Interim Consolidated Financial Statements Unaudited

TRANSELEC S.A. AND SUBSIDIARY

Santiago, Chile
March 31, 2022 and December 31, 2021

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March 31, 2022 and December 31, 2021
(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

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Interim Consolidated Financial Statements

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
TRANSELEC S.A. AND SUBSIDIARY
As of March 31, 2022 and December 31, 2021
Expressed in thousands of Chilean pesos (ThCh$)
(Translation of financial statements originally issued in Spanish-See Note 2.1)

ASSETS	Note	Unaudited 03-31-2022 ThCh$	Audited 12-31-2021 ThCh$
CURRENT ASSETS			
Cash and cash equivalents	5	272,206,797	234,518,965
Other financial assets	8	1,521,955	1,649,550
Other non-financial assets	13	7,068,075	8,485,831
Trade and other receivables	6	87,186,741	83,703,176
Receivables from related parties	7	4,672,484	2,636,917
Inventory		804,547	644,500
Total Current Assets		**373,460,599**	**331,638,939**
NON-CURRENT ASSETS			
Other financial assets	8	167,823,023	226,031,822
Other non-financial assets	13	8,355,628	8,193,431
Receivables from related parties	7	228,373,652	242,500,186
Intangible assets other than goodwill	9	188,919,650	186,073,067
Goodwill	10	343,059,078	343,059,078
Property, plant and equipment, net	11	1,838,358,439	1,815,852,103
Assets for rights of use	12	2,644,878	3,039,468
Total Non-Current Assets		**2,777,534,348**	**2,824,749,155**
TOTAL ASSETS		**3,150,994,947**	**3,156,388,094**

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
TRANSELEC S.A. AND SUBSIDIARY
As of March 31, 2022 and December 31, 2021
Expressed in thousands of Chilean pesos (ThCh$)
(Translation of financial statements originally issued in Spanish-See Note 2.1)

LIABILITIES	Note	Unaudited 03-31-2022 ThCh$	Audited 12-31-2021 ThCh$
CURRENT LIABILITIES			
Other financial liabilities	15	19,765,122	26,072,718
Liabilities for leases	16	1,593,733	1,575,598
Trade and other payables	17	203,514,784	176,411,700
Accounts payable related entities	7	17,404,007	17,404,007
Provisions for employee benefits	20	3,550,613	8,490,205
Other non-financial liabilities		7,013,602	3,606,708
Total Current Liabilities		**252,841,861**	**233,560,936**
NON-CURRENT LIABILITIES			
Other financial liabilities	15	1,667,811,995	1,704,954,466
Liabilities for leases	16	1,086,969	1,533,445
Deferred tax liabilities	14	240,964,502	236,608,096
Provisions for employee benefits	20	3,468,299	3,468,299
Other non-financial liabilities		4,255,043	4,354,436
Total Non-Current Liabilities		**1,917,586,808**	**1,950,918,742**
TOTAL LIABILITIES		**2,170,428,669**	**2,184,479,678**
EQUITY			
Paid -issued in capital	22	776,355,048	776,355,048
Retained earnings		195,622,579	175,578,953
Other reserves	22	8,588,651	19,974,415
Equity attributable to owners of the parent		**980,566,278**	**971,908,416**
Non-controlling interest		-	-
TOTAL EQUITY		**980,566,278**	**971,908,416**
TOTAL EQUITY AND LIABILITIES		**3,150,994,947**	**3,156,388,094**

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

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME BY FUNCTION
TRANSELEC S.A. AND SUBSIDIARY
For the three month periods ended March 31, 2022 and 2021
Expressed in thousands of Chilean pesos (ThCh$)
(Translation of financial statements originally issued in Spanish-See Note 2.1)

STATEMENT OF COMPREHENSIVE INCOME BY FUNCTION	Note	Unaudited 01-01-2022 03-31-2022 ThCh$	Unaudited 01-01-2021 03-31-2021 ThCh$
Operating revenues	23	87,143,259	79,036,358
Cost of sales	24	(20,661,142)	(20,517,998)
GROSS MARGIN		**66,482,117**	**58,518,360**
Administrative expenses	24	(6,145,575)	(5,229,362)
Other gains	23	30,322	422,471
Financial income	24	5,482,604	2,091,185
Financial expenses	24	(17,629,786)	(17,309,822)
Foreign exchange differences	24	97,365	(46,386)
Income by indexed units	24	(19,702,844)	(8,683,202)
Profit Before Tax		**28,614,203**	**29,763,244**
Income tax expense	25	(8,570,577)	(7,919,618)
Profit from continuing operations		20,043,626	21,843,626
Profit from discontinued operations		-	-
Profit attributable to owners of the parent		**20,043,626**	**21,843,626**
Profit attributable to non-controlling interests		**-**	**-**
Profit		**20,043,626**	**21,843,626**

Earnings Per Share			
Basic/diluted earnings per share from continuing operations ($/a)	26	20,044	21,844
Basic/diluted earnings per share from discontinued operations ($/a)	26	-	-
Basic/diluted earnings per share ($/a)		**20,044**	**21,844**

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME BY FUNCTION
TRANSELEC S.A. AND SUBSIDIARY
For the three month periods ended March 31, 2022 and 2021
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(Translation of financial statements originally issued in Spanish-See Note 2.1)

STATEMENT OF COMPREHENSIVE RESULTS	Note	Unaudited 01-01-2022 03-31-2022 ThCh$	Unaudited 01-01-2021 03-31-2021 ThCh$
Profit		20,043,626	21,843,626
Components of other comprehensive income that will be reclassified to income for the period, before taxes			
Foreign Currency Translation			
Gains (losses) on cash flow hedges	22	(15,596,937)	(4,050,943)
Total other comprehensive income that will be reclassified to income for the period, before taxes		**(15,596,937)**	**(4,050,943)**
Income taxes related to components of other comprehensive income that will be reclassified to the result of the period			
Income tax related to cash flow hedges of other comprehensive income	22	4,211,173	1,093,755
Total income tax related to components of other comprehensive income that will be reclassified to the result of the period		**4,211,173**	**1,093,755**
Total comprehensive income		**(11,385,764)**	**(2,957,188)**
Total comprehensive income		**8,657,862**	**18,886,438**

Comprehensive income attributable to:			
Comprehensive income attributable to owners of the parent		8,657,862	18,886,438
Comprehensive income attributable to non-controlling interests		-	-
Total comprehensive income and expense result		**8,657,862**	**18,886,438**

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
TRANSELEC S.A. AND SUBSIDIARY
For the three month periods ended March 31, 2022 and 2021
Expressed in thousands of Chilean pesos (ThCh$)
(Translation of financial statements originally issued in Spanish-See Note 2.1)

Movements	Note	Paid-in capital	Reserves for cash flow hedges	Actuarial Losses	Total reserves	Accumulated gains (losses	**Equity attributable to owners of the parent**	Non-controlling interests	**Total equity**
		ThCh$	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**
Opening balance as of 01-01-2022		776,355,048	19,269,593	704,822	19,974,415	175,578,953	**971,908,416**	-	**971,908,416**
Changes in equity									
Comprehensive income									
Profit (loss)		-	-	-	-	20,043,626	**20,043,626**	-	**20,043,626**
Other comprehensive income		-	(11,385,764)	-	(11,385,764)	-	**(11,385,764)**	-	**(11,385,764)**
Total comprehensive income		-	(11,385,764)	-	(11,385,764)	20,043,626	**8,657,862**	-	**8,657,862**
Dividends	22.3	-	-	-	-	-	-	-	-
Total increase (decrease) in equity		-	(11,385,764)	-	(11,385,764)	20,043,626	**8,657,862**	-	**8,657,862**
Equity at the end of 03-31-2022 Unaudited	**22**	**776,355,048**	**7,883,829**	**704,822**	**8,588,651**	**195,622,579**	**980,566,278**	**-**	**980,566,278**

Movements	Note	Paid-in capital	Reserves for cash flow hedges	Actuarial Losses	Total reserves	Accumulated gains (losses	**Equity attributable to owners of the parent**	Non-controlling interests	**Total equity**
		ThCh$	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**
Opening balance as of 01-01-2021		776.355.048	(18.042.030)	542.854	(17.499.176)	134.234.420	**893.090.292**	-	**893.090.292**
Changes in equity									
Comprehensive income									
Profit (loss)		-		-	-	21,843,626	**21,843,626**	-	**21,843,626**
Other comprehensive income		-	(2,957,188)	-	(2,957,188)	-	**(2,957,188)**	-	**(2,957,188)**
Total comprehensive income		-	(2,957,188)	-	(2,957,188)	21,843,626	**18,886,438**	-	**18,886,438**
Dividends	22.3	-	-	-	-	(528)	**(528)**	-	**(528)**
Total increase (decrease) in equity		-	(2,957,188)	-	(2,957,188)	21,843,098	**18,885,910**	-	**18,885,910**
Equity at the end of 03-31-2021 Unaudited	**22**	**776,355,048**	**(20,999,218)**	**542,854**	**(20,456,364)**	**156,077,518**	**911,976,202**	**-**	**911,976,202**

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

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INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
TRANSELEC S.A. AND SUBSIDIARY
For the three month periods ended March 31, 2022 and 2021
Expressed in thousands of Chilean pesos (ThCh$)
(Translation of financial statements originally issued in Spanish-See Note 2.1)

DIRECT METHOD CASH FLOW STATEMENT	Note	Unaudited 03-31-2022 ThCh$	Unaudited 03-31-2021 ThCh$
Cash flows provided by (used in) operating activities			
Classes of receipts from operating activities:			
Cash receipts from sales of goods and services		144,458,898	144,068,884
Cash receipts from related party for services rendered	7	1,482,269	680,697
Other proceeds from operating activities		57,117	250,262
Types of payments for operating activities:			
Payments to suppliers for goods and services		(1,037,912)	(2,740,049)
Payments of interest for rights of use		(17,469)	(45,343)
Other payments for operating activities		(19,706,065)	(23,350,090)
Payments to and on behalf of employees		(8,380,648)	(8,171,170)
Interest paid		(25,517,638)	(23,098,184)
Net cash flows provided by operating activities		**91,338,552**	**87,595,007**
Cash Flows Provided by (Used in) Investing Activities			
Additions of property, plant and equipment and Intangibles		(52,886,765)	(60,216,420)
Amounts from the sale of property, plant and equipment	7	2,958	-
Net cash flows used in investing activities		**(52,883,807)**	**(60,216,420)**
Cash Flows Provided by (Used in) Financing Activities			
Payment for rights of use		(426,430)	(356,891)
Net cash flows used in financing activities		**(426,430)**	**(356,891)**
Net increase in cash and cash equivalents, before the effect of changes in the exchange rate		**38,028,315**	**27,021,696**
Effects of changes in the exchange rate on cash and cash equivalents			
Effects of changes in the exchange rate on cash and cash equivalents		(340,483)	318,665
Net increase in cash and cash equivalents		37,687,832	27,340,361
Cash and cash equivalents at the beginning of the period	**5**	**234,518,965**	**105,840,150**
Cash and cash equivalents at the ending of the period	**5**	**272,206,797**	**133,180,511**

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

1 - GENERAL INFORMATION

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

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

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

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

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

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

The Company is domiciled at Orinoco No. 90, floor 14, Las Condes, Santiago, Chile.

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

The Company is controlled directly by Transelec Holdings Rentas Limitada and indirectly by ETC Transmission Holdings S.L.

1 - GENERAL INFORMATION (continued)

The Interim Consolidated Financial Statements of the Company for the period ended March 31, 2022, were approved by the Board at its meeting N° 228 held on May 26, 2022.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

The principal accounting policies applied in preparing the Interim Consolidated Financial Statements are detailed below. These policies have been based on IFRS in effect as of March 31, 2022 and applied uniformly for the periods presented

2.1 Basis of preparation of the Interim Consolidated Financial Statements

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

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

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

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

The accounting policies adopted in the preparation of the Interim Consolidated Financial Statements are consistent with those applied in the preparation of the annual individual financial statements of the Company for the year ended December 31, 2021, which did not materially affect the Interim Consolidated Financial Statements.

The Company made reclassifications to its financial statements regarding balances as of December 31, 2021. However, these reclassifications do not have a significant effect due to they were made only for comparative purposes.
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For the convenience of the reader, the financial statements and their accompanying notes have been translated from Spanish to English.

