official letter from the Securities and Insurance Commission that the purpose of said agreement was to approve the takeover merger of the subsidiary Inversiones Eléctricas Transam Chile Limitada by Transelec S.A., and to authorize the Corporation's Board of Directors to determine the occasion and mechanism to be used in order to proceed with this takeover merger, which finally took place on August 31st, 2015.

The corporation's historical background

Transelec S.A., formerly Rentas Eléctricas III S.A., is the successor of the following companies whose incorporation, firm name change, mergers or transformations are summarized as follows:

TAKEOVER MERGER WITH COMPAÑÍA NACIONAL DE TRANSMISIÓN ELÉCTRICA S.A. BY HQI TRANSELEC CHILE S.A.

A public deed of dissolution dated January 30th, 2001, granted at the Notary Office owned by Mr. Fernando Opazo Larraín, reduced to a document of public records the fact that Compañía Nacional de Transmisión Eléctrica S.A. was dissolved in virtue of Article 103 N°2 of Law 18,046 on Corporations because all of its shares were purchased by HQI Transelec Chile S.A., its successor. An extract was inscribed in page 4,662, N°3,720 of the Santiago Real Estate Registrar Commercial Registry dated 2001 and was published in the Official Gazette dated January 30th, 2001. This dissolution was reported at the 113th Board of Directors Meeting on January 30th, 2001 and was reduced to a document of public record at that same date at the Santiago Notary Office owned by Mr. Fernando Opazo Larraín.

FIRM NAME CHANGED FROM HQI TRANSELEC CHILE S.A. BY TRANSELEC S.A.

A public deed dated August 23rd, 2006 granted at the Notary Office owned by Mr. Iván Tamargo Barros, reduced the minutes of the 8th HQI TRANSELEC CHILE S.A. Special Shareholders Meeting held on August 16th, 2006 to a document of public record, indicating that the firm name HQI TRANSELEC CHILE S.A., ID 77.498.870-K was changed to TRANSELEC S.A., with the same ID. An extract was inscribed in page 34,753, N°24,453 of the Santiago Real Estate Registrar Commercial Registry dated 2006 and was published in the Official Gazette dated August 23rd, 2006.

TAKEOVER MERGER WITH TRANSELEC S.A. BY NUEVA TRANSELEC S.A.

A public deed granted at the Notary Office owned by Mr. Iván Tamargo Barros November 30th, 2006 reduced the minutes of the Transelec S.A. special Board of Directors meeting 101 held on November 22nd, 2006, declared dissolution following takeover by the aforementioned corporation since its shares were now held by New Transelec S.A., ID 76.555.430-6. The extract was inscribed in page 49,292, N°35,195, of the Santiago Real Estate Registrar Commercial Registry del year 2006 and published in the Official Gazette dated December 6th, 2006.

FIRM NAME CHANGED FROM NUEVA TRANSELEC S.A. TO TRANSELEC S.A.

A public deed dated November 30th, 2006, granted at the Notary Office owned by Ms. María Gloria Acharán Toledo, reduced the minutes of the corporation's 3rd Special Shareholders Meeting to a document of public record, indicating that the firm name Nueva Transelec S.A. was changed to Transelec S.A. An extract was inscribed in page 49,963, N°35,710, of the Santiago Real Estate Registrar Commercial Registry dated 2006, indicating that the firm name was changed and this was published in the Official Gazette dated December 9th, 2006.

TAKEOVER MERGER WITH TRANSELEC S.A. BY RENTAS ELÉCTRICAS III S.A.

A public deed dated June 30th, 2007 granted at the Santiago Notary Office owned by Ms. María Gloria Acharán Toledo reduced the minutes of the 16th Transelec S.A. Special Board of Directors Meeting dated June 6th, 2007 to a document of public record, indicating a takeover merger with Transelec S.A., ID 76.555.430-6 by Rentas Eléctricas III S.A., ID 76.555.400-4, which purchased all of the corporation's shares. An extract was inscribed in page 27,509, N°19,936 of the Santiago Real Estate Registrar Commercial Registry dated 2007 and was published in the Official Gazette dated July 13th, 2007. A public deed dated June 30th, 2007 granted at the Santiago Notary Office owned by Ms. María Gloria Acharán Toledo reduced the minutes of the 5th Rentas Eléctricas III S.A. Special Board of Directors meeting held on the same date to a document of public record, indicating the takeover merger with Transelec S.A., ID 76.555.430-6 by Rentas Eléctricas III S.A., ID 76.555.400-4, which purchased all of the corporation's shares. Rentas Eléctricas III S.A. declares that is the legal successor of Transelec S.A., assuming all of its rights and obligations, and declares that it is jointly and severally responsible for any taxes that it currently owes or may owe.

FIRM NAME CHANGED FROM RENTAS ELÉCTRICAS III S.A. TO TRANSELEC S.A.

A public deed dated June 30th, 2007, granted at the Santiago Notary Office owned by Ms. María Gloria Acharán Toledo, reduced the minutes of the Rentas Eléctricas III S.A. Second Special Shareholders Meeting dated June 30th, 2007 to a document of public record, stating that the name of Rentas Eléctricas III S.A. was changed to Transelec S.A. An extract was inscribed in page 27,530; N° 19,941 of the Santiago Real Estate Registrar Commercial Registry dated 2007 and was published in the Official Gazette dated July 13th, 2007.

TRANSELEC NORTE S.A. TAKEVOER MERGER BY TRANSELEC S.A.

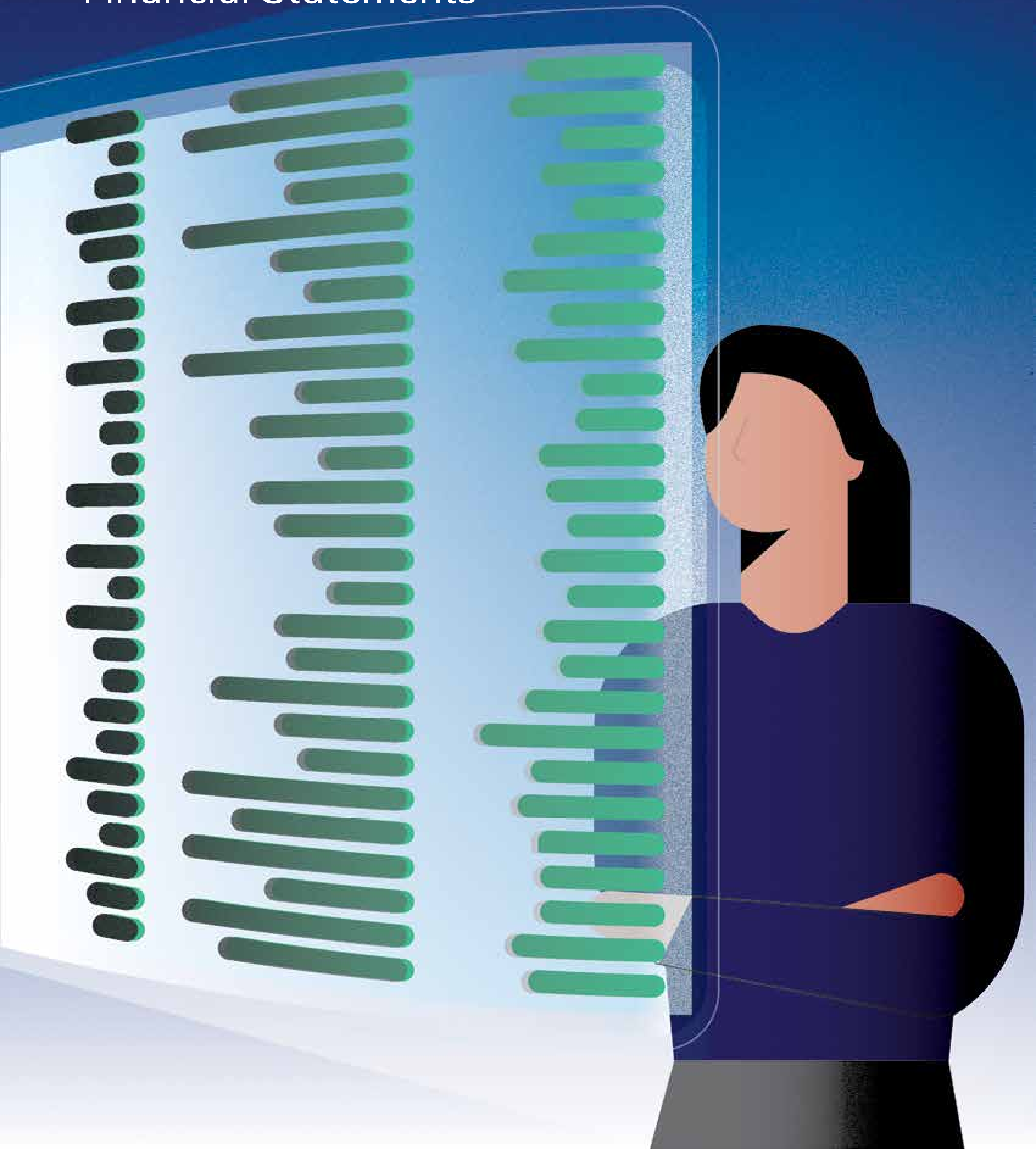
A public deed dated December 4th, 2014 granted at the Santiago Notary Office owned by Ms. María Gloria Acharán Toledo reduced the minutes of the Transelec Norte S.A. 131st Special Board of Directors Meeting dated November 26th, 2014 to a document of public record and constituted the takeover merger with Transelec Norte S.A., ID 99.521.950 by Transelec S.A., ID 76.555.400-4, which purchased all of the corporation's shares. The extract was inscribed in page 94,440, N° 57,701 of the Santiago Real Estate Registrar Commercial Registry dated 2014 and was published in the Official Gazette 31 December 2014. A public deed dated November 27th, 2014 granted at the Santiago Notary Office owned by Ms. María Gloria Acharán Toledo reduced the minutes of the Transelec Norte S.A. 116th Special Board of Directors Meeting dated November 26th, 2014 to a document of public record, constituting the takeover merger with Transelec Norte S.A., ID 99.521.950 by Transelec S.A., ID 76.555.400-4, which purchased all of the corporation's shares. Transelec S.A. declares that is the legal successor of Transelec Norte S.A., assuming all of its rights and obligations, and declares that it is jointly and severally responsible for any taxes owed or that may be owed.

TRANSELEC S.A. TAKEOVER MERGER WITH INVERSIONES ELÉCTRICAS TRANSAM CHILE LIMITADA

A public deed dated August 31st, 2015 granted at the Santiago Notary Office owned by Mr. Raúl Undurraga Laso constituted the takeover merger with Eléctricas Transam Chile Limitada, ID 76.384.810-8 by Transelec S.A., ID 76.555.400-4, which purchased all of the corporation's shares. An extract was inscribed in page 71,421, N° 41,726 of the Santiago Real Estate Registrar Commercial Registry dated September 30th, 2015.

9.

Financial Statements



Consolidated Financial Statements
TRANSELEC S.A. AND SUBSIDIARY

Santiago, Chile
December 31, 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

Independent Auditors' Report

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

We have audited the accompanying consolidated financial statements of Transelec S.A. and its subsidiary (the "Company"), which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the related consolidated statements of comprehensive income, changes in equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Information

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB). This responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Transelec S.A. and its subsidiary as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board ("IASB").