Expressed in thousands of Chilean pesos (ThCh$)

2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (continued)

2.2 Basis of Consolidation of the Interim Consolidated Financial Statements

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

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

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

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

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

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

Rut	Subsidiary	Participation Share		Country of origin	Functional currency
		03-31-2022	12-31-2021		
76.538.831-7	Transmisión del Melado SpA	100%	100%	Chile	Ch$

Expressed in thousands of Chilean pesos (ThCh$)

2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (continued)

2.3 New standards and interpretations accounting

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

IFRS	New standards, amendments and interpretations	Date of obligatory application
IFRS 3	Reference to the Conceptual Framework	1 de enero de 2022
IAS 16	Property, Plant and Equipment – Proceeds before Intended Used	1 de enero de 2022
IAS 37	Onerous Contracts – Costs of Fulfilling a Contract	1 de enero de 2022
IFRS 1 - IFRS 9 - IFRS 16 - IAS 41	Annual Improvements to IFRS Standards 2018-2020	1 de enero de 2022

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

IFRS	New standards	Mandatory Effective Date
IFRS 17	Insurance Contracts	1 de enero de 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 Interim Consolidated Financial Statements.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (continued)

2.3 New standards and interpretations accounting (continued)

2.3.2 Enhancements and Modifications

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

Normative	Enhancements and Modifications	Date of obligatory application
IAS 1	Classification of Liabilities as Current or Non-Current	1 de enero de 2023
IAS 1 y IFRS-Declaración Práctica 2	Disclosure of Accounting Policies (Amendments to IAS 1	1 de enero de 2023
IAS 8	Definition of Accounting Estimates	1 de enero de 2023
NIC 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 de enero de 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 Interim Consolidated Financial Statements.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (continued)

2.3.2 Enhancements and Modifications

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 Interim 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.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (continued)

2.3.2 Enhancements and Modifications (continued)

Definition of Accounting Estimates (Amendments to IAS 8) (continued)

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 Interim Consolidated Financial Statements.

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 Interim Consolidated Financial Statements.

Expressed in thousands of Chilean pesos (ThCh$)

2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (continued)

2.4 Foreign currency translation

2.4.1 Functional and presentation currency

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

2.4.2 Transactions and balances

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

2.4.3 Exchange rates

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

Currency or indexing unit	Chilean pesos per unit	
	03-31-2022	12-31-2021
Unidad de Fomento	31,727.74	30,991.74
US$	787.98	844.69
Euro	873.69	955.64

2.5 Financial reporting by operating segments

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

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

2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (continued)

2.6 Property, plant and equipment

Property, plant and equipment are valued at acquisition cost, net of its corresponding accumulated depreciation and any impairment losses it may have experienced. In addition to the price paid to acquire each item, the cost also includes, where appropriate, the following items:

a) All costs directly related placing the asset in the location and condition that enables it to be used in the manner intended by management.

b) Borrowing costs incurred during the construction period that are directly attributable to the acquisition, construction or production of qualified assets, which require a substantial period of time before being ready for use are capitalized. The interest rate used is that of the specific financing or, if none exists, the average financing rate of the company carrying out the investment.

c) Future disbursements that Transelec S.A. and its subsidiary must make to close their facilities are incorporated into the value of the asset at present value, recording the corresponding provision. On an annual basis both existences of such obligations as well as estimate of future disbursements are reviewed, increasing or decreasing the value of the asset based on the results of this estimate.

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

Expansion, modernization and improvement costs that represent an increase in productivity, capacity or efficiency or an extension of useful life are capitalized as a greater cost of the corresponding assets. Replacement or overhauls of whole components that increase the asset's useful life, or its economic capacity, are recorded as an increase in value for the respective assets, derecognizing the replaced or overhauled components. Periodic maintenance, conservation and repair expenses are recorded directly in income as an expense for the period in which they are incurred.

Property, plant and equipment, net of its residual value, is depreciated by distributing the cost of its different components on a straight-line basis over its estimated useful life, which is the period during which the companies expect to use them. The useful lives and residual values of fixed assets are reviewed on a yearly basis. The land has an indefinite useful life and is not depreciated.

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

Expressed in thousands of Chilean pesos (ThCh$)

2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (continued)

2.6 Property, plant and equipment (continued)

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 Interim Consolidated Financial Statements, there were no impairment losses of goodwill.

2.7.2 Rights of way

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

2.7.3 Computer software

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

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

Expressed in thousands of Chilean pesos (ThCh$)

2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (continued)

2.8 Impairment of non-financial assets

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

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

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

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

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

Variable	03-31-2022	12-31-2021	Descripction
Discount rate	8,49%	8,49%	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.
Período de estimación de flujos	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 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (continued)

2.9 Financial instruments

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

1) Non-derivatives Financial Assets

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

a) Amortized Cost

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

Non-derivatives financial assets that that accomplish with the conditions stated in IFRS 9 to be classified at amortized cost are: account receivables, loans granted and cash equivalents. 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.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (continued)

2.9 Financial instruments (continued)

1) Non-derivatives Financial Assets (continued)

c) Fair value through profit or loss

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

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

2) Cash and Cash Equivalent

Cash and cash equivalents include cash, bank balances, time deposits and other deposits short-term, whose term is equal to or less than 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).

2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (continued)

2.9 Financial instruments (continued)

5) Derivatives and Hedge activities (continued)

Derivatives instrument used by the Company are mainly related to hedge the interest rate/exchange rate risks. Derivatives instruments are recorded at its fair value at the date of the transaction on the Interim Consolidated Financial Statements. If the fair value of the derivative instrument is positive, it is recorded into the "Other financial assets" item and in case that the fair value of the derivative instrument is negative it is recorded into the "Other financial liabilities" item. Changes in the fair value of the derivative instruments are recorded into profit or loss unless the derivative had been designated as a hedge instrument and comply with all the requirement stated in IFRS 9 in order to use Hedge Accounting. Regarding to hedge accounting, the Company is still under the IAS 39 scope. The different types of hedge accounting that the Company perform are:

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

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

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

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

2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (continued)

2.9 Financial instruments (continued)

5) Derivatives and Hedge activities (continued)

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

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

At the inception of the transaction, the Company documents the relationship existing between the hedge instruments and the hedged items, as well as its risk management objectives and its strategy for handling various hedge transactions. The Company also documents its assessment, both at inception and subsequently on an ongoing basis, of the effectiveness of the hedge instruments in offsetting movements in the fair values or cash flows of the hedged items. A derivative is presented as a non-current asset or liability if its maturity is greater than 12 months and it is not expected to be realized within 12 months. Other derivatives are presented as current assets or liabilities..

6) Embedded derivatives

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

7) Derecognition of financial assets and liabilities

Financial assets are derecognized when, and only when:

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

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

2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (continued)

2.9 Financial instruments (continued)

8) Compensation of financial assets and liabilities

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

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

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

2.10 Inventory

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

2.11 Paid-in capital

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

2.12 Income tax and deferred taxes

The result for income tax for the year is determined as the sum of the current tax arising from the application of the tax rate on taxable income, after allowed deductions, plus the change in assets and liabilities for deferred tax and tax credits, both for tax losses and other deductions.

Differences between the book value and tax base of assets and liabilities generate deferred tax asset and liability balances, which are calculated using tax rates expected to be in effect when assets are realized and liabilities are settled.

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

Deferred tax assets and tax credits are recognized only when it is likely that there are future taxable profits sufficient enough against which the deductible temporary differences and the carry forward of unused tax credit can be utilized.
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2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (continued)

2.12 Income tax and deferred taxes (continued)

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

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

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

2.13 Employee benefits

2.13.1 Staff severance indemnity

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

This benefit is recorded at nominal value.

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

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

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

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

2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (continued)

2.13 Employee benefits (continued)

2.13.2 Profit sharing

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

2.14 Provisions

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

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

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

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

2.15 Classification of current and non-current balances

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

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

2.16 Revenue recognition

The regulatory framework that governs electrical transmission activity in Chile comes from the by - Law of the Electric Services dated 1982 (DFL (M) No. 1/82), and subsequent amendments thereto, including Law 19.940 (called also the “Short Law”) enacted on March 13, 2004, Law 20,018 (“Short Law II”), enacted on May 19, 2005 and Law 20,257 (Generation with Non-Conventional Renewable Sources of Energy), enacted on April 1, 2008. These are complemented by the by - Law of the Electric Services Regulations dated 1997 (Supreme Decree No. 327/97 of the Mining Ministry), and its amendments, and by the Technical Standard for Liability and Quality of Service (R.M.EXTA No. 40 dated May 16, 2005) and subsequent amendments there to. On July 11, 2016, the new Transmission Law was enacted,

2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (continued)

2.16 Revenue recognition (continued)

which creates an Independent Coordinating entity of the National Electrical System (NES), called National Electrical Coordinator (CEN, according to the Spanish acronym), which groups the previous DEC SIC and CDEC SING; in addition, it establishes a new Electrical Transmission System in which the trunk transmission system, the 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.

Revenues from both regulatory and contractual arrangements are recognized and invoiced on a monthly basis, using fixed monthly amounts resulting from values stipulated in the contracts or resulting from the regulated tariffs and indexed as applicable. The transmission service is invoiced usually at the beginning of the month following the month when the service was rendered and thus the revenue recognized each month includes transmission service provided but not invoiced up to the month end

2.17 Leases

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

2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (continued)

2.17 Leases (continued)

2.17.1 The Company as lessor

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

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

2.17.2 The Company as lessee

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

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

2.17.3 Rights from Use of Lease

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

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

2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (continued)

2.17 Leases (continued)

2.17.3 Rights from Use of Lease (continued)

2.17.3.1 Leases previously classified as operating leases

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

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

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

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

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

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

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

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

2.17.3.2 Right of Use Assets

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

Recognized right-of-use assets are depreciated on a straight-line basis for the shortest of their estimated useful life and the term of the lease and are subject to impairment review.
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2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (continued)

2.17 Leases (continued)

2.17.3 Rights from Use of Lease (continued)

2.17.3.3 Lease Liabilities

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

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

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

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

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

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

2.18 Distribution of dividends

Dividends payable to the Company's shareholders are recognized as a liability in the 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.
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2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (continued)

2.18 Distribution of dividends (continued)

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

The distribution of dividends as of March 31, 2022 and December 31, 2021 is reported in Note 22.3.

3 - RISK MANAGEMENT POLICY

3.1 Financial risk

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

3.1.1 Market risk

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

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

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

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

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

3.1.1.1 Interest rate risk

Significant changes in fair values and future cash flows of financial instruments that can be directly attributable to interest rate risks include changes in the net proceeds from financial instruments whose cash flows are determined in reference to floating interest rates and changes in the value of financial instruments with fixed cash flows.

The Company´s assets are primarily fixed and long-lived intangible assets. Consequently, financial liabilities 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.

Expressed in thousands of Chilean pesos (ThCh$)

3 - RISK MANAGEMENT POLICY (continued)

3.1 Financial risk (continued)

3.1.1 Market risk (continued)

3.1.1.1 Interest rate risk (continued)

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 March 31, 2022 and December 31, 2021 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	Interest	Type of	Amount in Original Currency (thousand)	
				03-31-2022	12-31-2021
Bono Serie D	UF	4,25%	Fija	13.500	13.500
Bono Serie H	UF	4,80%	Fija	3.000	3.000
Bono Serie K	UF	4,60%	Fija	1.600	1.600
Bono Serie M	UF	4,05%	Fija	3.400	3.400
Bono Serie N	UF	3,95%	Fija	3.000	3.000
Bono Serie Q	UF	3,95%	Fija	3.100	3.100
Senior Notes	USD	4,625%	Fija	300.000	300.000
Senior Notes	USD	4,250%	Fija	375.000	375.000
Senior Notes	USD	3,875%	Fija	350.000	350.000
Revolving Credit Facility	USD	1,96157%	Flotante (*)	-	-

(*) The floating interest rate of 1.96157% of the committed line of credit is broken down into a 3-month LIBOR rate plus a margin of 1.00%. As of March 31, 2022 and December 31, 2021, the Company does not maintain amounts drawn by this line.

Expressed in thousands of Chilean pesos (ThCh$)

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	(13,425,385)	(12,778)	(17,037)	(8,518)
Bono H	(3,000,688)	(2,856)	(3,808)	(1,904)
Bono K	(1,599,003)	(1,522)	(2,029)	(1,015)
Bono M	(1,474,660)	(1,403)	(1,871)	(936)
Bono M1	(1,864,865)	(1,775)	(2,366)	(1,183)
Bono N	(2,882,609)	(2,743)	(3,658)	(1,829)
Bono Q	(3,074,927)	(2,927)	(3,902)	(1,951)
Total	(27,322,137)	(26,004)	(34,671)	(17,336)

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.