Other-matter – Translation into English

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

Santiago, Chile March 23, 2022

Pablo Vásquez Urrutia
Rut:12.462.115-1

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TRANSELEC S.A. AND SUBSIDIARY
Consolidated Statements of Financial Position
As of December 31, 2021 and 2020
Expressed in thousands of Chilean pesos (ThCh$)

ASSETS	Note	12-31-2021 ThCh$	12-31-2020 ThCh$
CURRENT ASSETS			
Cash and cash equivalents	5	234,518,965	105,840,150
Other financial assets	8	1,649,550	1,149,191
Other non-financial assets	13	8,485,831	10,106,103
Trade and other receivables	6	83,703,176	119,373,154
Receivables from related parties	7	2,636,917	1,633,280
Inventory		644,500	428,238
Total Current Assets		**331,638,939**	**238,530,116**
NON-CURRENT ASSETS			
Other financial assets	8	226,031,822	72,566,466
Other non-financial assets	13	8,193,431	8,052,091
Receivables from related parties	7	242,500,186	206,388,399
Intangible assets other than goodwill	9	186,073,067	183,143,503
Goodwill	10	343,059,078	343,059,078
Property, plant and equipment, net	11	1,815,852,103	1,687,657,119
Assets for rights of use	12	3,039,468	4,618,992
Total Non-Current Assets		**2,824,749,155**	**2,505,485,648**
TOTAL ASSETS		**3,156,388,094**	**2,744,015,764**

The accompanying notes number 1 to 32 form an integral part of these Consolidated Financial Statements

TRANSELEC S.A. AND SUBSIDIARY
Consolidated Statements of Financial Position
As of December 31, 2021 and 2020
Expressed in thousands of Chilean pesos (ThCh$)

LIABILITIES	Note	12-31-2021 ThCh$	12-31-2020 ThCh$
CURRENT LIABILITIES			
Other financial liabilities	15	26,072,718	22,951,309
Liabilities for leases	16	1,575,598	1,557,403
Trade and other payables	17	176,411,700	56,778,382
Accounts payable related entities	7	17,404,007	28,722,472
Provisions for employee benefits	20	8,490,205	9,419,762
Other non-financial liabilities		3,606,708	5,288,022
Total Current Liabilities		**233,560,936**	**124,717,350**
NON-CURRENT LIABILITIES			
Other financial liabilities	15	1,704,954,466	1,514,452,089
Liabilities for leases	16	1,533,445	3,184,558
Deferred tax liabilities	14	236,608,096	200,346,628
Provisions for employee benefits	20	3,468,299	3,472,839
Other non-financial liabilities		4,354,436	4,752,008
Total Non-Current Liabilities		**1,950,918,742**	**1,726,208,122**
TOTAL LIABILITIES		**2,184,479,678**	**1,850,925,472**
EQUITY			
Paid -issued in capital	22	776,355,048	776,355,048
Retained earnings		175,578,953	134,234,420
Other reserves	22	19,974,415	(17,499,176)
Equity attributable to owners of the parent		971,908,416	893,090,292
Non-controlling interest		-	-
TOTAL EQUITY		**971,908,416**	**893,090,292**
TOTAL EQUITY AND LIABILITIES		**3,156,388,094**	**2,744,015,764**

The accompanying notes number 1 to 32 form an integral part of these Consolidated Financial Statements

TRANSELEC S.A. AND SUBSIDIARY
Consolidated Statements of Comprehensive Income by Function
For the years ended December 31, 2021 and 2020
Expressed in thousands of Chilean pesos (ThCh$)

STATEMENT OF COMPREHENSIVE INCOME BY FUNCTION	Note	01-01-2021 12-31-2021	01-01-2020 12-31-2020
		ThCh$	ThCh$
Operating revenues	23	305,857,910	333,302,813
Cost of sales	24	(88,388,890)	(93,224,315)
GROSS MARGIN		**217,469,020**	**240,078,498**
Administrative expenses	24	(26,301,884)	(24,392,013)
Other gains	23	754,255	1,311,924
Financial income	24	10,646,541	11,130,297
Financial expenses	24	(70,228,788)	(75,998,128)
Foreign exchange differences	24	389,325	369,354
Income by indexed units	24	(51,560,390)	(20,473,442)
Profit Before Tax		**81,168,079**	**132,026,490**
Income tax expense	25	(22,419,011)	(35,761,105)
Profit from continuing operations		**58,749,068**	**96,265,385**
Profit from discontinued operations		**-**	**-**
Profit attributable to owners of the parent		**58,749,068**	**96,265,385**
Profit attributable to non-controlling interests		**-**	**-**
Profit		**58,749,068**	**96,265,385**
Earnings Per Share			
Basic/diluted earnings per share from continuing operations ($/a)	26	58,749	96,265
Basic/diluted earnings per share from discontinued operations ($/a)	26	-	-
Basic/diluted earnings per share ($/a)		**58,749**	**96,265**

The accompanying notes number 1 to 32 form an integral part of these Consolidated Financial Statements

TRANSELEC S.A. AND SUBSIDIARY
Consolidated Statements of Comprehensive Income by Function
For the years ended December 31, 2021 and 2020
Expressed in thousands of Chilean pesos (ThCh$)

STATEMENT OF COMPREHENSIVE RESULTS	Note	01-01-2021 12-31-2021 ThCh$	01-01-2020 12-31-2020 ThCh$
Profit		58,749,068	96,265,385
Components of other comprehensive income that will be reclassified to income for the period, before taxes			
Foreign Currency Translation			
Gains (losses) on foreign currency translation differences, before taxes	22	-	(296,756)
Employee benefit plans	22	221,873	188,351
Cash flow hedges			
Gains (losses) on cash flow hedges	22	51,111,813	30,861,409
Total other comprehensive income that will be reclassified to income for the period, before taxes		**51,333,686**	**30,753,004**
Income taxes related to components of other comprehensive income that will be reclassified to the result of the period			
Income tax related to translation differences of other comprehensive income	22	-	80,124
Income tax related to cash flow hedges of other comprehensive income	22	(13,800,190)	(8,332,580)
Income tax related to actuarial calculation	22	(59,905)	(50,855)
Total income tax related to components of other comprehensive income that will be reclassified to the result of the period		**(13,860,095)**	**(8,303,311)**
Total comprehensive income		**37,473,591**	**22,449,693**
Total comprehensive income		**96,222,659**	**118,715,078**
Comprehensive income attributable to:			
Comprehensive income attributable to owners of the parent		96,222,659	118,715,078
Comprehensive income attributable to non-controlling interests		-	-
Total comprehensive income and expense result		**96,222,659**	**118,715,078**

The accompanying notes number 1 to 32 form an integral part of these Consolidated Financial Statements

TRANSELEC S.A. AND SUBSIDIARY
Consolidated Statement of Changes in Equity
For the years ended December 31, 2021 and 2020
Expressed in thousands of Chilean pesos (ThCh$)

Movements	Note	Paid-in capital ThCh$	Reserve for foreign translation adjustment ThCh$	Reserve for cash flow hedges ThCh$	Actuarial Losses ThCh$	Total reserves ThCh$	Accumulated gains (losses ThCh$	Equity attributable to owners of the parent ThCh$	Non-controlling interest ThCh$	Total equity 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 (loss)		-	-	-	-	-	58,749,068	58,749,068	-	58,749,068
Other comprehensive income		-	-	37,311,623	161,968	37,473,591	-	37,473,591	-	37,473,591
Total comprehensive income		**-**	**-**	**37,311,623**	**161,968**	**37,473,591**	**58,749,068**	**96,222,659**	**-**	**96,222,659**
Dividends	22.3	-	-	-	-	-	(17,404,535)	(17,404,535)	-	(17,404,535)
Total increase (decrease) in equity		-	-	37,311,623	161,968	37,473,591	41,344,533	78,818,124	-	78,818,124
Equity at the end of 12-31-2021	**22**	**776,355,048**	**-**	**19,269,593**	**704,822**	**19,974,415**	**175,578,953**	**971,908,416**	**-**	**971,908,416**

Movements	Note	Paid-in capital ThCh$	Reserve for foreign translation adjustment ThCh$	Reserve for cash flow hedges ThCh$	Actuarial Losses ThCh$	Total reserves ThCh$	Accumulated gains (losses ThCh$	Equity attributable to owners of the parent ThCh$	Non-controlling interest ThCh$	Total equity ThCh$
Opening balance as of 01-01-2021		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 (loss)		-	-	-	-	-	96,265,385	96,265,385	-	96,265,385
Other comprehensive income		-	(216,632)	22,528,829	137,496	22,449,693	-	22,449,693	-	22,449,693
Total comprehensive income		**-**	**(216,632)**	**22,528,829**	**137,496**	**22,449,693**	**96,265,385**	**118,715,078**	**-**	**118,715,078**
Dividends	22.3	-	-	-	-	-	(72,574,956)	(72,574,956)	-	(72,574,956)
Total increase (decrease) in equity		-	(216,632)	22,528,829	137,496	22,449,693	23,690,429	46,140,122	-	46,140,122
Equity at the end of 12-31-2020	**22**	**776,355,048**	**-**	**(18,042,030)**	**542,854**	**(17,499,176)**	**134,234,420**	**893,090,292**	**-**	**893,090,292**

The accompanying notes number 1 to 32 form an integral part of these Consolidated Financial Statements

TRANSELEC S.A. AND SUBSIDIARY
Consolidated Statements of Cash Flows
For the years ended December 31, 2021 and 2020
Expressed in thousands of Chilean pesos (ThCh$)

DIRECT METHOD CASH FLOW STATEMENT	Note	12-31-2021 ThCh$	12-31-2020 ThCh$
Cash flows provided by (used in) operating activities			
Classes of receipts from operating activities:			
Cash receipts from sales of goods and services		562,766,663	462,681,121
Cash receipts from related party for services rendered	7	6,897,521	2,562,432
Cash receipts from related party for interest received	7	8,954,870	8,537,233
Other proceeds from operating activities		571,476	612,255
Types of payments for operating activities:			
Payments to suppliers for goods and services		(18,891,240)	(115,564,715)
Payments of interest for rights of use		(88,469)	(114,239)
Other payments for operating activities		(90,587,975)	(60,476,858)
Payments to and on behalf of employees		(20,735,073)	(17,519,121)
Interest paid		(75,390,145)	(76,912,022)
Net cash flows provided by operating activities		**373,497,628**	**203,806,086**
Cash Flows Provided by (Used in) Investing Activities			
Additions of property, plant and equipment		(213,729,214)	(215,100,040)
Loan collection to related entities	7	-	29,180,023
Accounts receivable from related entities - mercantile	7	(2,301,755)	(120,799)
Collections to related entities	7	29,192,846	54,681,871
Payments made to related entities	7	(28,818,987)	(34,798,213)
Net cash flows used in investing activities		**(215,657,110)**	**(166,157,158)**
Cash Flows Provided by (Used in) Financing Activities			
Loan		-	75,706,000
Loan Payment		-	(73,158,000)
Payment for rights of use		(1,455,982)	(1,359,744)
Dividends paid	22.3	(28,723,000)	(43,852,484)
Net cash flows used in financing activities		**(30,178,982)**	**(42,664,228)**
Net increase in cash and cash equivalents, before the effect of changes in the exchange rate		**127,661,536**	**(5,015,300)**
Effects of changes in the exchange rate on cash and cash equivalents			
Effects of changes in the exchange rate on cash and cash equivalents		1,017,279	2,213,088
Net increase in cash and cash equivalents		128,678,815	(2,802,212)
Cash and cash equivalents at the beginning of the year	**5**	**105,840,150**	**108,642,362**
Cash and cash equivalents at the ending of the year	**5**	**234,518,965**	**105,840,150**

The accompanying notes number 1 to 32 form an integral part of these Consolidated Financial Statements

TRANSELEC S.A. AND SUBSIDIARY
Notes to the Consolidated Financial Statements
As of December 31, 2021 and 2020
Expressed in thousands of Chilean pesos (ThCh$)

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 Consolidated Financial Statements of the Company for the period ended December 31, 2021, were approved by the Board at its meeting N° 226 held on March 23, 2022.

TRANSELEC S.A. AND SUBSIDIARY
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2- SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

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

2.1 Basis of preparation of the Consolidated Financial Statements

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

In preparing these 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 Consolidated Financial Statements are described in Note 4.

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

The accounting policies adopted in the preparation of the 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 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 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.

2.2 Basis of Consolidation of the Consolidated Financial Statements

The 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES *(Continued)*
2.2 Basis of Consolidation of the Consolidated Financial Statements *(Continued)*

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:

Rut	Subsidiary	Participation Share		Country of origin	Functional currency
		31-12-2021	31-12-2020		
76.538.831-7	Transmisión del Melado SpA	100%	100%	Chile	CLP

2.3 New standards and interpretations accounting

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

IFRS	New standards, amendments and interpretations	Mandatory Effective Date
IFRS 4 - IFRS 7 - IFRS 9 - IFRS 16 - IAS 39	Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 01, 2021
IFRS-16	COVID-19 Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)	April 01, 2021

The standards and interpretations, as well as the improvements and amendments to IFRS, which have been issued but are not yet effective at the date of these Consolidated Financial Statements, are detailed below. The Company has not adopted these standards in advance:

IFRS	New standards	Mandatory Effective Date
IFRS 17	Insurance Contracts	January 01, 2023

2.3.1 New Standards

IFRS 17 Insurance Policies

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

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

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

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

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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 Consolidated Financial Statements, are detailed below:

Normative	Enhancements and Modifications	Date of obligatory application
IAS 1	Classification of Liabilities as Current or Non-Current	January 01, 2023
IFRS 3	Reference to the Conceptual Framework	January 01, 2022
IAS 16	Property, Plant and Equipment – Proceeds before Intended Used	January 01, 2022
IAS 37	Onerous Contracts – Costs of Fulfilling a Contract	January 01, 2022
IFRS 1 - IFRS 9 - IFRS 16 - IAS 41	Annual Improvements to IFRS Standards 2018-2020	January 01, 2022
IAS 1 y IFRS- Declaración Práctica 2	Disclosure of Accounting Policies (Amendments to IAS 1	January 01, 2023
IAS 8	Definition of Accounting Estimates	January 01, 2023
NIC 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	January 01 ,2023

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

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

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

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

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

Reference to the Conceptual Framework (Amendments to IFRS 3)

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

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

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

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

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

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for

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2. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES *(continued)*

2.3 New standards and interpretations accounting *(Continued)*

2.3.2 Enhancements and Modifications *(Continued)*

use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognizes such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

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

The amendments are applied retrospectively, but only to items of property, plant and equipment that are
brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

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

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

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.

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

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 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES *(continued)*

2.3 New standards and interpretations accounting *(Continued)*

2.3.2 Enhancements and Modifications *(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.

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

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

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

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

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

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

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

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

Definition of Accounting Estimates (Amendments to IAS 8)

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error

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

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

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

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

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2. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES *(continued)*

2.3 New standards and interpretations accounting *(Continued)*

2.3.2 Enhancements and Modifications *(Continued)*

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

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

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

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

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

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

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

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

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

2.4 Foreign currency translation

2.4.1 Functional and presentation currency

The Company's functional currency is the Chilean peso. These 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES *(Continued)*

2.4 Foreign currency translation *(Continued)*

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	
	12-31-2021	12-31-2020
Unidad de Fomento	30,991.74	29,070.33
Dólar estadounidense	844.69	710.95
Euro	955.64	873.30

2.5 Financial reporting by operating segments

The Company manages its operations and presents information in the 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.

2.6 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES *(Continued)*

2.6 Property, plant and equipment *(Continued)*

The following table details the ranges of useful lives periods applied to principal classes of assets and used to determine depreciation expense:

Items	Range of estimated useful life	
	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 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.

2.8 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES *(Continued)*

2.8 Impairment of non-financial assets *(Continued)*

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	12-31-2021	12-31-2020	Descripction
Discount rate	8,49%	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.
Flows estimation period	5 años	5 años	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.

2.9 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. This 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 has an impairment that is not reversible, the difference has to be recorded as a loss of the period.

c) Fair value through profit or loss

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

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2. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES *(Continued)*

2.9 Financial instruments *(Continued)*

1) Non-derivatives Financial Assets *(Continued)*

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 180 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. These 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 18).

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 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES *(Continued)*

2.9 Financial instruments *(Continued)*

5) Derivatives and Hedge activities *(Continued)*

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.

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 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.

8) Compensation of financial assets and liabilities

The Company compensate financial assets and liabilities, presenting the net amount in its 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES *(Continued)*

2.12 Income tax and deferred taxes *(Continued)*

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 enough against which the deductible temporary differences and the carry forward of unused tax credit can be utilized.

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.

2.13.2 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES *(Continued)*

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 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, 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 subtransmission 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES *(Continued)*

2.16 Revenue recognition *(Continued)*

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.

2.17.1 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.

2.17.3.1 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES *(Continued)*

2.17 Leases *(Continued)*

2.17.3 Rights from Use of Lease *(Continued)*

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.

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.

2.17.3.3 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 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.

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 December 31, 2021 and 2020 is reported in Note 22.3.

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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 180 days.

b) Entering into swap contracts and other instruments to maintain a balanced foreign exchange position.

c) Entering into long-term fixed rate indebtedness thus limiting risk from variable interest rates.

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.

3.1.1.1 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 December 31, 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 Rate	Type of Rate	Amount in Original Currency (thousand)	
				12-31-2021	12-31-2020
Bono Serie D	UF	4,25%	Fixed	13.500	13.500
Bono Serie H	UF	4,80%	Fixed	3.000	3.000
Bono Serie K	UF	4,60%	Fixed	1.600	1.600
Bono Serie M	UF	4,05%	Fixed	3.400	3.400
Bono Serie N	UF	3,95%	Fixed	3.000	3.000
Bono Serie Q	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	1,20913%	Floating (*)	-	-

(*) The floating interest rate of 1.20913% of the committed line of credit is broken down into a 3-month LIBOR rate plus a margin of 1.00%. As of December 31, 2021 and 2020, the Company does not maintain amounts drawn by this line.

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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$)		
		Inflation (3%)	Inflation (4%)	Inflation (2%)
Bono D	(13,422,201)	(12,478)	(16,638)	(8,319)
Bono H	(3,000,707)	(2,790)	(3,720)	(1,860)
Bono K	(1,598,982)	(1,487)	(1,982)	(991)
Bono M	(1,474,165)	(1,370)	(1,827)	(914)
Bono M1	(1,864,178)	(1,733)	(2,311)	(1,155)
Bono N	(2,881,353)	(2,679)	(3,571)	(1,786)
Bono Q	(3,074,723)	(2,859)	(3,812)	(1,906)
Total	**(27,316,309)**	**(25,396)**	**(33,861)**	**(16,931)**

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.

Concepts	Liabilities		Assets	
	12-31-2021 MCh$	12-31-2020 MCh$	12-31-2021 MCh$	12-31-2020 MCh$
U.S. dollar (amounts associated with balance sheet items)	875.783	729.075	868.719	733.240
Chilean peso	2.275.571	2.007.075	2.282.636	2.002.910

Indexation formulas semiannual application incorporated into contracts tolls and subtransmission 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.

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3. RISK MANAGEMENT POLICY *(Continued)*
3.1 Financial risk *(Continued)*
3.1.1 Market risk *(Continued)*

3.1.1.2.1 Sensivity análisis

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$)	459	(1)	1	-	-	-
Leasing (US$)	35,706	(47)	47	-	-	-
Forwards (assets) (US$)	7,926	-	-	88	-	-
Senior Notes (US$)	(875,783)	1,152	(1,152)	-	-	-
Swaps	605,831	(797)	797	191,846	(252)	252
Intercompany loan (US$)	218,798	(288)	288	-	-	-
Total	**(7,063)**	**19**	**(19)**	**191,934**	**(252)**	**252**

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 significant amounts.

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

Concept	12-31-2021	12-31-2020
	ThCh$	ThCh$
Enel Group	106,657,350	101,185,263
AES Gener Group	51,178,496	57,645,432
CGE Group	47,700,907	49,745,907
Colbún Group	37,121,869	34,326,740
Engie (E-CL) Group	27,689,610	26,966,883
Others	35,509,678	63,432,588
Total	**305,857,910**	**333,302,813**
% of concentration of top customers	**88.39%**	**80.97%**

One-time charges, 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.

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3. RISK MANAGEMENT POLICY *(Continued)*
3.1 Financial risk *(Continued)*
3.1.2 Credit risk *(Continued)*

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.

(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	MMUS$250
(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. In May 2021, the line was renewed until May 28, 2024 with The Bank of Nova Scotia, Bank of China, Santander, Bank of Tokyo-Mitsubishi, JP Morgan Bank and Sumitomo Mitsui Banking Corporation.

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 December 31, 2021 and 2020

Debt maturity (equity and interest)	Less than 1 Years ThCh$	1 to 3 years ThCh$	3 to 5 years ThCh$	5 to 10 years ThCh$	More than 10 years ThCh$	Total ThCh$
December 31, 2021	67.424.478	360.358.375	389.692.333	923.181.181	336.558.443	2.077.214.810
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 18.2.

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.

(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.

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3. RISK MANAGEMENT POLICY *(Continued)*
3.1 Financial risk *(Continued)*
3.1.3 Liquidity risk *(Continued)*

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 2021, 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.

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 implemented a hybrid modality of teleworking and on office work in all administrative and managing tasks maintaining the quality in its performance in this regard.

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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 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 Consolidated Financial Statements.