The amounts of assets and liabilities denominated in dollars and Chilean pesos, in the periods indicated below, are as follows:

Expressed in thousands of Chilean pesos (ThCh$)

3 - RISK MANAGEMENT POLICY (continued)

3.1 Financial risk (continued)

3.1.1 Market risk (continued)

3.1.1.2 Exchange rate risk (continued)

Concepts	Liabilities		Assets	
	03-31-2022 MCh$	12-31-2021 MCh$	03-31-2022 MCh$	12-31-2021 MCh$
U.S. dollar (amounts associated with balance sheet items)	808,388	875,783	808,579	868,719
Chilean peso	2,342,966	2,275,571	2,342,775	2,282,636

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.

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$)	389	(1)	1	-	-	-
Leasing (US$)	33,686	(47)	47	-	-	-
Forwards (assets) (US$)	406	-	-	(13)	-	-
Senior Notes (US$)	(808,388)	1,140	(1,140)	-	-	-
Swaps	565,434	(797)	797	135,617	(191)	191
Intercompany loan (US$)	204,108	(288)	288	-	-	-
Total	(4,365)	7	(7)	135,604	(191)	191

Expressed in thousands of Chilean pesos (ThCh$)

3 - RISK MANAGEMENT POLICY (continued)

3.1 Financial risk (continued)

3.1.2 Credit risk

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

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

Concept	03-31-2022	12-31-2021
	ThCh$	ThCh$
Grupo Enel	35,250,321	26,299,239
Grupo AES Gener	12,274,050	16,939,698
Grupo CGE	11,732,355	14,210,031
Grupo Colbún	10,672,061	10,684,804
Grupo Engie (E-CL)	7,999,258	6,985,579
Otros	9,215,214	3,917,007
Total	87,143,259	79,036,358
% of concentration of top customers	89.43%	95.04%

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.

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

Expressed in thousands of Chilean pesos (ThCh$)

3 - RISK MANAGEMENT POLICY (continued)

3.1 Financial risk (continued)

3.1.3 Liquidity risk (continued)

(a) Risk associated to Company's management

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

(a) Amount committed : 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 March 31, 2022 and December 31, 2021

Debt maturity (equity and interest)	Less than 1 Years	1 to 3 Years	3 to 5 Years	5 to 10 Years	More than 10 years	Total
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
March 31, 2022	67,424,478	650,446,835	87,855,513	914,749,222	336,558,443	2,057,034,491
December 31, 2021	67,424,478	360,358,375	389,692,333	923,181,181	336,558,443	2,077,214,810

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.

3 - RISK MANAGEMENT POLICY (continued)

3.1 Financial risk (continued)

3.1.3 Liquidity risk (continued)

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

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

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

3.2 Situation of COVID-19

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

From a Financing perspective, the Company has been cautious about its liquidity position, considering actions to save costs and, if needed, even some delay in investments and distributions. As of December 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.

3 - RISK MANAGEMENT POLICY (continued)

3.2 Situation of COVID-19 (continued)

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.

4 - CRITICAL ESTIMATES, JUDGMENTS OR CRITERIA EMPLOYED BY MANAGEMENT

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

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

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

  Useful lives of property, plant and equipment and intangible assets;
- The assumptions used to calculate the fair value of financial instruments;
- The actuarial assumptions used to calculate obligations with employees;
- Future tax results for the purposes of determining the recoverability of deferred tax assets.
- Contingent assets and liabilities.
- Determination of existence and classification of financial or operating leases based on the transfer of risks and rewards of the leased assets (IFRS16), considerate the following:
  - Identification of whether a contract (or part of a contract) includes a lease.
  - Estimate the lease term.
  - Determine if it is reasonably true that it is an extension or termination option will be exercised.
  - Determination of the appropriate rate to discount lease payments.

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

Expressed in thousands of Chilean pesos (ThCh$)

5 - CASH AND CASH EQUIVALENTS

(a) As of March 31, 2022 and December 31, 2021, this account is detailed as follows:

Cash And Cash Equivalents	03-31-2022 ThCh$	12-31-2021 ThCh$
Bank and cash	1,195,755	8,092,654
Short term deposits	159,124,332	140,957,540
Reverse repurchase agreements and mutual funds	111,886,710	85,468,771
Total	272,206,797	234,518,965

Cash and cash equivalents included in the statement of financial position as of March 31, 2022 and December 31, 2021 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	03-31-2022 ThCh$	12-31-2021 ThCh$
Amount of cash and cash equivalents	U.S. dollars	410,785	478,354
Amount of cash and cash equivalents	Euros	10,616	11,612
Amount of cash and cash equivalents	Chilean pesos	271,785,396	234,028,999
Total		272,206,797	234,518,965

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

Expressed in thousands of Chilean pesos (ThCh$)

6 - TRADE AND OTHER RECEIVABLES

The detail as of March 31, 2022 and December 31, 2021 is as follows:

Concept	03-31-2022	12-31-2021
	ThCh$	ThCh$
Trade receivables	86,965,407	83,537,861
Miscellaneous receivables	221,334	165,315
Total trade and other receivables	87,186,741	83,703,176

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

As of March 31, 2022 and December 31, 2021, the aging of trade and other receivables is as follows:

Concept	03-31-2022	12-31-2021
	ThCh$	ThCh$
Maturing in less than 30 days	67,498,245	59,982,591
Maturing in more than 30 days up to 1 year	19,688,496	23,720,585
Total	87,186,741	83,703,176

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

Expressed in thousands of Chilean pesos (ThCh$)

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	
							03-31-2022	12-31-2021	03-31-2022	12-31-2021
							ThCh$	ThCh$	ThCh$	ThCh$
76,560,200-9	Transelec Holding Rentas Ltda.	Chile	Loan	09-21- 2025/ 11-28-2027	Parent Company	UF	161,824	-	24,265,459	23,702,564
76,560,200-9	Transelec Holding Rentas Ltda.	Chile	Loan	06-30-2025/ 11-28-2027	Parent Company	USD	2,015,344	-	204,108,193	218,797,622
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$	125,959	279,805	-	-
76,248,725-K	CyT Operaciones SpA	Chile	Accounts receivable	Not defined	Indirect	Ch$	147,908	144,362	-	-
20604938300	Conelsur SV	Perú	Accounts receivable	Not defined	Indirect	Ch$	103,881	167,036	-	-
20601047005	Conelsur LT SAC	Perú	Accounts receivable	Not defined	Indirect	Ch$	8,488	18,725	-	-
76,920,929-8	Transmisora del Pacifico SA	Chile	Accounts receivable	Not defined	Indirect	Ch$	144,521	62,430	-	-
Total							4,672,484	2,636,917	228,373,652	242,500,186

Expressed in thousands of Chilean pesos (ThCh$)

7 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES (continued)

7.1 Balances and transactions with related parties (continued)

Account payable to related companies

Tax ID Number	Company	Country	Description	Start	Relation	Currency	Current		Non-current	
							03-31-2022	12-31-2021	03-31-2022	12-31-2021
							ThCh$	ThCh$	ThCh$	ThCh$
76.560.200-9	Transelec Holding Rentas Ltda.	Chile	Dividends payable	Parent Company	Matriz	Ch$	17,402,267	17,402,267	-	-
76.559.580-0	Rentas Eléctricas I Limitada	Chile	Dividends payable	Parent Company	Matriz	Ch$	1,740	1,740	-	-
Total							17,404,007	17,404,007	-	-

Expressed in thousands of Chilean pesos (ThCh$)

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	03-31-2022		12-31-2021	
					Amount	Effect on income	Amount	Effect on income
					ThCh$	ThCh$	ThCh$	ThCh$
76.560.200-9	Transelec Holdings Rentas Ltda.	Chile	Parent Company	Interest earned	2,197,950	2,197,950	2,005,165	2,005,165
76.560.200-9	Transelec Holdings Rentas Ltda.	Chile	Parent Company	Exchange difference	14,711,415	(14,711,415)	248,780	248,780
76.560.200-9	Transelec Holdings Rentas Ltda.	Chile	Parent Company	Indexed to UF	564,099	564,099	2,805,869	2,805,869
76.524.463-3	Transelec Concesiones S.A.	Chile	Indirect	Monthly services	468,565	468,565	483,063	483,063
76.524.463-3	Transelec Concesiones S.A.	Chile	Indirect	Amounts charged	622,411	-	-	-
76.920.929-8	Transmisora del Pacífico S.A.	Chile	Indirect	Monthly services	228,655	228,655	-	-
76.920.929-8	Transmisora del Pacífico S.A.	Chile	Indirect	Amounts charged	146,564	-	-	-
76.248.725-K	CYT Operaciones SpA	Chile	Indirect	Monthly services	525,095	525,095	410,491	410,491
76.248.725-K	CYT Operaciones SpA	Chile	Indirect	Amounts charged	521,549	-	486,903	-
20604938300	Conelsur SV	Perú	Indirect	Monthly services	148,716	148,716	144,128	144,128
20604938300	Conelsur SV	Perú	Indirect	Amounts charged	211,871	-	193,794	-
20601047005	Conelsur LT	Perú	Indirect	Monthly services	28,672	28,672	-	-
20601047005	Conelsur LT	Perú	Indirect	Amounts charged	38,909	-	-	-

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

7 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES (continued)

7.2 Board of Directors and management

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

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

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

On May 17, 2021, the Board of Directors accepted the renounce of the Director Ms. Patricia Núñez Figueroa. The Alternate Director, Mr. Claudio Campos Bierwirth took over internally on that same date. On March 23, 2022, the Board of Directors accepts the resignation of the interim Director Mr. Claudio Campos Bierwirth and appoints Ms. Ximena Clark Núñez as Interim Director until the next Ordinary Shareholders' Meeting.

Currently, the Board of Directors is composed of eight Regular Directors, an Interim 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 2022 and 2021 period.

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

Expressed in thousands of Chilean pesos (ThCh$)

7 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES (continued)

7.2.1 Board of Directors' compensation (continued)

Director	03-31-2022 ThCh$	03-31-2021 ThCh$
Scott Lawrence (Presidente)*	-	-
Blas Tomic Errázuriz	19,006	15,996
Mario Alejandro Valcarce Durán	19,006	15,996
Patricia Angelina Nuñez Figueroa**	-	15,996
Juan Ramon Benabarre Benaiges	19,006	15,996
Andrea Butelmann Peisajoff	19,006	15,996
Jordan Anderson*	-	-
Ganxiang Tang*	-	-
Richard Cacchione*	-	-
Claudio Campos Bierwirth**	-	-
Ximena Clark Núñez**	-	-

* Mr. Scott Lawrence (President), Ganxiang Tang, Richard Cacchione, and Jordan Anderson resigned their respective allowances for the period 2022 and 2021.

** Mrs. Patricia Núñez submitted her resignation to the Board of Directors, which was approved on May 17, 2021. The Alternate Director, Mr. Claudio Campos Bierwirth assumed on that same date on an interim basis. On March 23, 2022, the Board of Directors accepts the resignation of the interim Director Mr. Claudio Campos Bierwirth and appoints Ms. Ximena Clark Núñez as interim Director until the next Ordinary Shareholders' Meeting.

7.3 Board expenses

As of March 31, 2022, no advisory expenses were incurred for the board of directors. As of December 31, 2021, Transelec's board of directors received a Compliance trainning, held on October 6, 2021, for 15 UF.

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 Interim 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.

Expressed in thousands of Chilean pesos (ThCh$)

7 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES (continued)

7.4 Audit committee (continued)

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

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

The following compensation was received by members of the Audit Committee a s of March 31, 2022 and 2021:

Director	03-31-2022 ThCh$	03-31-2021 ThCh$
Mario Alejandro Valcarce Duran	8,447	7,110
Patricia Angelina Nuñez Figueroa *	-	7,110
Juan Ramón Benabarre Benaiges	8,447	7,110
Alfredo Ergas Segal	-	-
Richard Cacchione	-	-
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 Chief Executive Officer, 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. The foregoing was reported by the Company to the Financial Market Commission through an essential event dated December 16, 2021.

At the Ordinary Board Meeting held on March 23, 2022, the Board of Directors agreed to appoint Mr. Arturo Le Blanc Cerda as the new Chief Executive Officer of the company as of May 1, 2022, the date on which the resignation presented by Mr. the current Chief Executive Officer, Mr. Andrés Kuhlmann Jahn.