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5- CASH AND CASH EQUIVALENTS

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

Cash And Cash Equivalents	12-31-2021 ThCh$	12-31-2020 ThCh$
Bank and cash	8,092,654	3,875,016
Short term deposits	140,957,540	-
Reverse repurchase agreements and mutual funds	85,468,771	101,965,134
Total	**234,518,965**	**105,840,150**

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

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

Detail	Currency	12-31-2021 ThCh$	12-31-2020 ThCh$
Amount of cash and cash equivalents	U.S. dollars	478,354	2,282,670
Amount of cash and cash equivalents	Euros	11,612	10,612
Amount of cash and cash equivalents	Chilean pesos	234,028,999	103,546,868
Total		**234,518,965**	**105,840,150**

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

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6- TRADE AND OTHER RECEIVABLES

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

Concept	12-31-2021 ThCh$	12-31-2020 ThCh$
Trade receivables	83,537,861	119,247,383
Miscellaneous receivables	165,315	125,771
Total trade and other receivables	**83,703,176**	**119,373,154**

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

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

Concept	12-31-2021 ThCh$	12-31-2020 ThCh$
Maturing in less than 30 days	78,616,886	73,695,790
Maturing in more than 30 days up to 1 year	5,086,290	45,677,364
Total	**83,703,176**	**119,373,154**

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

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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	Relation	Currency	Current		Non-current	
							12-31-2021	12-31-2020	12-31-2021	12-31-2020
							ThCh$	ThCh$	ThCh$	ThCh$
76.560.200-9	Transelec Holding Rentas Ltda.	Chile	Loan	09-21- 2015/ 11-28-2027	Parent Company	UF	-	-	218,797,622	184,155,334
76.560.200-9	Transelec Holding Rentas Ltda.	Chile	Loan	06-30-2015/ 11-28-2027	Parent Company	USD	-	-	-	-
76.560.200-9	Transelec Holding Rentas Ltda.	Chile	Accounts receivable	Not defined	Parent Company	Ch$	1,964,559	1,964,559	-	-
76.524.463-3	Transelec Concesiones S.A.	Chile	Accounts receivable	Not defined	Indirect	Ch$	279,805	279,805	-	-
76.248.725-K	CyT Operaciones SpA	Chile	Accounts receivable	Not defined	Indirect	Ch$	144,362	144,362	-	-
20604938300	Conelsur SV	Perú	Accounts receivable	Not defined	Indirect	Ch$	18,725	18,725	-	
20601047005	Conelsur LT SAC	Perú	Accounts receivable	Not defined	Indirect	Ch$	167,036	167,036	-	-
76.920.929-8	Transmisora del Pacifico SA	Chile	Accounts receivable	Not defined	Indirect	Ch$	62,430	62,430	-	
Total							**2,636,917**	**1,633,280**	**242,500,186**	**206,388,399**

Account payable to related companies

Tax ID Number	Company	Country	Description	Start	Relation	Currency	Current		Non-current	
							12-31-2021	12-31-2020	12-31-2021	12-31-2020
							ThCh$	ThCh$	ThCh$	ThCh$
76.560.200-9	Transelec Holding Rentas Ltda.	Chile	Dividends payable	Not defined	Parent Company	Ch$	17,402,267	28,719,600	-	-
76.559.580-0	Rentas Eléctricas I Limitada	Chile	Dividends payable	Not defined	Parent Company	Ch$	1,740	2,872	-	-
Total							**17,404,007**	**28,722,472**	**-**	**-**

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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	12-31-2021 Amount ThCh$	12-31-2021 Effect on income ThCh$	12-31-2020 Amount ThCh$	12-31-2020 Effect on income ThCh$
76.560.200-9	Transelec Holdings Rentas Ltda.	Chile	Indirect	merchant current account charged	28,818,987	-	48,362,512	-
76.560.200-9	Transelec Holdings Rentas Ltda.	Chile	Indirect	Commercial current account granted	28,818,987	-	34,798,213	-
76.560.200-9	Transelec Holdings Rentas Ltda.	Chile	Indirect	Commercial current account granted	1,964,559	-	-	-
76.560.200-9	Transelec Holdings Rentas Ltda.	Chile	Indirect	loans collected	-	-	29,180,023	-
76.560.200-9	Transelec Holdings Rentas Ltda.	Chile	Indirect	interest charged	8,954,870	-	8,537,233	-
76.560.200-9	Transelec Holdings Rentas Ltda.	Chile	Indirect	Interest gained	8,553,554	8,553,554	9,101,798	9,101,798
76.560.200-9	Transelec Holdings Rentas Ltda.	Chile	Indirect	exchange rate	35,033,300	35,033,300	(10,060,869)	(10,060,869)
76.560.200-9	Transelec Holdings Rentas Ltda.	Chile	Indirect	UF Reset	1,479,803	1,479,803	585,194	585,194
76.560.200-9	Transelec Holdings Rentas Ltda.	Chile	Indirect	dividends payable	17,402,267	-	28,719,600	-
76.559.580-0	Rentas Eléctricas I Ltda	Chile	Parent Company	dividends payable	1,740	-	2,872	-
76.559.580-0	Rentas Eléctricas I Ltda	Chile	Parent Company	Commercial current account granted	337,196	-	-	-
76.559.580-0	Rentas Eléctricas I Ltda	Chile	Parent Company	merchant current account charged	373,859	-	-	-
76.524.463-3	Transelec Concesiones S.A.	Chile	Indirect	monthly services	2,629,641	2,629,641	1,128,169	1,128,169
76.524.463-3	Transelec Concesiones S.A.	Chile	Indirect	amounts collected	3,394,893	-	370,428	-
76.524.463-3	Transelec Concesiones S.A.	Chile	Indirect	Commercial current account granted	-	-	120,799	-
76.524.463-3	Transelec Concesiones S.A.	Chile	Indirecta	merchant current account charged	-	-	120,799	-

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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 *(Continued)*

Tax ID Number	Company	Country	Relation	Description	12-31-2021 Amount ThCh$	12-31-2021 Effect on income ThCh$	12-31-2020 Amount ThCh$	12-31-2020 Effect on income ThCh$
76.920.929-8	Transmisora del Pacífico S.A.	Chile	Indirecta	Monthly services	934,917	934,917	-	-
76.920.929-8	Transmisora del Pacífico S.A.	Chile	Indirecta	Amounts charged	840,413	-	-	-
76.920.929-8	Transmisora del Pacífico S.A.	Chile	Indirecta	Merchant checking account collected	-	-	391,128	-
76.248.725-K	CYT Operaciones SpA	Chile	Indirecta	Monthly services	1,816,566	1,816,566	1,921,547	1,921,547
76.248.725-K	CYT Operaciones SpA	Chile	Indirecta	Amounts charged	1,993,752	-	1,601,823	-
76.248.725-K	CYT Operaciones SpA	Chile	Indirecta	Merchant checking account collected	-	-	5,807,432	-
20604938300	Conelsur SV	Perú	Indirecta	Monthly services	607,253	607,253	668,955	668,955
20604938300	Conelsur SV	Perú	Indirecta	amounts charged	598,500	-	509,989	-
20601047005	Conelsur LT	Perú	Indirecta	Monthly services	88,688	88,688	40,165	40,165
20601047005	Conelsur LT	Perú	Indirecta	Amounts charged	69,963	-	80,192	-

These operations are in accordance with the provisions of Articles No. 44 and 49 of Law No. 18.046, on Corporations.

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.

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7. BALANCES AND TRANSACTIONS WITH RELATED PARTIES *(Continued)*

7.2 Board of Directors and management *(Continued)*

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 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 December 2021 and has had two extraordinary sessions in the fourth 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. Scott Lawrence, Mr. Richard Cacchione, Mr. Jordan Anderson, and Mr. Ganxiang Tang 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.

Director	12-31-2021 ThCh$	12-31-2020 ThCh$
Scott Lawrence (Presidente)*	-	-
Brenda Eaton	-	14,963
Blas Tomic Errázuriz	66,880	72,145
Mario Alejandro Valcarce Durán	66,880	72,145
Patricia Angelina Nuñez Figueroa**	43,154	72,145
Juan Ramon Benabarre Benaiges	66,880	72,145
Andrea Butelmann Peisajoff	66,880	42,518
Jordan Anderson*	-	-
Ganxiang Tang*	-	-
Richard Cacchione*	-	-
Claudio Campos Bierwirth	-	-

* Mr. Scott Lawrence (President), Ganxiang Tang, Richard Cacchione, and Jordan Anderson resigned their respective allowances for the period 2020 and 2021.

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

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7. BALANCES AND TRANSACTIONS WITH RELATED PARTIES *(Continued)*

7.3 Board expenses

As of December 31, 2021, Transelec's board of directors received training on Compliance, held on October 6, 2021, for 15 UF. As of December 31, 2020, expenses were incurred in the In Company Program training given by the PUC Corporate Government Center on September 2, 2020, for UF 200.

7.4 Audit 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 Consolidated Financial Statements and internal systems.

Transelec's Audit Committee is composed of five 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 four sessions during 2021.

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 and Mr. Richard Cacchiones and Mr.Tao He as well as the Secretary, Mr. Arturo Le Blanc Cerda.

As of the date of these 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 December 31, 2021 and 2020:

Director	31-12-2021 M$	31-12-2020 M$
Mario Alejandro Valcarce Duran	7,110	7,487
Patricia Angelina Nuñez Figueroa *	7,110	7,487
Juan Ramón Benabarre Benaiges	7,110	7,487
Alfredo Ergas Segal	-	-
Richard Cacchiones	-	-
Tao He	-	-

* 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 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*
Sebastian Fernandez Cox	Vice-President of Business Development
Francisco Castro Crichton	Vice-President of Finance
Bernardo Canales Fuenzalida	Vice President of Engineering and Project
Claudio Aravena Vallejo	Vice-President of Human Resources
Arturo Le Blanc Cerda	Vice-President of Legal Matters
Rodrigo López Vergara	Vicepresidente de Operaciones
David Noe Scheinwald	Vice-President of Corporate Affairs and

* In the Ordinary Board Session of December 16, 2021, it was decided to initiate a succession process for the company's General Manager, given the expression of interest of Mr. Andres Kuhlmann to generate a process to replace his position after 15 years in the position. Management estimates that the process will end during the first half of 2022.

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7. BALANCES AND TRANSACTIONS WITH RELATED PARTIES *(Continued)*

7.5 Compensation of key management that are not Directors *(Continued)*

The foregoing was reported by the Company to the Financial Market Commission through an essential event dated December 16, 2021.

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:

Concept	12-31-2021 ThCh$	12-31-2020 ThCh$
Salaries	2,121,140	2,026,983
Short-term employee benefits	797,950	819,401
Long-term employee benefits	720,250	1,602,254
Total compensation received by key management personnel	**3,639,340**	**4,448,638**

8- OTHER FINANCIAL ASSETS, LEASES

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

Concept	12-31-2021		12-31-2020	
	Current	Non-Current	Current	Non-Current
	ThCh$	ThCh$	ThCh$	ThCh$
Finance lease receivables	1,561,768	34,144,266	1,149,191	27,682,949
Swap Contracts (see note 18)	-	191,845,804	-	44,841,765
Forward Contracts (see note 18)	87,782	-	-	-
Other financial assets	-	41,752	-	41,752
Total Other financial assets	**1,649,550**	**226,031,822**	**1,149,191**	**72,566,466**

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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	12-31-2021		
	Present Value ThCh$	Interest receivable ThCh$	Gross investment ThCh$
Less than 1	1,561,768	4,010,834	5,572,602
1-5	6,136,983	15,048,774	21,185,757
Over 5	28,007,283	41,745,908	69,753,191
Total	**35,706,034**	**60,805,516**	**96,511,550**

Period in years	12-31-2020		
	Present Value ThCh$	Interest receivable ThCh$	Gross investment ThCh$
Less than 1	1,149,191	3,249,529	4,398,720
1-5	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:

Concept	12-31-2021 ThCh$	12-31-2020 ThCh$
Opening balance	**28,832,140**	**31,492,896**
Additions	2,678,127	24,811
Amortization	(1,492,458)	(1,125,974)
Translation difference	5,688,225	(1,559,593)
Ending balance	**35,706,034**	**28,832,140**

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9- INTANGIBLE ASSETS OTHER THAN GOODWILL

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

Intangible assets, net	12-31-2021 ThCh$	12-31-2020 ThCh$
Rights of way	181.321.476	179.394.850
Software	4.751.591	3.748.653
Total identified intangible assets	**186.073.067**	**183.143.503**

Intangible assets, net	12-31-2021 ThCh$	12-31-2020 ThCh$
Rights of way	181.321.476	179.394.850
Software	22.925.698	20.160.583
Total intangible assets	**204.247.174**	**199.555.433**

Accumulated amortization and impairment	12-31-2021 ThCh$	12-31-2020 ThCh$
Software	(18.174.107)	(16.411.930)
Total accumulated amortization	**(18.174.107)**	**(16.411.930)**

The easements of Transelec S.A. represent intangible assets with an indefinite useful life.