Expressed in thousands of Chilean pesos (ThCh$)

7 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES (continued)

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

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 2022 and 2021 is as follows:

Concept	03-31-2022	03-31-2021
	ThCh$	ThCh$
Salaries	535,502	524,653
Short-term employee benefits	213,808	199,488
Long-term employee benefits	221,002	171,536
Total compensation received by key management personnel	970,312	895,677

8 - OTHER FINANCIAL ASSETS, LEASES

As of March 31, 2022 and December 31, 2021, this account is detailed as follows:

Concept	03-31-2022		12-31-2021	
	Current	Non-Current	Current	Non-Current
	ThCh$	ThCh$	ThCh$	ThCh$
Finance lease receivables	1,521,955	32,163,941	1,561,768	34,144,266
Swap Contracts (see note 18)	-	135,617,330	-	191,845,804
Forward Contracts (see note 18)	-	-	87,782	-
Other financial assets	-	41,752	-	41,752
Total Other financial assets	1,521,955	167,823,023	1,649,550	226,031,822

Expressed in thousands of Chilean pesos (ThCh$)

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	03-31-2022		
	Present Value ThCh$	Interest receivable ThCh$	Gross investment ThCh$
Less than 1	1,521,955	3,778,851	5,300,806
1-5	5,917,422	14,163,408	20,080,830
Over 5	26,246,519	38,507,230	64,753,749
Total	33,685,896	56,449,489	90,135,385

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

Movements in finance leases:

Concept	03-31-2022 ThCh$	12-31-2021 ThCh$
Opening balance	35,706,034	28,832,140
Additions	785,172	2,678,127
Amortization	(375,159)	(1,492,458)
Translation difference	(2,430,151)	5,688,225
Ending balance	33,685,896	35,706,034

Expressed in thousands of Chilean pesos (ThCh$)

9 - INTANGIBLE ASSETS OTHER THAN GOODWILL

The following tables detail the balances within this account as of March 31, 2022 and December 31, 2021:

Intangible assets, net	03-31-2022	12-31-2021
	ThCh$	ThCh$
Rights of way	182,756,006	181,321,476
Software	6,163,644	4,751,591
Total identified intangible assets	188,919,650	186,073,067

Intangible assets, net	03-31-2022	12-31-2021
	ThCh$	ThCh$
Rights of way	182,756,006	181,321,476
Software	24,722,074	22,925,698
Total intangible assets	207,478,080	204,247,174

Accumulated amortization and impairment	03-31-2022	12-31-2021
	ThCh$	ThCh$
Software	(18,558,430)	(18,174,107)
Total accumulated amortization	(18,558,430)	(18,174,107)

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

Expressed in thousands of Chilean pesos (ThCh$)

9 - INTANGIBLE ASSETS OTHER THAN GOODWILL (continued)

The composition and movements of intangible assets As of March 31, 2022 and December 31, 2021 are the following:

Movements in intangible assets	Rights of way	Software	Net intangible assets
	ThCh$	ThCh$	ThCh$
Opening balance as of 01-01-2022	181,321,476	4,751,591	186,073,067
Additions	1,434,530	1,796,377	3,230,907
Retirements	-	-	-
Amortization	-	(384,324)	(384,324)
Final balance as of 03-31-2022	182,756,006	6,163,644	188,919,650

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

Based on estimates made by Management, projections of cash flows attributable to intangible assets allow the carrying value of these assets recorded as of March 31, 2022 and December 31, 2021 to be recovered.

10 - GOODWILL

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

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

Expressed in thousands of Chilean pesos (ThCh$)

10 – GOODWILL (continued)

10.1 Measurement of the recoverable value of goodwill

The breakdown of this item as of March 31, 2022 and December 31, 2021 is as follows:

Detail	03-31-2022	12-31-2021
	ThCh$	ThCh$
Goodwill	343,059,078	343,059,078
Total	343,059,078	343,059,078

10.2 Movement of goodwill in the Interim Consolidated Financial Statements

The goodwill movements as of March 31, 2022 and December 31, 2021 are:

Concept	03-31-2022
	ThCh$
Opening balance as of 01-01-2022	343,059,078
Final balance as of 03-31-2022	343,059,078

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

Expressed in thousands of Chilean pesos (ThCh$)

11 - PROPERTY, PLANT AND EQUIPMENT

11.1 Detail of accounts

The composition corresponds to the following detail:

Property, plant and equipment, net	03-31-2022 ThCh$	12-31-2021 ThCh$
Land	22,070,900	22,070,900
Buildings and infrastructure	902,540,014	906,740,407
Work in progress	431,907,833	402,151,009
Machinery and equipment	476,042,801	479,078,128
Other property, plant and equipment	5,796,891	5,811,659
Total Property, plant and equipment	1,838,358,439	1,815,852,103

Property, plant and equipment, gross	03-31-2022 ThCh$	12-31-2021 ThCh$
Land	22,070,900	22,070,900
Buildings and infrastructure	1,272,485,202	1,270,051,622
Work in progress	431,907,833	402,151,009
Machinery and equipment	772,412,199	769,601,252
Other property, plant and equipment	5,796,891	5,811,659
Total property, plant and equipment, gross	2,504,673,025	2,469,686,442

Accumulated depreciation of property, plant and equipment	03-31-2022 ThCh$	12-31-2021 ThCh$
Buildings and infrastructure	(369,945,188)	(363,311,215)
Machinery and equipment	(296,369,398)	(290,523,124)
Total accumulated depreciation of property, plant and equipment	(666,314,586)	(653,834,339)

Expressed in thousands of Chilean pesos (ThCh$)

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 March 31, 2022 and December 31, 2021:

Movement period 2022	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 01-01-2022	22,070,900	906,740,407	479,078,128	402,151,009	5,811,659	1,815,852,103
Additions	-	-	-	35,075,122	17,482	35,092,604
Retirements	-	(29,346)	-	(7,970)	-	(37,316)
Transfer	-	2,482,143	2,860,435	(5,310,328)	(32,250)	-
Depreciation expense	-	(6,653,190)	(5,895,762)		-	(12,548,952)
Other decrements	-	-	-	-	-	-
Closing balance as of 03-31-2022	22,070,900	902,540,014	476,042,801	431,907,833	5,796,891	1,838,358,439

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

Expressed in thousands of Chilean pesos (ThCh$)

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 March 31, 2022 and December 31, 2021 commitments to purchase items of property, plant and equipment arising from construction contracts under EPC (Engineering-Procurement-Construction) in the amount of ThCh$210,911,920 and ThCh$145,306,082, at the end of each period, respectively

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

Concepts	03-31-2022	12-31-2021
Capitalization rate (Annual basis)	4.83%	4.82%
Capitalized interest costs (ThCh$)	3,411,218	11,392,079

Work in progress balances as of March 31, 2022 and December 31, 2021, amounts to ThCh$431,907,833 and ThCh$402,151,009, respectively.

Expressed in thousands of Chilean pesos (ThCh$)

12 - LEASE RIGHT OF USE

The composition of the item of Assets for rights of use as of March 31, 2022 and December 31, 2021, corresponds to the following detail

Lease right of use	03-31-2022	12-31-2021
	ThCh$	ThCh$
Land use right	51,777	55,296
Right of use Buildings	2,214,555	2,510,990
Right to use Vehicles	378,546	473,182
Total Lease right of use	2,644,878	3,039,468

Lease right of use, gross	03-31-2022	12-31-2021
	ThCh$	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	03-31-2022	12-31-2021
	ThCh$	ThCh$
Constructions and infrastructure works	(50,011)	(46,492)
Machinery and equipment	(3,796,362)	(3,499,927)
Assets for rights of use for leases	(1,365,656)	(1,271,020)
Total Accumulated depreciation of assets for rights of use	(5,212,029)	(4,817,439)

Expressed in thousands of Chilean pesos (ThCh$)

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 March 31, 2022 and December 31, 2021 are detailed below:

Movement period 2022	Land use right	Right of use Buildings	Right to use Vehicles	Lease right of use
	ThCh$	ThCh$	ThCh$	ThCh$
Opening balance 01-01-2022	55,296	2,510,990	473,182	3,039,468
Additions	-	-	-	-
Depreciation expense	(3,519)	(296,435)	(94,636)	(394,590)
Closing balance as of 03-31-2022	51,777	2,214,555	378,546	2,644,878

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

As of March 31, 2022 and December 31, 2021 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%.

13 - OTHER NON-FINANCIAL ASSETS

The composition of the item as of March 31, 2022 and December 31, 2021 is as follows:

Concept	Current		Non-Current	
	03-31-2022	12-31-2021	03-31-2022	12-31-2021
	ThCh$	ThCh$	ThCh$	ThCh$
Funds for yielding easements and land	1,594,302	2,479,899	-	-
Advances to suppliers	1,999,604	2,054,195	-	-
Advance insurance	188,597	636,300	-	-
Consignments and guarantees	1,553,428	1,553,428	-	-
Deferred leasing contract	-	-	8,198,645	6,977,358
Other non-financial assets	1,732,144	1,762,009	156,983	1,216,073
Total other non-financial assets, current	7,068,075	8,485,831	8,355,628	8,193,431

Expressed in thousands of Chilean pesos (ThCh$)

14 - DEFERRED TAXES

14.1 Detail of deferred tax liabilities

The origin of deferred taxes recorded as of March 31, 2022 and December 31, 2021 corresponding to the company Transelec is detailed as follows:

Temporary Difference Assets / (Liabilities)	Net deferred taxes	
	03-31-2022	12-31-2021
	ThCh$	ThCh$
Depreciable fixed assets	(212,964,774)	(210,868,982)
Leased assets	(7,928,513)	(8,330,563)
Materials and spare parts	367,980	323,545
Tax losses	3,349,712	5,634,406
Staff severance indemnities provision	(251,914)	(183,577)
Deferred income	1,202,310	1,229,146
Obsolescence provision	1,723,366	1,723,366
Work in progress	(73,747,230)	(67,427,672)
Vacation provisions	713,510	774,821
Intangible assets	460,361	89,141
Adjustment of effective interest rate of bonds	(2,234,543)	(2,313,177)
Land	2,743,558	2,546,597
Provision Tariff Review	45,075,853	39,632,665
Goodwill	525,822	562,188
Total deferred tax liabilities	(240,964,502)	(236,608,096)

Presentation in the Statement of Financial Position:		
Deferred tax Assets	-	-
Deferred tax liabilities	(240,964,502)	(236,608,096)
Deferred taxes, net assets / (liabilities)	(240,964,502)	(236,608,096)

Tax losses balances recorded as deferred tax liabilities as of March 31, 2022, correspond to Transelec S.A. for ThCh$8,892,461 (ThUS$17,367,507 as of December 31, 2021) and Transmisión del Melado SpA for ThCh$3,513,880 (ThUS$3,500,663 as of December 31, 2021).

Expressed in thousands of Chilean pesos (ThCh$)

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 March 31, 2022 and December 31, 2021 are as follows:

Deferred tax movements	Assets	Liabilities
	ThCh$	ThCh$
Balance as of 01-01-2021	-	156,348,593
Increase (decrease)	-	80,259,503
Balance as of 12-31-2021	-	236,608,096
Increase (decrease)	-	4,356,406
Balance as of 03-31-2022	-	240,964,502

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 March 31, 2022 and December 31, 2021 is as follows:

Concept	03-31-2022		12-31-2021	
	Current	Non-Current	Current	Non-Current
	ThCh$	ThCh$	ThCh$	ThCh$
Bonds payable	17,919,269	1,667,811,995	22,002,230	1,704,954,466
Swap contract (see note 18)	1,832,979	-	4,070,488	-
Forward contract (see note 18)	12,874	-	-	-
Total Other financial liabilities	19,765,122	1,667,811,995	26,072,718	1,704,954,466

Expressed in thousands of Chilean pesos (ThCh$)

15 - OTHER FINANCIAL LIABILITIES (continued)

15.1 Bonds payable

The obligations with the public by series, currency, effective rate and expiration as of March 31, 2022 and December 31, 2021 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	03-31-2022	12-31-2021
												ThCh$	ThCh$
76.555.400-4	Transelec S.A.	Chile	Chile	480	D	UF	4,37%	4,25%	At maturity	Semiannually	12-15-2027	431,451,748	416,876,163
76.555.400-4	Transelec S.A.	Chile	Chile	599	H	UF	4,79%	4,80%	At maturity	Semiannually	08-01-2031	96,054,096	94,908,657
76.555.400-4	Transelec S.A.	Chile	Chile	599	K	UF	4,61%	4,60%	At maturity	Semiannually	09-01-2031	49,146,019	48,514,221
76.555.400-4	Transelec S.A.	Chile	Chile	599	M	UF	4,26%	4,05%	At maturity	Semiannually	06-15-2032	47,342,145	45,771,109
76.555.400-4	Transelec S.A.	Chile	Chile	599	M-1	UF	4,23%	4,05%	At maturity	Semiannually	06-15-2032	59,871,942	57,882,413
76.555.400-4	Transelec S.A.	Chile	Chile	599	N	UF	4,29%	3,95%	At maturity	Semiannually	12-15-2038	92,486,145	89,410,309
76.555.400-4	Transelec S.A.	Chile	Chile	744	Q	UF	4,02%	3,95%	At maturity	Semiannually	12-15-2027	101,183,316	97,919,640
76.555.400-4	Transelec S.A.	Chile	Foreign	1st issuance	Sr N	US$	5,10%	4,63%	At maturity	Semiannually	08-01-2031	237,841,545	257,967,389
76.555.400-4	Transelec S.A.	Chile	Foreign	2nd issuance	Sr N	US$	4,66%	4,25%	At maturity	Semiannually	09-01-2031	296,456,846	321,200,875
76.555.400-4	Transelec S.A.	Chile	Foreign	3rd issuance	Sr N	US$	4,31%	3,88%	At maturity	Semiannually	06-15-2032	273,897,462	296,505,920
Total												1,685,731,264	1,726,956,696

The fair value of current and non-current bonds payable, both secured and unsecured, amounts to ThCh$1,728,481,453 and ThCh$1,793,970,669 as of March 31, 2022 and December 31, 2021, respectively (it does not include other current and non-current liabilities such as swap agreements which are presented in the Interim Consolidated Financial Statements at fair value). The fair value of the bonds is estimated by discounting future cash flows using discount rates available for debt with similar terms of credit risk and similar maturities. This value is categorized as level 2 according to the hierarchy of fair value.