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9. INTANGIBLE ASSETS OTHER THAN GOODWILL *(Continued)*

The composition and movements of intangible assets As of December 31, 2021 and 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**
Additions	2,105,465	2,765,116	4,870,581
Retirements	(178,839)	-	(178,839)
Amortization	-	(1,762,178)	(1,762,178)
Final balance as of 12-31-2021	**181,321,476**	**4,751,591**	**186,073,067**

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**
Adiciones	3,246,476	695,196	3,941,672
Retiros	(178,839)	-	(178,839)
Amortización	-	(2,821,699)	(2,821,699)
Final balance 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 December 31, 2021 and 2020 to be recovered.

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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.

10.1 Measurement of the recoverable value of goodwill

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

Detail	12-31-2021 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 Consolidated Financial Statements

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

Concept	12-31-2021 ThCh$
Opening balance as of 01-01-2021	343,059,078
Final balance as of 12-31-2021	**343,059,078**

Concepto	12-31-2020 ThCh$
Opening balance as of 01-01-2020	343,059,078
Final balance as of 12-31-2020	**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.

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11- PROPERTY, PLANT AND EQUIPMENT

11.1 Detail of accounts

The composition corresponds to the following detail:

Property, plant and equipment, net	12-31-2021 ThCh$	12-31-2020 ThCh$
Land	22,070,900	20,998,917
Buildings and infrastructure	906,740,407	899,288,460
Work in progress	402,151,009	252,585,609
Machinery and equipment	479,078,128	508,949,881
Other property, plant and equipment	5,811,659	5,834,252
Total Property, plant and equipment	**1,815,852,103**	**1,687,657,119**

Property, plant and equipment, gross	12-31-2021 ThCh$	12-31-2020 ThCh$
Land	22,070,900	20,998,917
Buildings and infrastructure	1,270,051,622	1,236,281,672
Work in progress	402,151,009	252,585,609
Machinery and equipment	769,601,252	778,737,992
Other property, plant and equipment	5,811,659	5,834,252
Total property, plant and equipment, gross	**2,469,686,442**	**2,294,438,442**

Accumulated depreciation of property, plant and equipment	12-31-2021 ThCh$	12-31-2020 ThCh$
Buildings and infrastructure	(363,311,215)	(336,993,212)
Machinery and equipment	(290,523,124)	(269,788,111)
Total accumulated depreciation of property, plant and equipment	**(653,834,339)**	**(606,781,323)**

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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 years ended December 31, 2021 and 2020:

Movement period 2021	Land	Buildings and infrastructure	Machinery and equipment	Work in progress	Other property, plant and equipment	Property, plant and equipment, net
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Opening balance 01-01-2021	**20,998,917**	**899,288,460**	**508,949,881**	**252,585,609**	**5,834,252**	**1,687,657,119**
Additions	-	-	-	183,358,967	121,589	183,480,556
Retirements	-	(1,159,232)	(715,177)	(114,770)	-	(1,989,179)
Transfer	1,071,983	34,424,024	(3,637,588)	(31,714,237)	(144,182)	-
Depreciation expense	-	(25,450,456)	(23,740,568)		-	(49,191,024)
Other decrements	-	(362,389)	(1,778,420)	(1,964,560)	-	(4,105,369)
Closing balance as of 12-31-2021	**22,070,900**	**906,740,407**	**479,078,128**	**402,151,009**	**5,811,659**	**1,815,852,103**

Movement period 2020	Land	Buildings and infrastructure	Machinery and equipment	Work in progress	Other property, plant and equipment	Property, plant and equipment, net
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Opening balance 01-01-2020	**20,983,646**	**896,902,191**	**478,838,192**	**135,552,321**	**5,932,186**	**1,538,208,536**
Additions		-	-	202,420,526	238,110	202,658,636
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 expense		(25,024,872)	(24,330,682)	-	-	(49,355,554)
Closing balance as of 12-31-2020	**20,998,917**	**899,288,460**	**508,949,881**	**252,585,609**	**5,834,252**	**1,687,657,119**

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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 December 31, 2021 and 2020 commitments to purchase items of property, plant and equipment arising from construction contracts under EPC (Engineering-Procurement-Construction) in the amount of ThCh$145,306,082 and ThCh$165,474,322, at the end of each period, respectively.

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

Concepts	12-31-2021	12-31-2020
Capitalization rate (Annual basis)	4.82%	4.88%
Capitalized interest costs (ThCh$)	11,392,079	6,894,242

Work in progress balances as of December 31, 2021 and 2020, amounts to ThCh$402,151,009 and ThCh$252,585,609, respectively.

12 - LEASE RIGHT OF USE

The composition of the item of Assets for rights of use as of December 31, 2021 and 2020, corresponds to the following detail.

Lease right of use	12-31-2021 ThCh$	12-31-2020 ThCh$
Land use right	55,296	70,535
Right of use Buildings	2,510,990	3,696,729
Right to use Vehicles	473,182	851,728
Total Lease right of use	**3,039,468**	**4,618,992**

Lease right of use, gross	12-31-2021 ThCh$	12-31-2020 ThCh$
Land use right	101,788	101,788
Right of use Buildings	6,010,917	6,010,917
Right to use Vehicles	1,744,202	1,744,202
Total Lease right of use, gross	**7,856,907**	**7,856,907**

Accumulated depreciation of assets for rights of use	12-31-2021 ThCh$	12-31-2020 ThCh$
Land use right	(46,492)	(31,253)
Right of use Buildings	(3,499,927)	(2,314,188)
Right to use Vehicles	(1,271,020)	(892,474)
Total Accumulated depreciation of assets for rights of use	**(4,817,439)**	**(3,237,915)**

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12. LEASE RIGHT OF USE *(Continued)*

12.1 Movements in Assets for rights of use

The book values of right-of-use assets and their movements as of December 31, 2021 and 2020 are detailed below:

Movement period 2021	Land use right	Right of use Buildings	Right to use Vehicles	Lease right of use
	ThCh$	ThCh$	ThCh$	ThCh$
Opening balance 01-01-2021	**70,535**	**3,696,729**	**851,728**	**4,618,992**
Additions	-	-	-	-
Depreciation expense	(15,239)	(1,185,739)	(378,546)	(1,579,524)
Closing balance as of 12-31-2021	**55,296**	**2,510,990**	**473,182**	**3,039,468**

Movement period 2020	Land use right	Right of use Buildings	Right to use Vehicles	Lease right of use
	ThCh$	ThCh$	ThCh$	ThCh$
Opening balance 01-01-2020	**86,162**	**4,888,529**	**152,141**	**5,126,832**
Additions	-	-	1,135,639	1,135,639
Depreciation expense	(15,627)	(1,191,800)	(436,052)	(1,643,479)
Closing balance as of 12-31-2020	**70,535**	**3,696,729**	**851,728**	**4,618,992**

As of December 31, 2021 and 2020 one of the main assets for use rights and liabilities for leases (Note 16), 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%.

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13- OTHER NON-FINANCIAL ASSETS

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

Concept	Current		Non-Current	
	12-31-2021	12-31-2020	12-31-2021	12-31-2020
	ThCh$	ThCh$	ThCh$	ThCh$
Funds for yielding easements and land	2,479,899	1,538,806	-	-
Advances to suppliers	2,054,195	1,481,012	-	-
Advance insurance	636,300	3,954,794	-	-
Consignments and guarantees	1,553,428	1,353,826	-	-
Deferred Contracts	-	-	6,977,358	6,042,418
Other non-financial assets	1,762,009	1,777,665	1,216,073	2,009,673
Total other non-financial assets, current	**8,485,831**	**10,106,103**	**8,193,431**	**8,052,091**

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14- DEFERRED TAXES

14.1 Detail of deferred tax liabilities

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

Temporary Difference Assets / (Liabilities)	Net deferred taxes	
	12-31-2021	12-31-2020
	ThCh$	ThCh$
Depreciable fixed assets	(210,868,982)	(191,266,541)
Financial expenses	-	(59,678)
Leased assets	(8,330,563)	(6,125,453)
Materials and spare parts	323,545	196,310
Tax losses	5,634,406	7,128,387
Staff severance indemnities provision	(183,577)	(173,307)
Deferred income	1,229,146	1,336,491
Obsolescence provision	1,723,366	1,482,154
Work in progress	(67,427,672)	(26,562,161)
Vacation provisions	774,821	659,438
Intangible assets	89,141	(2,742,874)
Adjustment of effective interest rate of bonds	(2,313,177)	(2,456,278)
Land	2,546,597	2,008,106
Provision Tariff Review	39,632,665	15,521,245
Goodwill	562,188	707,533
Total deferred tax liabilities	**(236,608,096)**	**(200,346,628)**

Presentation in the Statement of Financial Position:		
Deferred tax Assets	-	-
Deferred tax liabilities	(236,608,096)	(200,346,628)
Deferred taxes, net assets / (liabilities)	**(236,608,096)**	**(200,346,628)**

Tax losses balances recorded as deferred tax liabilities as of December 31, 2021, correspond to Transelec S.A. for ThCh$17,367,507 (ThUS$23,510,626 as of December 31, 2020) and Transmisión del Melado SpA for ThCh$3,500,663 (ThUS$2,890,804 as of December 31, 2020).

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14. DEFERRED TAXES *(Continued)*

14.2 Deferred tax movements

The movements of balances of “deferred taxes” in the statement of financial position for the periods as on December 31, 2021 and 2020 are as follows:

Deferred tax movements	Assets ThCh$	Liabilities ThCh$
Balance as of 01-01-2020	**-**	**156,348,593**
Increase (decrease)	-	43,998,035
Balance as of 12-31-2020	**-**	**200,346,628**
Increase (decrease)	-	36,261,468
Balance as of 12-31-2021	**-**	**236,608,096**

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.

15- OTHER FINANCIAL LIABILITIES

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

Concept	12-31-2021		12-31-2020	
	Current ThCh$	Non-Current ThCh$	Current ThCh$	Non-Current ThCh$
Bonds payable	22,002,230	1,704,954,466	18,701,867	1,514,452,089
Swap contract (see note 18)	4,070,488	-	4,070,488	-
Forward contract (see note 18)	-	-	178,954	-
Total Other financial liabilities	**26,072,718**	**1,704,954,466**	**22,951,309**	**1,514,452,089**

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15. OTHER FINANCIAL LIABILITIES *(Continued)*

15.1 Bonds payable

The obligations with the public by series, currency, effective rate and expiration as of December 31, 2021 and 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	12-31-2021 ThCh$	12-31-2020 ThCh$
76.555.400-4	Transelec S.A.	Chile	Chile	480	D	UF	4.37%	4.25%	Al final	Semestre	15-12-2027	416,876,163	390,625,246
76.555.400-4	Transelec S.A.	Chile	Chile	599	H	UF	4.79%	4.80%	Al final	Semestre	01-08-2031	94,908,657	89,009,052
76.555.400-4	Transelec S.A.	Chile	Chile	599	K	UF	4.61%	4.60%	Al final	Semestre	01-09-2031	48,514,221	47,211,060
76.555.400-4	Transelec S.A.	Chile	Chile	599	M	UF	4.26%	4.05%	Al final	Semestre	15-06-2032	45,771,109	42,878,671
76.555.400-4	Transelec S.A.	Chile	Chile	599	M-1	UF	4.23%	4.05%	Al final	Semestre	15-06-2032	57,882,413	54,217,986
76.555.400-4	Transelec S.A.	Chile	Chile	599	N	UF	4.29%	3.95%	Al final	Semestre	15-12-2038	89,410,309	83,731,059
76.555.400-4	Transelec S.A.	Chile	Chile	744	Q	UF	4.02%	3.95%	Al final	Semestre	15-10-2042	97,919,640	90,115,371
76.555.400-4	Transelec S.A.	Chile	Extranjero	1ra. emisión	Sr N	US$	5.10%	4.63%	Al final	Semestre	26-07-2023	257,967,389	216,639,226
76.555.400-4	Transelec S.A.	Chile	Extranjero	2da. emisión	Sr N	US$	4.66%	4.25%	Al final	Semestre	14-01-2025	321,200,875	269,730,293
76.555.400-4	Transelec S.A.	Chile	Extranjero	3da. emisión	Sr N	US$	4.31%	3.88%	Al final	Semestre	12-01-2029	296,505,920	248,995,992
Total												**1,726,956,696**	**1,533,153,956**

The fair value of current and non-current bonds payable, both secured and unsecured, amounts to ThCh$1,793,970,669 and ThCh$1,687,850,187 as of December 31, 2021 and 2020, respectively (it does not include other current and non-current liabilities such as swap agreements which are presented in the 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.

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15. OTHER FINANCIAL LIABILITIES *(Continued)*
15.1 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 12-31-2021	Maturity 1 to 3 years	Maturity 3 to 5 years	Maturity more than 5 years	Total Non-current 12-31-2021
			ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
76.555.400-4	Transelec S.A.	480	-	771,965	771,965	-	-	416,104,198	416,104,198
76.555.400-4	Transelec S.A.	599	1,830,755	-	1,830,755	-	-	93,077,902	93,077,902
76.555.400-4	Transelec S.A.	599	748,841	-	748,841	-	-	47,765,380	47,765,380
76.555.400-4	Transelec S.A.	599	-	81,667	81,667	-	-	45,689,442	45,689,442
76.555.400-4	Transelec S.A.	599	-	103,746	103,746	-	-	57,778,667	57,778,667
76.555.400-4	Transelec S.A.	599	-	160,691	160,691	-	-	89,249,618	89,249,618
76.555.400-4	Transelec S.A.	744	-	794,805	794,805	-	-	97,124,835	97,124,835
76.555.400-4	Transelec S.A.	1ra. emisión	5,312,461	-	5,312,461	252,654,928	-	-	252,654,928
76.555.400-4	Transelec S.A.	2da. emisión	6,548,903	-	6,548,903	-	314,651,972	-	314,651,972
76.555.400-4	Transelec S.A.	3da. emisión	5,648,396	-	5,648,396	-	-	290,857,524	290,857,524
Total			**20,089,356**	**1,912,874**	**22,002,230**	**252,654,928**	**314,651,972**	**1,137,647,566**	**1,704,954,466**

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15. OTHER FINANCIAL LIABILITIES *(Continued)*

15.1 Bonds payable *(Continued)*

					Current				Non-current
Debtor taxpayer ID number	Debtor Name	Instrument registration number	Maturity less than 90 days	Maturity more than 90 days	Total Current 12-31-2020	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.	1st issuance	-	4,388,051	4,388,051	212,251,175	-	-	212,251,175
76.555.400-4	Transelec S.A.	2nd issuance	-	5,428,727	5,428,727	-	264,301,566	-	264,301,566
76.555.400-4	Transelec S.A.	3rd issuance	-	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**	**1,514,452,089**

15.2 Other aspects

As of December 31, 2021, Transelec has a credit line of US$250 million, which as of that date has no outstanding drafts.

Various debt contracts of the Company include the obligation to comply with certain financial ratios (see Note 22.5), customary in contracts of this nature. There are also affirmative and negative obligations that require monitoring of these commitments.

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16- LIABILITIES FOR LEASES

The detail of this short- and long-term item as of December 31, 2021 and 2020, is as follows:

Concept	12-31-2021		12-31-2020	
	Current	Non-Current	Current	Non-Current
	ThCh$	ThCh$	ThCh$	ThCh$
Obligations for the right to use land	15,119	31,509	14,149	58,700
Obligations for right of use buildings	1,195,731	1,339,600	1,169,458	2,636,840
Obligations for right of use vehicles	364,748	162,336	373,796	489,018
Total Liabilities for Leases	**1,575,598**	**1,533,445**	**1,557,403**	**3,184,558**

16.1 Movements in Lease Liabilities

The book values of lease liabilities and their movements as of December 31, 2021 and 2020 are detailed below:

Movement period 2021	Land use right	Right of use Buildings	Right to use Vehicles	Lease right of use
	ThCh$	ThCh$	ThCh$	ThCh$
Opening balance 01-01-2021	**72,849**	**3,806,298**	**862,814**	**4,741,961**
Rights of use for leases	-	-	-	-
Interest expenses	1,529	78,409	8,529	88,467
Payments	(27,750)	(1,349,376)	(344,259)	(1,721,385)
Closing balance as of 12-31-2021	**46,628**	**2,535,331**	**527,084**	**3,109,043**

Movement period 2020	Land use right	Right of use Buildings	Right to use Vehicles	Lease right of use
	ThCh$	ThCh$	ThCh$	ThCh$
Opening balance 01-01-2020	**84,765**	**4,960,285**	**149,495**	**5,194,545**
Rights of use for leases	-	-	1,135,638	1,135,638
Interest expenses	1,819	102,768	9,652	114,239
Payments	(13,735)	(1,256,755)	(431,971)	(1,702,461)
Closing balance as of 12-31-2020	**72,849**	**3,806,298**	**862,814**	**4,741,961**

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16. LIABILITIES FOR LEASES *(Continued)*

16.2 Details of future obligations for lease liabilities

Financial obligations for right of use	Current			Non-Current			
	Expiration less than 90 days	Expiration more than 90 days	Current total as of 12-31-2021	Maturity 1 to 3 years	Maturity 3 to 5 years	Maturity more than 5 years	Total non-current as of 12-31-2021
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Land	-	15,119	15,119	31,509	-	-	31,509
Buildings	340,145	855,586	1,195,731	1,222,211	117,389	-	1,339,600
Vehicles	103,887	260,861	364,748	162,336	-	-	162,336
Total	**444,032**	**1,131,566**	**1,575,598**	**1,416,056**	**117,389**	**-**	**1,533,445**

Financial obligations for right of use	Current			Non-Current			
	Expiration less than 90 days	Expiration more than 90 days	Current total as of 12-31-2020	Maturity 1 to 3 years	Maturity 3 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	171,528	-	2,636,840
Vehicles	93,449	280,347	373,796	489,018	-	-	489,018
Total	**389,350**	**1,168,053**	**1,557,403**	**3,000,322**	**184,236**	**-**	**3,184,558**

16.3 Details of lease liabilities

Rights of use for leases	12-31-2021		12-31-2020	
	Current	Non-Current	Current	Non-Current
	ThCh$	ThCh$	ThCh$	ThCh$
Obligations for right of use	1,627,358	1,563,347	1,643,628	3,268,463
Deferred interest for right of use	(51,760)	(29,902)	(86,225)	(83,905)
Total financial liabilities for right of use	**1,575,598**	**1,533,445**	**1,557,403**	**3,184,558**

16.4 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 Ch$	4.73%	5.32%
Rate in UF	1.21%	2.30%

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17- TRADE AND OTHER PAYABLES

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

Trade and other payables	12-31-2021 ThCh$	12-31-2020 ThCh$
Trade and other payables	171.695.169	52.291.534
Lawsuits and arbitration proceedings	4.716.531	4.213.877
Other accounts payable	-	272.971
Total	**176.411.700**	**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.

17.1 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 December 31, 2021 the Company has established a provision for these liabilities totaling to ThCh$1,520,422 (US$1,800,000).

2. As of December 31, 2021, Transelec maintains a provision for an amount of ThCh$3,196,089, equivalent to UTM 59,000, for the following obligations:

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 in the Pan de Azúcar substation on December 19 January 2019, respectively.

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.

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18- 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.

18.1 Hedge assets and liabilities

Concept	12-31-2021				12-31-2020			
	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	-	191,845,804	4,070,488	-	-	44,841,765	4,070,488	-
Forward (non-hedging)	87,782	-	-	-	-	-	178,954	-
Total	**87,782**	**191,845,804**	**4,070,488**	**-**	**-**	**44,841,765**	**4,249,442**	**-**

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18. DERIVATIVE INSTRUMENTS *(Continued)*

18.2 Other information

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

	MATURITY							12-31-2021
Financial derivatives	**Fair value**	**Before 1 year**	**2022**	**2023**	**2024**	**2025**	**Subsequent years**	**Total**
	ThCh$	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**
Currency hedge Swap	187,775,316	(4,070,488)	-	-	-	-	191,845,804	187,775,316
Forward Contract	87,782	87,782	-	-	-	-	-	87,782

	MATURITY							12-31-2020
Derivados financieros	**Fair value**	**Before 1 year**	**2022**	**2023**	**2024**	**2025**	**Posterior**	**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 Contract	(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 December 31, 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 commonly 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.

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18. DERIVATIVE INSTRUMENTS *(Continued)*

18.3 Fair value hierarchies

Financial instruments recognized at fair value in the statement of financial position are classified based on the following hierarchies:

Level 1 : Quoted (unadjusted) price in an active market for identical assets and liabilities

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

Level 3 : Inputs for assets or liabilities that are not based on observable market information (non-observable inputs).