Expressed in thousands of Chilean pesos (ThCh$)

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 03-31-2022	Maturity 1 to 3 years	Maturity 3 to 5 years	Maturity more than 5 years	Total Non-current 03-31-2022
			ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
76.555.400-4	Transelec S.A.	480	5,465,796	-	5,465,796	-	-	425,985,952	425,985,952
76.555.400-4	Transelec S.A.	599	-	769,927	769,927	-	-	95,284,169	95,284,169
76.555.400-4	Transelec S.A.	599	-	209,501	209,501	-	-	48,936,518	48,936,518
76.555.400-4	Transelec S.A.	599	567,659	-	567,659	-	-	46,774,486	46,774,486
76.555.400-4	Transelec S.A.	599	721,133	-	721,133	-	-	59,150,809	59,150,809
76.555.400-4	Transelec S.A.	599	1,117,004	-	1,117,004	-	-	91,369,141	91,369,141
76.555.400-4	Transelec S.A.	744	1,812,751	-	1,812,751	-	-	99,370,565	99,370,565
76.555.400-4	Transelec S.A.	1st issuance	-	2,045,789	2,045,789	235,795,756	-	-	235,795,756
76.555.400-4	Transelec S.A.	2nd issuance	-	2,778,739	2,778,739	293,678,107	-	-	293,678,107
76.555.400-4	Transelec S.A.	3rd issuance	-	2,430,970	2,430,970	-	-	271,466,492	271,466,492
Total			9,684,343	8,234,926	17,919,269	529,473,863	0	1,138,338,132	1,667,811,995

Expressed in thousands of Chilean pesos (ThCh$)

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.	1st issuance	5,312,461	-	5,312,461	252,654,928	-	-	252,654,928
76.555.400-4	Transelec S.A.	2nd issuance	6,548,903	-	6,548,903	-	314,651,972	-	314,651,972
76.555.400-4	Transelec S.A.	3rd issuance	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

15.2 Other aspects

As of March 31, 2022 and 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.

Expressed in thousands of Chilean pesos (ThCh$)

16 – LIABILITIES FOR LEASES

The detail of this short- and long-term item as of March 31, 2022 and December 31, 2021, is as follows:

Concept	03-31-2022		12-31-2021	
	Current	Non-Current	Current	Non-Current
	ThCh$	ThCh$	ThCh$	ThCh$
Obligations for the right to use land	15,119	38,875	15,119	31,509
Obligations for right of use buildings	1,210,871	1,048,094	1,195,731	1,339,600
Obligations for right of use vehicles	367,743	-	364,748	162,336
Total Liabilities for Leases	1,593,733	1,086,969	1,575,598	1,533,445

16.1 Movements in Lease Liabilities

The book values of lease liabilities and their movements as of March 31, 2022 and December 31, 2021 are detailed below:

Movement period 2022	Land use right	Right of use Buildings	Right to use Vehicles	Lease right of use
	ThCh$	ThCh$	ThCh$	ThCh$
Opening balance 01-01-2022	46,628	2,535,331	527,084	3,109,043
Rights of use for leases	-	-	-	-
Interest expenses	7,366	52,137	(41,681)	17,822
Payments	0	(328,503)	(117,660)	(446,163)
Closing balance as of 03-31-2022	53,994	2,258,965	367,743	2,680,702

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

Expressed in thousands of Chilean pesos (ThCh$)

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 03-31-2022	Maturity 1 to 3 years	Maturity 3 to 5 years	Maturity more than 5 years	Total non-current as of 03-31-2022
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Land	8,898	6,221	15,119	38,875	-	-	38,875
Buildings	346,373	864,498	1,210,871	929,857	118,237	-	1,048,094
Vehicles	105,375	262,368	367,743	-	-	-	-
Total	460,646	1,133,087	1,593,733	968,732	118,237	-	1,086,969

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

Expressed in thousands of Chilean pesos (ThCh$)

16 - LIABILITIES FOR LEASES (continued)

16.3 Details of lease liabilities

Rights of use for leases	03-31-2022		12-31-2021	
	Current	Non-Current	Current	Non-Current
	ThCh$	ThCh$	ThCh$	ThCh$
Obligations for right of use	1,636,376	1,108,166	1,627,358	1,563,347
Deferred interest for right of use	(42,643)	(21,197)	(51,760)	(29,902)
Total financial liabilities for right of use	1,593,733	1,086,969	1,575,598	1,533,445

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%

17 - TRADE AND OTHER PAYABLES

Trade and other payables as of March 31, 2022 and December 31, 2021, are detailed as follows:

Trade and other payables	03-31-2022	12-31-2021
	ThCh$	ThCh$
Trade and other payables	198,125,524	171,695,169
Lawsuits and arbitration proceedings	5,389,260	4,716,531
Total	203,514,784	176,411,700

As of March 31, 2022 and December 31, 2021, the average payment period for suppliers is 30 days and, therefore, the fair value of these liabilities does not differ significantly from their book value.

17 - TRADE AND OTHER PAYABLES (continued)

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. To date, this fine has not been informed to the General Treasury of the Republic.

   As of March 31, 2022 the Company has established a provision for these liabilities totaling to ThCh$1,418,364 (US$1,800,000).

2. As of March 31, 2022, Transelec maintains a provision for an amount of ThCh$3,970,896, equivalent to UTM 71,500, for the following obligations:

   i) 50% of one fines of UTM 75,000, 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 two fines for UTM 9,000 and UTM 25,000, applied by the Superintendency of Electricity and Fuels for a fault in the Cerro Navia SE dated November 7, 2018 and another fault in the Pan de Azúcar substation dated January 19, 2018. 2019, respectively, whose legal claims were rejected in the first instance and their appeals are pending by the Supreme Court..

Expressed in thousands of Chilean pesos (ThCh$)

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	03-31-2022				12-31-2021			
	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	-	135,617,330	1,832,979	-	-	191,845,804	4,070,488	-
Forward (non-hedging))	-	-	12,874	-	87,782	-	-	-
Total	-	135,617,330	1,845,853	-	87,782	191,845,804	4,070,488	-

Expressed in thousands of Chilean pesos (ThCh$)

18 - DERIVATIVE INSTRUMENTS (continued)

18.2 Other information

The following is the a detail of the derivatives contracted by Transelec as of March 31, 2022 and December 31, 2021, their fair value and the breakdown by maturity:

Financial derivatives	Maturity							03-31-2022
	Fair value	Before 1 year	2023	2024	2025	2026	Subsequent years	Total
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Currency hedge Swap	133,784,351	(1,832,979)	-	-	-	-	135,617,330	133,784,351
Forward Contract	(12,874)	(12,874)	-	-	-	-	-	(12,874)

Financial derivatives	Maturity							12-31-2021
	Fair value	Before 1 year	2023	2024	2025	2026	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

Expressed in thousands of Chilean pesos (ThCh$)

18 - DERIVATIVE INSTRUMENTS (continued)

18.2 Other information (continued)

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 March 31, 2022 and December 31, 2021, 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.

18.3 Fair value hierarchies

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

Nivel 1 : Quoted (unadjusted) price in an active market for identical assets and liabilities
Nivel 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
Nivel 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 March 31, 2022 and December 31, 2021

Financial instrumental measured at fair value	Fair value measured at the end of the reporting period using			
	03-31-2022	Level 1	Level 2	Level 3
	ThCh$	ThCh$	ThCh$	ThCh$
Currency hedging swap	133,784,351	-	133,784,351	-
Forward Contract	(12,874)	-	(12,874)	-
Total net derivative	133,771,477	-	133,771,477	-

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	-

Expressed in thousands of Chilean pesos (ThCh$)

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 Instruments		Total
		By result	By Other Comprehensive Income	Hedge	No Hedge	03-31-2022
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Cash and cash equivalents	-	272,206,797	-	-	-	272,206,797
Other financial assets, current	1,521,955	-	-	-	-	1,521,955
Trade and other receivables	87,186,741	-	-	-	-	87,186,741
Receivables from related parties, current	4,672,484	-	-	-	-	4,672,484
Other financial assets, non-current	32,163,941	41,752	-	135,617,330	-	167,823,023
Receivables from related parties, non-current	228,373,652	-	-	-	-	228,373,652
Total	353,918,773	272,248,549	-	135,617,330	-	761,784,652

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$
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

Expressed in thousands of Chilean pesos (ThCh$)

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	03-31-2022
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Other financial liabilities, current	17,919,269	-	-	1,832,979	12,874	19,765,122
Lease liabilities, current	1,593,733	-	-	-	-	1,593,733
Trade and other payables	203,514,784	-	-	-	-	203,514,784
Current accounts payable related entities	17,404,007	-	-	-	-	17,404,007
Other financial liabilities, non-current	1,667,811,995	-	-	-	-	1,667,811,995
Lease liabilities, non-current	1,086,969	-	-	-	-	1,086,969
Total	1,909,330,757	-	-	1,832,979	12,874	1,911,176,610

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

Expressed in thousands of Chilean pesos (ThCh$)

20 – PROVISIONS FOR EMPLOYEE BENEFITS

20.1 Detail of provisions

The detail as of March 31, 2022 and December 31, 2021, is as follows:

Detail	03-31-2022		12-31-2021	
	Current	Non-Current	Current	Non-Current
	ThCh$	ThCh$	ThCh$	ThCh$
Staff severance indemnities	318,594	3,468,299	318,594	3,468,299
Accrued vacations	2,642,630	-	2,869,706	-
Profit sharing benefits	589,389	-	5,301,905	-
Total	3,550,613	3,468,299	8,490,205	3,468,299

20.2 Provision movements

The movement of provisions as of March 31, 2022 and December 31, 2021 is as follows:

Movements in provisions 2022	Staff severance indemnities	Profit sharing benefits	Profit sharing benefits	Other provisions	Total
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Opening balance as of 01-01-2022	3,786,893	5,301,905	2,869,706	-	11,958,504
Provisions during the year	-	1,988,190	542,254	-	2,530,444
Payments	-	(6,700,706)	(769,330)	-	(7,470,036)
Ending balance as of 03-31-2022	3,786,893	589,389	2,642,630	-	7,018,912

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

Expressed in thousands of Chilean pesos (ThCh$)

20 – PROVISIONS FOR EMPLOYEE BENEFITS (continued)

20.2 Provision movements (continued)

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

Detail	03-31-2022			
	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	2,642,630	-	-	-
Profit sharing benefits	589,389	-	-	-
Other provisions	-	-	-	-
Total	3,550,613	1,194,322	813,397	1,460,580

Detail	12-31-2021			
	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	-	-	-
Other provisions	-	-	-	-
Total	8,490,205	1,194,322	813,397	1,460,580

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.

Expressed in thousands of Chilean pesos (ThCh$)

21 - POST-EMPLOYMENT AND OTHER BENEFIT OBLIGATIONS

21.1 Detail of account

Employee benefit obligations	03-31-2022	12-31-2021
	ThCh$	ThCh$
Staff severance indemnity provision – current	318,594	318,594
Staff severance indemnity provision non – current	3,468,299	3,468,299
Total Employee benefit obligations current and non-current	3,786,893	3,786,893

21.2 Detail of obligations to employees

The movement of the obligation in the period ended March 31, 2022 and 2021 is as follows:

Movements	03-31-2022	12-31-2021
	ThCh$	ThCh$
Present value of defined benefit plan obligations opening balance	3.786.893	3,950,390
current service	-	195,812
interest cost	-	104,381
Actuarial Gain/Loss on Hypotheses	-	(380,609)
Experience Actuarial Gain/Loss	-	158,736
Settlements defined benefit plan obligation		(241,817)
Present value of defined benefit obligations ending balance	3,786,893	3,786,893

21.3 Balance of obligations to employees

Concepts	03-31-2022	12-31-2021
	ThCh$	ThCh$
Present value of defined benefit obligations, ending balance	3,786,893	3,786,893
Present obligation with defined benefit plan funds	3,786,893	3,786,893
Balance of defined benefit obligations, ending balance	3,786,893	3,786,893

Expressed in thousands of Chilean pesos (ThCh$)

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

21.4 Expenses recognized in income statement

Cost	01-01-2022 03-31-2022 ThCh$	01-01-2021 12-31-2021 ThCh$	Income statement line item where recognized
Current service defined benefit plan	-	195,812	Cost of sales and Administrative expenses
Interest defined benefit plan	-	104,381	Cost of sales and Administrative expenses
Total expense recognized in profit or loss	-	300,193	

21.5 Actuarial hypothesis

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

Detalle	Actuarial hypothesis	
	03-31-2022	12-31-2021
Discount rate used	2,29%	2,29%
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.

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)

Expressed in thousands of Chilean pesos (ThCh$)

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

21.6 Sensitivity análisis (continued)

To evaluate impact, the sensitivity analysis has been determined based on the extrapolation method obtaining reasonable results in terms of the changes in the significant hypotheses used as of March 31, 2022.

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

Concepts	03-31-2022	12-31-2021
	ThCh$	ThCh$
During the upcoming 12 month	318,594	318,594
Between 2 to 5 years	2,007,719	2,007,719
Between 5 to 10 years	1,232,633	1,232,633
More than 10 years	227,947	227,947
Total Payments Expected	3,786,893	3,786,893

22 - EQUITY

22.1 Subscribed and paid capital

As of March 31, 2022 and December 31, 2021 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 March 31, 2022, the company has not distributed 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

Expressed in thousands of Chilean pesos (ThCh$)

22 – EQUITY (continued)

22.4 Other reserves

Other reserves s of March 31, 2022 and December 31, 2021 are detailed as follows:

Concept	03-31-2022	12-31-2021
	ThCh$	ThCh$
Gains (losses) from cash flow hedges	10,799,766	26,396,703
Gain (loss) on other reserves	965,509	965,509
Income tax related to cash flow hedges	(2,915,937)	(7,127,110)
Income tax related to other reserves	(260,687)	(260,687)
Other Comprehensive Result	8,588,651	19,974,415

The movements of other reserves as of March 31, 2022 and December 31, 2021, are presented below:

Movements	Cash flow hedges reserve	Other Reserves	Total
	ThCh$	ThCh$	ThCh$
Opening balance as of 01-01-2022	19,269,593	704,822	19,974,415
Cash Flow Coverage	(15,596,937)	-	(15,596,937)
Deferred tax	4,211,173	-	4,211,173
Total Comprehensive Income	(11,385,764)	-	(11,385,764)
Closing balance as of 03-31-2022	7,883,829	704,822	8,588,651

Movements	Cash flow hedges reserve	Other Reserves	Total
	ThCh$	ThCh$	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

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 minimu individual and equity of fifteen million UF equivalent to ThCh$475,920,000 as of March 31, 2022. 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.

Expressed in thousands of Chilean pesos (ThCh$)

22 – EQUITY (continued)

22.5 Capital management (continued)

The following tables present as of March 31, 2022 and December 31, 2021 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	Deuda total / Capitalización total	03-31-2022	12-31-2021
	Menor o igual a 0,70	MCh$	MCh$
A	Other financial liabilities, current	19,765	26,073
B	Payables to related parties, current	17,404	17,404
C	Other financial liabilities, non-current	1,667,812	1,704,954
D	Payables to related parties, non-current	-	0
E=A+B+C+D	**Covenants debt**	**1,704,981**	**1,748,431**
G	Debt with guarantees	-	-
DT=E+G	**Total debt**	**1,704,981**	**1,748,431**
H	Non-controlling interest	-	-
P	Equity attributable to owners of the parent	980,566	971,908
I	Accumulated amortization of goodwill (as of the date of transition to IFRS)	24,970	24,970
CT=DT+H+I+P	**Total capitalization**	**2,710,517**	**2,745,309**
DT/CT	Total debt / Total capitalization ratio	0.63	0.64

Covenant N° 2	Minimum equity	03-31-2022	12-31-2021
	Greater than or equal to UF 15 million/ Greater or equal to MCh$ 350,000	MCh$	MCh$
P	Equity attributable to owners of the parent	980,566	971,908
I	Accumulated amortization of goodwill (as of the date of transition to IFRS)	24,970	24,970
P+I	**Equity (in MCh$)**	**1,005,536**	**996,878**
UF	UF value	31,727,74	30,991,74
(P+I)/UF	Equity (in UF millions)	31.69	32.17

Covenant N° 3	Restricted payments test*	03-31-2022	12-31-2021
	Funds from operations (FNO) / Financial costs > 1,5	MCh$	MCh$
FO	Cash flow from operations	377,241	373,498
CF	Absolute value of financial costs	70,549	70,229
IG	Absolute value of income tax expense	23,070	22,419
FNO=FO+CF+IG	**Funds from operations (FNO)**	**470,860**	**466,146**
FNO/CF	Funds from operations / Financial costs	6.67	6.64

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

Expressed in thousands of Chilean pesos (ThCh$)

22 – EQUITY (continued)

22.5 Capital management (continued)

Covenant N° 4	Total debt / Adjusted EBITDA	03-31-2022	12-31-2021
	Lower or equal to 8.0	MCh$	MCh$
A	Other financial liabilities, (current and non-current)	1,687,577	1,731,027
B	Total rights of use	-	-
C	Cash and cash equivalents	272,207	234,519
D	Other financial assets (current and non-current)	169,345	227,681
E	Finance leases receivable (current and non-current)	33,686	35,706
DN=A-B-(C+D-E)	**Net debt**	**1,279,711**	**1,304,533**
G	Operating revenues	313,965	305,858
H	Cost of sales	(88,532)	(88,389)
I	Administrative expenses	(27,218)	(26,302)
J	Depreciation and amortization	54,993	54,701
K	Other gains	362	754
L	Finance lease amortization	1,572	1,492
EA = G+H+I+J+K+L	**Adjusted EBITDA**	**255,142**	**248,114**
DN/EA	Net debt /Adjusted EBITDA	5.02	5.26

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

Expressed in thousands of Chilean pesos (ThCh$)

23 - REVENUE

23.1 Revenue

The breakdown of operating income for the three month periods ended March 31, 2022 and 2021, is as follows:

Type of ordinary income	01-01-2022 03-31-2022 ThCh$	01-01-2021 03-31-2021 ThCh$
Regulated revenues	85,227,900	74,781,580
Contract revenue	20,319,729	17,549,747
Leasing revenues	1,755,592	1,076,556
Provision Tariff Review	(20,159,962)	(14,371,525)
Total revenues	87,143,259	79,036,358

Type of ordinary income	01-01-2022 03-31-2022 ThCh$	01-01-2021 03-31-2021 ThCh$
Regulated revenues:	**85,227,900**	**74,781,580**
National Transmission System	60,723,365	52,928,923
Zonal Transmission System	23,163,101	20,579,088
Dedicated Transmission System	1,232,434	1,095,043
Complementary services	109,000	178,526
Contract revenue:	**20,319,729**	**17,549,747**
Transmission facilities	18,209,146	15,514,539
Engineering and Construction Services	-	229,764
Others	2,110,583	1,805,444
Leasing revenues	**1,755,592**	**1,076,556**
Provision Tariff Review	**(20,159,962)**	**(14,371,525)**
Total	87,143,259	79,036,358

Type of ordinary income	01-01-2022 03-31-2022 ThCh$	01-01-2021 03-31-2021 ThCh$
Transferred services by a long time	87,143,259	79,036,358
Total	87,143,259	79,036,358

23 – REVENUE (continued)

23.1 Revenue (continued)

The tariff review process for the four-year period 2020-2023, which largely sets the Company's revenue and will establish the rates for the use of the national, zonal transmission system for development and dedicated poles used by users subject to price regulation, it is currently under development and the new rates are expected to be published and effective in the second 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 resolution No. 815 dated 26 December 2019 and the Following exempted resolutions, that set the single transmission charges semi-annually, 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.

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 made the records of lower income that affected the financial statements as of December 31, 2021.

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.

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. Pursuant to the foregoing, the Company has proceeded to make a lower income provision for the three month periods ended March 31, 2022 for ThCh$20,159,962 (ThCh$14,371,525 as of March 31, 2021).

Expressed in thousands of Chilean pesos (ThCh$)

23 – REVENUE (continued)

23.2 Other operating income

The detail of operating income for the three month periods ended March 31, 2022 and 2021, is as follows:

Concepts	01-01-2022 03-31-2022 ThCh$	01-01-2021 03-31-2021 ThCh$
Financial income (Note 24.4)	5,482,604	2,091,185
Other gains, net	30,322	422,471
Total	5,512,926	2,513,656

24 - RELEVANT INCOME STATEMENT ACCOUNTS

24.1 Expenses by nature

The composition of cost of sales and administrative expenses for the three month periods ended March 31, 2022 and 2021, is as follows:

Concepts	01-01-2022 03-31-2022 ThCh$	01-01-2021 03-31-2021 ThCh$
Personnel expenses	6,670,919	5,738,301
Operating expenses	4,795,565	4,668,578
Maintenance expenses	1,539,837	1,929,378
Depreciation, amortization and write-offs	13,365,182	13,072,800
Other	435,214	338,303
Total	26,806,717	25,747,360

Expressed in thousands of Chilean pesos (ThCh$)

24 - RELEVANT INCOME STATEMENT ACCOUNTS (continued)

24.2 Personnel expenses

The composition of personnel expenses for the three month periods ended March 31, 2022 and 2021 is as follows:

Concepts	01-01-2022 03-31-2022 ThCh$	01-01-2021 03-31-2021 ThCh$
Salaries and wages	6,467,816	5,659,366
Short-term employee benefits	501,076	299,417
Staff severance indemnity	-	(135,992)
Other long-term benefits	563,501	406,128
Other personnel expenses	2,026,542	1,767,376
Expenses capitalized on construction in progress	(2,888,016)	(2,257,994)
Total	6,670,919	5,738,301

24.3 Depreciation and amortization

The detail of this item in the income statement for the three month periods ended March 31, 2022 and 2021, is as follows:

Concepts	01-01-2022 03-31-2022 ThCh$	01-01-2021 03-31-2021 ThCh$
Depreciation (PP&E)	12,548,952	11,936,336
Amortization (Intangible)	384,324	665,968
Amortization (Rights of use)	394,590	394,979
Losses from damages	37,316	75,517
Total	13,365,182	13,072,800

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.

Expressed in thousands of Chilean pesos (ThCh$)

24 - RELEVANT INCOME STATEMENT ACCOUNTS (continued)

24.4 Financial results

The detail of the financial result for the three month periods ended March 31, 2022 and 2021, is as follows:

Concepts	01-01-2022 03-31-2022 ThCh$	01-01-2021 03-31-2021 ThCh$
Financial income:	**5,482,604**	**2,091,185**
Commercial interest earned	23,887	29,973
Bank interest earned	3,260,767	56,043
Interest earned from related parties	2,197,950	2,005,169
Financial expenses:	**(17,629,786)**	**(17,309,822)**
Interest on bonds	(15,269,544)	(14,838,406)
Interest rate Swap	(2,142,296)	(2,142,296)
Other expenses	(217,946)	(329,120)
Gain (loss) from indexation of UF	**(19,702,844)**	**(8,683,202)**
Foreign exchange gains (losses), net	**97,365**	**(46,386)**
Obligations with public	58,311,145	(11,410,769)
Intercompany Loan	(14,717,457)	2,861,592
Financial Instruments	(41,030,264)	7,787,376
Other	(2,466,059)	715,415
Total financial result, net	(31,752,661)	(23,948,225)

Expressed in thousands of Chilean pesos (ThCh$)

25 - INCOME TAX RESULT

The income tax result for the three month periods ended March 31, 2022 and 2021 is as follows:

Concepts	01-01-2022 03-31-2022 ThCh$	01-01-2021 03-31-2021 ThCh$
Current tax expense	2,998	298
Deferred tax expense relating to origination and reversal of temporary differences	8,567,579	7,919,320
Income tax expense	8,570,577	7,919,618

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 March 31, 2022 and December 31, 2021

Concepts	01-01-2022 03-31-2022 ThCh$	01-01-2021 03-31-2021 ThCh$
Tax expense using the legal rate	**7,725,835**	**8,036,076**
Monetary Capital Correction	(17,334)	(9,744)
Monetary Correction Investment	63,582	31,090
Expenses not accepted	182,847	54,356
Tax monetary correction tax loss	(122,188)	(84,576)
Other differences	737,835	(107,584)
Total adjustments to tax expense using statutory rate	844,742	(116,458)
Tax expense using effective tax rate	8,570,577	7,919,618

Concepts	01-01-2022 03-31-2022 ThCh$	01-01-2021 03-31-2021 ThCh$
Tax expense using the legal rate	**27.00%**	**27.00%**
Monetary Capital Correction	(0.06%)	(0.03%)
Monetary Correction Investment	0.22%	0.10%
Expenses not accepted	0.64%	0.18%
Tax monetary correction tax loss	(0.43%)	(0.28%)
Other differences	2.58%	(0.36%)
Total adjustments to tax expense using statutory rate	2.95%	(0.39%)
Tax expense using effective tax rate	29.95%	26.61%

Expressed in thousands of Chilean pesos (ThCh$)

25 - INCOME TAX RESULT (continued)

The tax rate used for the years 2022 and 2021 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.