The following table details financial assets and liabilities measured at fair value as of December 31, 2021 and 2020

Financial instrumental measured at fair value		Fair value measured at the end of the reporting period using		
	12-31-2021	Level 1	Level 2	Level 3
	ThCh$	ThCh$	ThCh$	ThCh$
Currency hedging swap	187,775,316	-	187,775,316	-
Forward Contract	87,782	-	87,782	-
Total net derivative	**187,863,098**	**-**	**187,863,098**	**-**

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

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19- FINANCIAL INSTRUMENTS

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

Concepts	Financial Assets to Amortized Cost	Financial Assets to Fair Value		Derivative nstruments		Total
		By result	By Other Comprehensive Income	Hedge	No Hedge	12-31-2021
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Cash and cash equivalents	-	234,518,965	-	-	-	234,518,965
Other financial assets, current	1,561,768	-	-		87,782	1,649,550
Trade and other receivables	83,703,176	-	-	-	-	83,703,176
Receivables from related parties, current	2,636,917	-	-	-	-	2,636,917
Other financial assets, non-current	34,144,266	41,752	-	191,845,804	-	226,031,822
Receivables from related parties, non-current	242,500,186	-	-	-	-	242,500,186
Total	**364,546,313**	**234,560,717**	**-**	**191,845,804**	**87,782**	**791,040,616**

Conceptos	Financial Assets to Amortized Cost	Financial Assets to Fair Value		Derivative nstruments		Total
		By result	By Other Comprehensive Income	Hedge	No Hedge	12-31-2020
	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
Receivables from related parties, current	1,633,280	-	-	-	-	1,633,280
Other financial assets, non-current	27,682,949	41,752	-	44,841,765	-	72,566,466
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**

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19. FINANCIAL INSTRUMENTS *(Continued)*

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

Concepts	Financial Assets to Amortized Cost	Financial Assets to Fair Value		Derivative Instruments		Total
		By result	By Other Comprehensive Income	Hedge	No Hedge	12-31-2021
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Other financial liabilities, current	22,002,230	-	-	4,070,488	-	26,072,718
Lease liabilities, current	1,575,598	-	-	-	-	1,575,598
Trade and other payables	176,411,700	-	-	-	-	176,411,700
Current accounts payable related entities	17,404,007	-	-	-	-	17,404,007
Other financial liabilities, non-current	1,704,954,466	-	-	-	-	1,704,954,466
Lease liabilities, non-current	1,533,445	-	-	-	-	1,533,445
Total	**1,923,881,446**	**-**	**-**	**4,070,488**	**-**	**1,927,951,934**

Concepts	Financial Assets to Amortized Cost	Financial Assets to Fair Value		Derivative Instruments		Total
		By result	By Other Comprehensive Income	Hedge	No Hedge	12-31-2020
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Other financial liabilities, current	18,701,867	-	-	4,070,488	178,954	22,951,309
Lease liabilities, current	1,557,403	-	-	-	-	1,557,403
Trade and other payables	56,778,382	-	-	-	-	56,778,382
Current accounts payable related entities	28,722,472	-	-	-	-	28,722,472
Other financial liabilities, non-current	1,514,452,089	-	-		-	1,514,452,089
Lease liabilities, non-current	3,184,558	-	-	-	-	3,184,558
Total	**1,623,396,771**	**-**	**-**	**4,070,488**	**178,954**	**1,627,646,213**

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20 – PROVISIONS FOR EMPLOYEE BENEFITS

20.1 Detail of provisions

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

Detail	12-31-2021		12-31-2020	
	Current	Non-Current	Current	Non-Current
	ThCh$	ThCh$	ThCh$	ThCh$
Staff severance indemnities	318,594	3,468,299	477,551	3,472,839
Accrued vacations	2,869,706	-	2,442,363	-
Profit sharing benefits	5,301,905	-	6,294,401	-
Other provisions	-	-	205,447	-
Total	**8,490,205**	**3,468,299**	**9,419,762**	**3,472,839**

20.2 Provision movements

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

Movements in provisions 2021	Staff severance indemnities	Profit sharing benefits	Profit sharing benefits	Other provisions	Total
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Opening balance as of 01-01-2021	**3,950,390**	**6,294,401**	**2,442,363**	**205,447**	**12,892,601**
Provisions during the year	135,189	6,952,401	1,713,354	(205,447)	8,595,497
Payments	(298,686)	(7,944,897)	(1,286,011)	-	(9,529,594)
Ending balance as of 12-31-2021	**3,786,893**	**5,301,905**	**2,869,706**	**-**	**11,958,504**

Movements in provisions 2020	Staff severance indemnities	Profit sharing benefits	Profit sharing benefits	Other provisions	Total
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Opening balance as of 01-01-2020	**6,187,137**	**3,677,000**	**1,905,730**	**205,447**	**11,975,314**
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 12-31-2021	**3,950,390**	**6,294,401**	**2,442,363**	**205,447**	**12,892,601**

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20. PROVISIONS FOR EMPLOYEE BENEFITS *(Continued)*

20.2 Provision movements *(Continued)*

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

				12-31-2021
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$**
Staff severance indemnities	318,594	1,194,322	813,397	1,460,580
Accrued vacations	2,869,706	-	-	-
Profit sharing benefits	5,301,905	-	-	-
Total	**8,490,205**	**1,194,322**	**813,397**	**1,460,580**

				12-31-2020
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$**
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**

20.3 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 20).

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.

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21- POST-EMPLOYMENT AND OTHER BENEFIT OBLIGATIONS

21.1 Detail of account

Employee benefit obligations	12-31-2021 ThCh$	12-31-2020 ThCh$
Staff severance indemnity provision – current	318,594	477,551
Staff severance indemnity provision non – current	3,468,299	3,472,839
Total Employee benefit obligations current and non-current	**3,786,893**	**3,950,390**

21.2 Detail of obligations to employees

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

Movements	12-31-2021 ThCh$	12-31-2020 ThCh$
Present value of defined benefit plan obligations opening balance	3,950,390	6,187,137
Current service	195,812	188,948
Interest cost	104,381	139,905
Actuarial Gain/Loss on Hypotheses	(380,609)	(57,624)
Experience Actuarial Gain/Loss	158,736	(130,726)
Past Benefits	-	107,721
Settlements defined benefit plan obligation	(241,817)	(2,484,971)
Present value of defined benefit obligations ending balance	**3,786,893**	**3,950,390**

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21. POST-EMPLOYMENT AND OTHER BENEFIT OBLIGATIONS *(Continued)*

21.3 Balance of obligations to employees

Concepts	12-31-2021 ThCh$	12-31-2020 ThCh$
Present value of defined benefit obligations, ending balance	3,786,893	3,950,390
Present obligation with defined benefit plan funds	3,786,893	3,950,390
Balance of defined benefit obligations, ending balance	**3,786,893**	**3,950,390**

21.4 Expenses recognized in income statement

Costo	01-01-2021 12-31-2021 ThCh$	01-01-2020 12-31-2020 ThCh$	Income statement line item where recognized
Current service defined benefit plan	195,812	188,948	Cost of sales and Administrative expenses
Interest defined benefit plan	104,381	139,905	Cost of sales and Administrative expenses
Total expense recognized in profit or loss	**300,193**	**328,853**	

21.5 Actuarial hypothesis

The following are the parameters used as assumptions in determining the actuarial calculations:

Detalle	Actuarial hypothesis 31-12-2021	12-31-2020
Discount rate used	2,29%	(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	30% RV-2014
Rotation table	4,48%/0,34%	4,48%/0,34%

Assumptions regarding the mortality rate are set on the basis of actuarial data in accordance with published statistics and accumulated experience.

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21. POST-EMPLOYMENT AND OTHER BENEFIT OBLIGATIONS *(Continued)*

21.6 Sensitivity análisis

The following chart shows the sensitivity analysis of the significant hypotheses as of December 31, 2021:

Level of Sensitivity	Discount rate used		Inflation rate		Future salary increase	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Impact on current and non-current of employment benefit obligation	(133,886)	144,857	-	-	145,706	(99,309)

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 December 31, 2021.

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

Concepts	12-31-2021	12-31-2020
	ThCh$	ThCh$
During the upcoming 12 month	318,594	477,551
Between 2 to 5 years	2,007,719	1,623,617
Between 5 to 10 years	1,232,633	1,553,923
More than 10 years	227,947	295,299
Total Payments Expected	**3,786,893**	**3,950,390**

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22- EQUITY

22.1 Subscribed and paid capital

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

22.2 Número de acciones suscritas y pagadas

Shares	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.

22.3 Dividends

As of December 31, 2021, the company made the distribution of a final dividend for the results of the year 2020 in the amount of ThCh$28,723,000, which was paid during the month of May 2021. In March 2021, the company recorded ThCh$528 as a differential of the legal minimum dividend of the year 2020.

In December 2021, the company recognized the distribution of dividends according to the legal minimum for the result of the year 2021, for an amount of ThCh$17,404,007

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.

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22. EQUITY *(Continued)*

22.4 Other reserves

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

Concept	12-31-2021 ThCh$	12-31-2020 ThCh$
Conversion difference, before tax	-	-
Gains (losses) from cash flow hedges	26,396,703	(24,715,110)
Gain (loss) on other reserves	965,509	743,636
Income tax related to cash flow hedges	(7,127,110)	6,673,080
Income tax related to other reserves	(260,687)	(200,782)
Other Comprehensive Result	**19,974,415**	**(17,499,176)**

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

Movements	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)**
Cash Flow Coverage	-	51,111,813	-	51,111,813
Actuarial Losses	-	-	221,873	221,873
Deferred tax	-	(13,800,190)	(59,905)	(13,860,095)
Total Comprehensive Income	**-**	**37,311,623**	**161,968**	**37,473,591**
Closing balance as of 12-31-2021	**-**	**19,269,593**	**704,822**	**19,974,415**

Movements	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)**

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22. EQUITY *(Continued)*

22.5 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$464,880,000 as of December 31, 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.

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22. EQUITY *(Continued)*
22.5 Capital management *(Continued)*

The following tables present as of December 31, 2021 and 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 N° 1	Total debt/ Total Capitalization Lower or equal to 0.70	12-31-2021 MCh$	12-31-2020 MCh$
A	Other financial liabilities, current	26,073	24,509
B	Payables to related parties, current	17,404	28,722
C	Other financial liabilities, non-current	1,704,954	1,517,637
D	Payables to related parties, non-current	-	-
E=A+B+C+D	**Covenants debt**	**1,748,431**	**1,570,868**
G	Debt with guarantees	-	-
DT=E+G	**Total debt**	**1,748,431**	**1,570,868**
H	Non-controlling interest	-	-
P	Equity attributable to owners of the parent	971,908	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**	**2,745,309**	**2,488,928**
DT/CT	**Total debt / Total capitalization ratio**	**0,64**	**0,63**

Covenant N° 2	Minimum equity Greater than or equal to UF 15 million/ Greater or equal to MCh$ 350,000	12-31-2021 MCh$	12-31-2020 MCh$
P	Equity attributable to owners of the parent	971,908	893,090
I	Accumulated amortization of goodwill (as of the date of transition to IFRS)	24,970	24,970
P+I	**Equity (in MCh$)**	**996,878**	**918,060**
UF	UF value	30,991,74	29,070,33
(P+I)/UF	**Equity (in UF millions)**	**32,17**	**31,58**

Covenant N° 3	Restricted payments test* Funds from operations (FNO) / Financial costs > 1,5	12-31-2021 MCh$	12-31-2020 MCh$
FO	Cash flow from operations	373,498	203,806
CF	Absolute value of financial costs	70,229	75,998
IG	Absolute value of income tax expense	22,419	35,761
FNO=FO+CF+IG	**Funds from operations (FNO)**	**466,146**	**315,565**
FNO/CF	**Funds from operations / Financial costs**	**6,64**	**4,15**

* This distribution test is calculated with values corresponding to the last twelve months.