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	03-31-2022	12-31-2021
	ThCh$	ThCh$
Profit Attributable to Holders of Equity Participation Instruments of the Parent Company	20,043,626	21,843,626
Earnings available to common shareholders, basic	20,043,626	21,843,626
Total basic shares	1,000,000	1,000,000
Basic earnings per share (Ch$)	20,044	21,844

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 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.

Expressed in thousands of Chilean pesos (ThCh$)

27 - SEGMENT REPORTING (continued)

Consequently, for the purposes of applying IFRS 8, the entire business already described is defined as the only operating segment for the Company.

Information about products and services

Concept	03-31-2022	03-31-2021
	ThCh$	ThCh$
Transmission services	87,143,259	79,036,358

Information about sales and principal customers

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

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

As of March 31, 2022, the Company has received performance guarantees from contractors and third parties, primarily to guarantee performance of construction and maintenance works, amounting to ThCh$33.106.518,- (ThCh$26,489,024 as of December 31, 2021).

As of March 31, 2022, 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$ 71,140,630, - (ThCh$ 69,825,025,- as of December 31, 2021).

29 - DISTRIBUTION OF PERSONNEL

As of March 31, 2022 and December 31, 2021, personnel employed by Transelec S,A, are detailed as follows:

a) As of March 31, 2022

Concept	Manager and Executives	Professionals and technical personnel	Other employees	Total	Average of the year
Total al 03-31-2022	17	447	128	582	587

b) As of December 31, 2021

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

Expressed in thousands of Chilean pesos (ThCh$)

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 three month periods ended March 31, 2022 and 2021, the Company has made the following environmental disbursements:

Company making disbursement	Project	03-31-2022	03-31-2021
		ThCh$	ThCh$
Transelec	Environmental management, elaboration of DIA and EIA and the follow up of environmental matters (includes environmental permissions for sectors)	397,200	385,978
Total		397,200	385,978

Expressed in thousands of Chilean pesos (ThCh$)

31 - ASSETS AND LIABILITIES IN FOREIGN CURRENCY

a) Current assets and liabilities

Current Assets	Foreign Currency	Functional Currency	03-31-2022		12-31-2021	
			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$	410,785	-	478,354	-
	Other Currency	Ch$	10,616	-	11,612	-

Current Liabilities	Foreign Currency	Functional Currency	03-31-2022		12-31-2021	
			Maturity less than 90 days	Maturity more than 91 to 1 year	Maturity less than 90 days	Maturity more than 91 to 1 year
			ThCh$	ThCh$	ThCh$	ThCh$
Other financial liabilities, current	Dollars	Ch$	-	7,255,498	17,509,760	-

b) Non-current assets and liabilities

Non-current liabilities	Foreign Currency	Functional Currency	03-31-2022			12-31-2021		
			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$	529,473,863	-	271,466,492	252,654,928	314,651,972	290,857,524

32 - SUBSEQUENT EVENTS

On April 29, 2022, the Ordinary Shareholders meeting of the company was celebrated, where they agreed to distribute a 2021 final dividend, amounting of ThCh$17,404,007, equivalent to a 30% of such period Net Income.

On the same date, the Extraordinary Shareholders' Meeting authorized the completion of all the necessary procedures for the issuance of bonds in the local and/or international market in foreign and/or local currency, for a total amount equivalent to up to US$500 million.

On May 1, 2022, the Chief Executive Officer of the Company, Mr. Arturo Le Blanc Cerda, took over the position, replacing Mr. Andrés Kuhlmann Jahn.

As of March 31, 2022, closing date of these Interim Consolidated Financial Statements and their issuance date, there has been no others significant financial and accounting events that may affect the equity of the Company or the interpretation of these Interim Consolidated Financial Statements.

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

TRANSELEC S.A AND SUBSIDIARY

Santiago, Chile
March 31, 2022

SUMMARY

As of March 31, 2022, revenues reached MCh$87,143 showing an increase of 10.3% compared to the same period of 2021 (MCh$79,036). In March 2022, as has been done in 2021, a provision of lower income was made associated with the entry into force of the new study for the valorization of transmission facilities 2020 – 2023. For March 2022 Financial Statements, as was done for the end of 2021, the provision was determined according to our interpretation of the Expert Panel's opinion prior to the Final Technical Report (ITD). This increase in the first quarter of 2022 compared to the same period of 2021, is mainly explained by macroeconomic effects and new revenues from commissioning facilities, partially offset by the provision.

As of March 31, 2022, Transelec obtained an EBITDA[1] of MCh$74,107, an 10.6% higher than the one obtained in the same period of 2021 (MCh$67,009), with an EBITDA Margin[2] of 85%. The EBITDA increase is mainly due to the increase in income explained above.

The loss in Non-Operating Income as of March 2022 was MCh$31,722, representing a rise of 34.8% compared to the same period of 2021 (MCh$23,526). This increase is mostly explained by higher losses for indexed assets and Liabilities, associated with the effect of higher inflation on our UF-denominated bonds this year, partially offset by higher financial income.

Net Income recorded by the Company as of March 31, 2022, was MCh$20,044, which is 8.2% less compared to the same period of 2021, in which a Net Income of MCh$21,844 was registered.

During the first quarter of 2022, the Company has incorporated the equivalent of US$4 million of new facilities, which correspond to the commissioning of one expansion of the National System. Likewise, in last 12 months period ending in March 2022, facilities for US$67 million were added.

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

[2] EBITDA Margin= EBITDA/Revenues

Relevant events of the period:

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

- The CNE (National Energy Commission) has issued the final technical report of the study of the transmission facilities valorization for the period 2020-2023 of the National Electric System that regulates mostly the transmission rates in the country and has sent the report to the Ministry of Energy in accordance with the law and it is expected that the decree with the tariff will be published in 2022. The application of the transmission facilities valorization study considers the Company's revenues from January 1st, 2020, which implies that in the meantime, the result of previous tariff studies shall be applied until the new tariffs enter into force. At the closing of these financial statements, the Company continues to recognize and receiving revenues according to the previous tariff studies (DS23T and DS6T) pending the publication and the effective date of the new tariff study. Due to all mentioned above, the Company has made an estimate of the impact that would have the entry into force of the new tariff study on revenues, considering the opinion of the panel of experts prior to the Final Technical Report, and has proceeded to make a provision as of March 31, 2022 (which was also carried out at the end of 2021).

1. INCOME STATEMENT ANALYSIS

ITEMS	March 2022 MCh$	March 2021 MCh$	Variation 2022/2021 MCh$	Variation 2022/2021 %
Revenues	**87.143**	**79.036**	**8.107**	**10,3%**
Sales	85.033	77.001	8.032	10,4%
Services	2.111	2.035	76	3,7%
Operation Costs and Expenses	**-26.807**	**-25.747**	**-1.060**	**-4,1%**
Sales Costs	-7.795	-8.011	216	2,7%
Administrative Expenses	-5.647	-4.663	-984	-21,1%
Depreciation and Amortization	-13.365	-13.073	-292	-2,2%
Operating Income	**60.337**	**53.289**	**7.048**	**13,2%**
Financial Income	5.483	2.091	3.392	162,2%
Financial Costs	-17.630	-17.310	-320	-1,8%
Foreign exchange differences	97	-46	143	N/A
Gain (loss) for indexed assets and liabilities	-19.703	-8.683	-11.020	-126,9%
Other income (Losses)	30	422	-392	-92,8%
Non-Operating Income	**-31.722**	**-23.526**	**-8.196**	**-34,8%**
Income before Taxes	**28.614**	**29.763**	**-1.149**	**-3,9%**
Income Tax	-8.571	-7.920	-651	-8,2%
Net Income	**20.044**	**21.844**	**-1.800**	**-8,2%**
EBITDA[1]	**74.107**	**67.009**	**7.098**	**10,6%**
EBITDA Margin[2]	**85,0%**	**84,8%**		

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

a) Operating Income

During the first quarter of 2022, Revenues reached MCh$87,143 increasing a 10.3% compared to the same period of 2021 (MCh$79,036). The increase is mainly explained by higher revenues from sales which as of March 2022, reached MCh$85,033, 10.4% higher compared to the same period of 2021 (MCh$77,001) and due to higher revenues from services to third parties that reached MCh$2,111 in March 2022, 3.7% higher than the same period of 2021 (MCh$2,035), which partially differs from the provision recorded in March 2021.

The Revenues increase is mainly due to macroeconomic effects (mainly associated with the exchange rate) and new revenues from facilities commissioned in the last 12 months, partially offset by the provision for lower revenues mentioned above.

It should be noted that the provision of lower revenues associated with the effect of the entry into force of the new tariff study 2020 – 2023 (is expected to be issued during 2022, nevertheless, it considers the Company's revenues from January 1, 2020) continues in process and incorporates our assessment of early 2022 expert panel's opinion.

Total Transelec Operational Costs and Expenses as of March 31, 2022, were MCh$26,807, a 4.1% higher than the comparison period in 2021 that reached MCh$25,747. Total Costs and Expenses are composed by the following main items.

Sales Costs during the analysis period amounted MCh$7,795, a 2.7% lower than the same period of 2021 (MCh$8,011). The decrease is explained by higher costs in 2021 associated with services with third parties and lower insurance costs in 2022 which is partially offset by higher personnel costs in 2022 associated with the CPI and a higher provision for fines.

Administrative Expenses amounted to MCh$5,647 in March 2022, 21.1% higher than those obtained in the same period in 2021 (MCh$4,663). The increase is mainly explained by higher personnel costs.

Total Depreciation and Amortization as of March 31, 2022, reached MCh$13,365, a 2.2% higher than the same period in 2021 (MCh$13,073).

b) Non-Operating Income

The Non-Operating Income at the end of March 2022, was a loss of MCh$31,722, a 34.8% higher than the same period of 2021 (MCh$23,526). This is mainly explained by higher losses for indexed Assets and Liabilities, lower Other Gains and higher financial costs, partially offset by higher financial income.

The loss for Indexed Assets and Liabilities was MCh$19,703 as of March 31, 2022. This is mainly due to a variation of 2.37% in the value of the UF during 2022, which mainly affects our UF bonds. In the same period of 2021, the loss was MCh$8,683, associated to a 1.12% variation in UF value.

The Financial Income registered to March 2022 amounted to MCh$5,483. The amount registered in the same period of 2021 was MCh$2,091. This increase is mainly due to higher bank interests earned in local currency.

The Exchange Differences as of March 2022 result a profit of MCh$97, while during the same period of 2021, the balance was a loss of MCh$46. The Exchange Differences remain limited, associated with the foreign currency hedging policy.

Financial Costs registered as of March 2022 reached MCh$17,630, increasing by 1.8% compared to the same period of 2021 (MCh17,310). The increase is mainly due to higher interest payments on USD and UF bonds, and partially offset by higher interest earned on ongoing projects, due to a higher number of projects with high progress in the portfolio.

Other Income, as of March 2022, were MCh$30, while in March 2021 were MCh$422. This difference is mainly explained by a higher exceptional gain due to the renewal of a swap in 2021.

c) Income tax

Income Tax as of March 31, 2022, was MCh$8,571, increasing by 8.2% in relation to the same period of 2021 (MCh$7,920). This increase in income tax is mainly explained by a decrease in assets by deferred taxes, mostly associated to the valuation of derivates.