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22. EQUITY *(Continued)*
22.5 Capital management *(Continued)*

Covenant N° 4	Total debt / Adjusted EBITDA Lower or equal to 8.0	12-31-2021 MCh$	12-31-2020 MCh$
A	Other financial liabilities, (current and non-current)	1,731,027	1,542,145
B	Total rights of use	-	4,742
C	Cash and cash equivalents	234,519	105,840
D	Other financial assets (current and non-current)	227,681	73,716
E	Finance leases receivable (current and non-current)	35,706	28,832
DN=A-B-(C+D-E)	**Net debt**	**1,304,533**	**1,386,679**
G	Operating revenues	305,858	333,303
H	Cost of sales	(88,389)	(93,224)
I	Administrative expenses	(26,302)	(24,392)
J	Depreciation and amortization	54,701	57,854
K	Other gains	754	1,312
L	Finance lease amortization	1,492	1,126
EA = G+H+I+J+K+L	**Adjusted EBITDA**	**248,114**	**275,979**
DN/EA	**Net debt /Adjusted EBITDA**	**5.26**	**5.02**

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

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23- REVENUE

23.1 Revenue

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

Type of ordinary income	01-01-2021 12-31-2021 ThCh$	01-01-2020 12-31-2020 ThCh$
Regulated revenues	316,326,398	308,733,987
Contract revenue	74,739,307	78,292,142
Leasing revenues	4,093,748	3,762,784
Provision Tariff Review	(89,301,543)	(57,486,100)
Total revenues	**305,857,910**	**333,302,813**

Type of ordinary income	01-01-2021 12-31-2021 ThCh$	01-01-2020 12-31-2020 ThCh$
Regulated revenues:	316,326,398	308,733,987
National Transmission System	226,892,733	220,549,243
Zonal Transmission System	84,476,293	82,982,304
Dedicated Transmission System	4,475,471	4,241,436
Complementary services	481,901	961,004
Contract revenue:	74,739,307	78,292,142
Transmission facilities	66,655,972	62,551,641
Engineering and Construction Services	229,764	10,338,798
Others	7,853,571	5,401,703
Leasing revenues	4,093,748	3,762,784
Provision Tariff Review	(89,301,543)	(57,486,100)
Total	**305,857,910**	**333,302,813**

Transferred services by a long time	01-01-2021 12-31-2021 ThCh$	01-01-2020 12-31-2020 ThCh$
Servicios transferidos a lo largo del tiempo	305,857,910	333,302,813
Total	**305,857,910**	**333,302,813**

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 semester 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 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.

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23. REVENUE *(Continued)*

23.1 Revenue *(Continued)*

Because of the above, the Company has made an estimate of the impact of the effective rate review on income for the period through December 31, 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.

At the date, the issuance of the final technical report is pending, that incorporates the opinions of the H. Panel of Experts and the review of the Comptroller General of the Republic.

Pursuant to the foregoing, the Company has proceeded to make a lower income provision as of December 31, 2021 and 2020, for ThCh$89,301,543 and ThCh$57,486,100, respectively.

23.2 Other operating income

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

Concepts	01-01-2021 12-31-2021 ThCh$	01-01-2020 12-31-2020 ThCh$
Financial income (Note 24.4)	10,646,541	11,130,297
Other gains, net	754,255	1,311,924
Total	**11,400,796**	**12,442,221**

24- RELEVANT INCOME STATEMENT ACCOUNTS

24.1 Expenses by nature

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

Concepts	01-01-2021 12-31-2021 ThCh$	01-01-2020 12-31-2020 ThCh$
Personnel expenses	27.565.977	25.167.749
Operating expenses	20.293.613	22.769.615
Maintenance expenses	9.747.469	10.136.688
Depreciation, amortization and write-offs	54.700.744	57.854.070
Other	2.382.971	1.688.206
Total	**114.690.774**	**117.616.328**

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24. RELEVANT INCOME STATEMENT ACCOUNTS *(Continued)*

24.2 Personnel expenses

The composition of personnel expenses for the years ended December 31, 2021 and 2020 is as follows:

Concepts	01-01-2021 12-31-2021 ThCh$	01-01-2020 12-31-2020 ThCh$
Salaries and wages	23,696,571	21,890,811
Short-term employee benefits	3,059,560	1,316,138
Staff severance indemnity	357,060	820,864
Other long-term benefits	1,640,885	1,433,857
Other personnel expenses	9,137,515	9,211,752
Expenses capitalized on construction in progress	(10,325,614)	(9,505,673)
Total	**27,565,977**	**25,167,749**

24.3 Depreciation and amortization

The detail of this item in the income statement for the years ended December 31, 2021 and 2020, is as follows:

Concepts	01-01-2021 12-31-2021 ThCh$	01-01-2020 12-31-2020 ThCh$
Depreciation (PP&E)	49,191,024	49,355,554
Amortization (Intangible)	1,762,178	2,821,699
Amortization (Rights of use)	1,579,524	1,643,479
Losses from damages	2,168,018	4,033,338
Total	**54,700,744**	**57,854,070**

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.

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24. RELEVANT INCOME STATEMENT ACCOUNTS *(Continued)*

24.4 Financial results

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

Concepts	01-01-2021 12-31-2021 ThCh$	01-01-2020 12-31-2020 ThCh$
Financial income:	**10,646,541**	**11,130,297**
Commercial interest earned	118,955	691,170
Bank interest earned	1,973,524	1,386,989
Interest earned from related parties	8,554,062	9,025,996
Other expenses	-	26,142
Financial expenses:	**(70,228,788)**	**(75,998,128)**
Interest on bonds	(59,966,375)	(64,248,960)
Interest rate Swap	(8,688,200)	(8,712,003)
Accrued commercial interest	-	-
Other expenses	(1,574,213)	(3,037,165)
Gain (loss) from indexation of UF	**(51,560,390)**	**(20,473,442)**
Foreign exchange gains (losses), net	**389,325**	**369,354**
Obligations with public	(137,461,741)	40,071,976
Intercompany Loan	35,078,775	(10,039,319)
Financial Instruments	96,109,834	(27,754,253)
Other	6,662,457	(1,909,050)
Total financial result, net	**(110,753,312)**	**(84,971,919)**

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25- INCOME TAX RESULT

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

Concepts	01-01-2021 12-31-2021 ThCh$	01-01-2020 12-31-2020 ThCh$
Current tax expense	**17,638**	**66,381**
Deferred tax expense relating to origination and reversal of temporary differences	22,401,373	35,694,724
Income tax expense	**22,419,011**	**35,761,105**

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

Concepts	01-01-2021 12-31-2021 ThCh$	01-01-2020 12-31-2020 ThCh$
Tax expense using the legal rate	**21,915,381**	**35,647,152**
Monetary Capital Correction	302,546	(55,478)
Monetary Correction Investment	173,586	68,113
Expenses not accepted	300,924	727,795
Tax monetary correction tax loss	(472,216)	(464,477)
Other differences	198,790	(162,000)
Total adjustments to tax expense using statutory rate	**503,630**	**113,953**
Tax expense using effective tax rate	**22,419,011**	**35,761,105**

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25. INCOME TAX RESULT *(Continued)*

Concepts	01-01-2021 12-31-2021 ThCh$	01-01-2020 12-31-2020 ThCh$
Tax expense using the legal rate	**27.00%**	**27.00%**
Monetary Capital Correction	0.37%	(0.04%)
Monetary Correction Investment	0.21%	0.05%
Expenses not accepted	0.37%	0.55%
Tax monetary correction tax loss	(0.58%)	(0.35%)
Other differences	0.24%	(0.12%)
Total adjustments to tax expense using statutory rate	**0.61%**	**0.09%**
Tax expense using effective tax rate	**27.61%**	**27.09%**

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.

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26- 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	**12-31-2021 ThCh$**	**12-31-2020 ThCh$**
Profit Attributable to Holders of Equity Participation Instruments of the Parent Company	58,749,068	96,265,385
Earnings available to common shareholders, basic	58,749,068	96,265,385
Total basic shares	1,000,000	1,000,000
Basic earnings per share (Ch$)	**58,749**	**96,265**

27- 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.

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

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27. SEGMENT REPORTING *(Continued)*

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 Dedicated (former 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	12-31-2021 ThCh$	12-31-2020 ThCh$
Transmission services	305,857,910	333,302,813

Information about sales and principal customers

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

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

As of December 31, 2021, the Company has received performance guarantees from contractors and third parties, primarily to guarantee performance of construction and maintenance works, amounting to ThCh$26,489,024,- (ThCh$30,208,753 as of December 31, 2020).

As of December 31, 2021, 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$ 69,825,025, - (ThCh$ 21,314,954,- as of December 31, 2020).

29- DISTRIBUTION OF PERSONNEL

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

a) As of December 31, 2021

Concept	Manager and Executives	Professionals and technical personnel	Other employees	Total	Average of the year
Total to 12-31-2021	**17**	**453**	**122**	**592**	**582**

b) As of December 31, 2020

Concept	Manager and Executives	Professionals and technical personnel	Other employees	Total	Average of the year
Total to 12-31-2020	**17**	**427**	**123**	**567**	**564**

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30- 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 years ended December 31, 2021 and 2020, the Company has made the following environmental disbursements:

Company making disbursement	Project	12-31-2021 ThCh$	12-31-2020 ThCh$
TRANSELEC	Environmental management, elaboration of DIA and EIA and the follow up of environmental matters (includes environmental permissions for sectors)	1,570,684	962,155
Total		**1,570,684**	**962,155**

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31- ASSETS AND LIABILITIES IN FOREIGN CURRENCY

a) Current assets and liabilities

Current Assets	Foreign Currency	Functional Currency	12-31-2021		12-31-2020	
			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$	478,354	-	2,282,670	-
	Other Currency	Ch$	11,612	-	10,612	-

Current Liabilities	Foreign Currency	Functional Currency	12-31-2021		12-31-2020	
			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$	17,509,760	-	-	14,487,575

b) Non-current assets and liabilities

Non-current liabilities	Foreign Currency	Functional Currency	12-31-2021			12-31-2020		
			More than 1 to 3 years	More than 3 to 5 years	More than 5 years	More than 1 to 3 years	More than 3 to 5 years	More than 5 years
			ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Other non-current financial liabilities	Dollars	Ch$	252,654,928	314,651,972	290,857,524	212,251,175	264,301,566	244,325,195

TRANSELEC S.A. AND SUBSIDIARY
Notes to the Consolidated Financial Statements
As of December 31, 2021 and 2020
Expressed in thousands of Chilean pesos (ThCh$)

32- SUBSEQUENT EVENTS

On January 12, 2022, the H. Panel of Experts issued the Dictumsto the discrepancies presented by Transelec and the other interested companies on August 17, 2021, regarding the Final Technical Report issued on August 3, 2021 by the Commission National Energy Pursuant to the foregoing, the Company has proceeded to make a lower income provision as of December 31, 2021 for ThCh$89,301,543.

On March 3, 2022, the National Energy Commission issued the final report of the tariff review to be examined by the Ministry of Energy, sending it to the Comptroller General of the Republic and later issuance of the tariff Decree, being these the last three reviews of the tariff setting process 2020-2023. The Company is reevaluating the impacts of this final tariff review report; however, it has decided to keep the provision recorded as of December 31, 2021, corresponding to its best estimate with the information available at the closing date of these financial statements.

As of December 31, 2021, closing date of these 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 consolidated financial statements

10.
Liability Statement

RESPONSIBILITY STATEMENT

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

Scott Lawrence
Chairman
Foreign

Richard Cacchione
Director
Foreign

Ganxiang Tang
Director
Foreign

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Director
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Juan Benabarre Benaiges
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