2. BALANCE SHEET ANALYSIS

ITEMS	March 2022 MCh$	December 2021 MCh$	Variation 2022/2021 MCh$	Variation 2022/2021 %
Current assets	373.461	331.639	41.822	12,6%
Non-current assets	2.777.534	2.824.749	-47.215	-1,7%
Total Assets	**3.150.995**	**3.156.388**	**-5.393**	**-0,2%**
Current liabilities	252.842	233.561	19.281	8,3%
Non current liabilities	1.917.587	1.950.919	-33.332	-1,7%
Equity	980.566	971.908	8.658	0,9%
Total Liabilities & Equity	**3.150.995**	**3.156.388**	**-5.393**	**-0,2%**

The increase in Assets between December 2021 and March 2022 is explained by an increase in Current Assets. The increase in Current Assets is mostly due to higher cash balance and cash equivalents.

The increase in Liabilities and Equity is due to an increase in Current Liabilities. The increase in Current Liabilities is mainly due to higher accounts payable to third parties.

Value of the Main PP&E in Operation

ASSETS	March 2022 MCh$	December 2021 MCh$	Variation 2022/2021 MCh$	Variation 2022/2021 %
Land	22.071	22.071	0	0,0%
Building, Infraestucture, works in progress	1.272.485	1.270.052	2.433	0,2%
Work in progress	431.908	402.151	29.757	7,4%
Machinery and equipment	772.412	769.601	2.811	0,4%
Other fixed assets	5.797	5.812	-15	-0,3%
Right of use	7.857	7.857	0	0,0%
Depreciation (less)	-671.527	-658.652	-12.875	-2,0%
Total	**1.841.003**	**1.818.892**	**22.111**	**1,2%**

Current Debt

Debt	Currency or index	Interest rate	Type of rate	Maturity Date	Amount in original currency (million) (unpaid capital) March 2022	December 2021
Series D bond	UF	4,25%	Fixed	15-Dec-27	13,50	13,50
Series H bond	UF	4,80%	Fixed	01-Aug-31	3,00	3,00
Series K bond	UF	4,60%	Fixed	01-Sep-31	1,60	1,60
Series M bond	UF	4,05%	Fixed	15-Jun-32	3,40	3,40
Series N bond	UF	3,95%	Fixed	15-Dec-38	3,00	3,00
Series Q bond	UF	3,95%	Fixed	15-Oct-42	3,10	3,10
Series Senior Notes bond @2023	USD	4,625%	Fixed	26-Jul-23	300,00	300,00
Series Senior Notes bond @2025	USD	4,25%	Fixed	14-Jan-25	375,00	375,00
Series Senior Notes bond @2029	USD	3,875%	Fixed	12-Jan-29	350,00	350,00
Revolving Credit Facility[1]	USD	1,962%	Floating	28-May-24	0,00	-

[1] Revolving Credit Facility of US$250 million: The floating rate of 1.9616% breaks down in 3 months Libor rate plus a margin of 1.00%. As of March 31, 2022, the Company maintains this line fully available.

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

3. CASH FLOW ANALYSIS

ITEMS	March 2022 MM$	March 2021 MM$	Variation 2022/2021 MM$	Variation 2022/2021 %
Cash flows provided by (used in) operating activities	91.339	87.595	3.744	4,3%
Cash flows provided by (used in) investing activities	-52.884	-60.216	7.332	12,2%
Cash flows provided by (used in) financing activities	-426	-357	-69	-19,5%
Net increase (decrease) of cash and cash equivalent	**38.028**	**27.022**	**11.006**	**40,7%**
Effect of changes in the exchanges rate	-340	319	-659	N/A
Net increase (decrease) of cash and cash equivalent	**37.688**	**27.340**	**10.348**	**37,8%**
Cash and cash equivalent at the begining of the period	234.519	105.840	128.679	121,6%
Cash and cash equivalent at the end of the period	**272.207**	**133.181**	**139.026**	**104,4%**

As of March 31, 2022, cash flow from activities of the operation reached MCh$91,339, which increased by 4.3% compared to the same period of 2021 (MCh$87,595). The increase is mainly due to lower payments to suppliers in 2021 and less other payments for operating activities.

During the same period, cash flow used in investment activities was MCh$52,884. As of March 31, 2021, the cash flow used in investment activities was MCh$60,216. The decrease is mainly due to fewer purchases of property, plant and equipment than in the same period of 2021.

As of March 2022, the cash flow from financing activities was MCh426, while as of March 2021 it was MCh$357. In both cases, it is mainly explained by capital payment for rights of use.

It should also be noted that, to ensure the immediate availability of funds to cover working capital needs, as of March 31, 2022, the company has the following revolving credit facility which was renegotiated and extended during May 2021 for three years in the amount of US$ 250 million.

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

4. INDICATORS

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

Covenants	Debt Contract	Limit	March 2022	December 2021
Capitalization Ratio[1]	All local Bonds	< 0.70	0,63	0,64
Shareholder's Equity[1] MMUF	D, H, K, M and N local Bonds	> 15.00	31,69	32,17
Shareholder's Equity[1] MCh$	Q local Bond and Revolving Credit Facility	> 350,000	1.005.536	996.878
Net Debt/Ebitda	Revolving Credit Facility	< 8.0x[4]	5,02	5,26

Test	Bonds	Limit	March 2022	December 2021
Distribution Test[2] FNO[3]/Financial Expenses	D, H, K, M and N local Series	> 1.50	6,67	6,64

[1]Equity= Total equity attributable to owners of the parent plus accumulated amortization of Goodwill. The accumulated amortization of Goodwill between June 30, 2006, and December 31, 2021, amounted to MCh$24.970.

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

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

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

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

RATIOS		March 2022	December 2021	Variation 2022/2021
Profitability[1]				
Shareholders' Equity profitability[2]	(%)	14,2%	10,6%	360 pbs
Assets profitability[3]	(%)	4,4%	3,3%	110 pbs
Operating assets profitability[4]	(%)	7,5%	5,7%	180 pbs
Earnings per share[5]	($)	56.950	58.750	-3,1%
Liquidity & Indebtedness				
Current Ratio	(times)	1,48	1,42	4,2%
Acid-Test Ratio	(times)	1,47	1,42	3,5%
Debt to Equity	(times)	2,21	2,25	-1,8%
Short term debt/Total debt	(%)	11,7%	10,7%	100 pbs
Log term debt/Total debt	(%)	88,4%	89,3%	-90 pbs
Financial expenses coverage	(times)	4,20	3,53	19,0%

[1] Profitability ratios are presented under last twelve months criteria.
[2] Shareholders' Equity profitability is calculated as Net Income over Equity.
[3] Asset's profitability is calculated as Net Income over Total Assets.
[4] Operating assets profitability is calculated as Net Income over total value of the Main PP&E.
[5] Earnings per share is calculated as Net Income over total shares.

5. THE TRANSMISION MARKET

5.1. The transmission activity and its regulation

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

The transmission system of Transelec which stretches between 'Arica y Parinacota' Regions to 'Los Lagos' Region, encompasses most of the transmission lines and substations in the National Electrical System. This transmission system transports the electricity that supplies approximately 98.5% of Chile's population. The Company owns the 28% of all the 500 kV electricity transport lines, 40% of the 220 kV lines, 90% of the 154 kV lines and 10% of the 110kV and 66kV lines.

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

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

- A single Coordinator of the National Electric System independent of the market players, replacing the Economic Load Dispatch Centers, CDEC-SIC and CDEC- SING.
- The redefinition of the transmission systems qualifying them as the National Transmission System (formerly trunk), the Zonal Transmission Systems (formerly sub-transmission), the Dedicated Systems (formerly additional), and will incorporate two new segments: Transmission Systems for Development Poles and International Interconnection Systems. Further.
- The incorporation of energy and transmission planning with a long-term horizon, which considers gaps in the systems and where it seeks to achieve a more robust and secure system.
- Preliminary definition of routes for new works, through a procedure of Strip Study by the Ministry for the routes of new power transmission works of public interest.
- Universal open access to regulated Transmission Systems and dedicated Transmission Systems when technical capacity is available.
- Regulates the pricing and remuneration of National, Zonal Transmission Systems for Development Poles and payment for use of Dedicated Transmission System facilities by users subject to price regulation, among other matters.
- Establishes a scheme that regulates the definition, determination, and implementation of the Complementary Services that the electrical system requires to maintain the quality and safety of the electrical supply.

Additionally, to date, various regulations associated with Act No. 20.936 have been published, stablishing the necessary provisions for the regulation of issues related to: (i) The National Electrical Coordinator, (ii) Panel of Experts, (iii) energy planning, (iv) preliminary strips, (v) international exchanges, (vi)compensation for supply unavailability, (vii) the issuance of Technical Standards (viii) Coordination and Operation of the National Electrical System; (ix) Qualification, Valuation, Tariff and Remuneration of transmission facilities, (x) Transmission and Transmission Planning Systems; (xi) Facilities safety; (xii) Complementary services; (xiii) Distributed generation for self-consumption; (xiv) small-scale generating facilities.

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

5.2. Valuation and pricing of facilities

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

The owners of regulated transmission facilities must receive the Annual Value of Transmission per Section (VATT), made up of the sum of the real tariff income and the single charge associated with the section, which will depend on the transmission segment to which the installation belongs, the latter applied directly to the corresponding end users.
VATT of the existing facilities is calculated on an Annuity of the Value of Investment (AVI) that recognizes the efficient acquisition and installation costs according to market values (except land-use rights, expenses and compensation, which recognize what has actually been paid), which are annualized considering the assets life determined every three tariff periods and whit a variable discount rate, which will not be less than 7% or higher than 10%, plus the Costs of Operation, Maintenance and Administration (COMA), adjusted by income taxes.

The Transmission Law establishes a transitory payment regime for using national facilities that would become effective as of January 1, 2019 starting on that date and a transitory period that will extend until December 31, 2034, period during which the payments of the generating companies for the associated use to the supply agreements for free and regulated customers and that were concluded prior to the publication of enactment of the law N°20.936, year 2016, will apply the same general rules for calculating the payment of the trunk transmission with some adjustments. These adjustments provide for a progressive reduction in the injection tolls paid by generators to the transmission companies, according to a proportion defined in the Transitional Article 25 of the Transmission Law, with the aim that these amounts will gradually be transferred to the single charge of transmission, which is paid by the end customers of the system.

For the National System, Decree 23T of the Ministry of Energy is issued on February 3, 2016, and for the Zonal system, Decree 6T is issued on October 5, 2018, both decrees end their validity on December 31, 2019. However, until the Decree of the valuation process of the 2020-2023 four-year period is issued, they continue to apply, and the corresponding differences must be incorporated in the determination of the Single Charge of the corresponding semester.

Through Exempt Resolution No. 815 of December 26, 2019, the CNE established that, from January 2020 and until such time as the final values that are established in the valorization decree of the facilities of National and Zonal transmission corresponding to the 2020-2023 four-year period, the Commission will fix the single charges for the use of the transmission based on those established in the semi-annual resolution in force in the second half of 2019 (stabilization of Transmission Charges). For the above, the CNE took into consideration that: i) the process of valorization of the transmission facilities that is currently underway will have a validity (retroactive) to January 1, 2020, and ii) that in said process a reduction of charges, among other reasons, due to the decrease in the discount rate calculated in accordance with the provisions of article 118 of the General Law of Electric Services. In accordance with the provisions of Exempt Resolution No. 815, the CNE decided to make these adjustments to the charges transferable to final customers "in order to preserve the principle of procedural economy established in Article 9 of Law No. 19,880, according to the which, the Administration must respond to the maximum economy of means effectively, avoiding delaying procedures ", since not doing it" the charges to the final clients should suffer an increase, to later originate a reduction, giving rise to re-liquidations when they come into force the new process of valorization ". The CNE indicates that the above has the final objective of reducing the risk of affectation to end customers. Once the valorization decree for the period 2020-2023 has been published, the calculations for the corresponding Single Charge, established in article 113 and 115 of the Law must be carried out and, therefore, the companies that own the transmission facilities will receive the remuneration (VATT) in accordance with the provisions of Article 114 of the same, in order to ensure that the transmission companies receive an annual value of the transmission per section (VATT) that constitutes the total of their remuneration.

The tariff valuation process 2020 – 2023 has been delayed by over 2 years and it is expected that the corresponding decree will be published in *El Diario Oficial* (Official Gazette) in July 2022. Companies affected by regulated tariffs in the National and Zonal Systems, will receive the new tariff from the next semester as the decree that sanctions it is published, and at that time, the amount to be redistributed among the transmission companies (for or against) will be calculated from the differences between the tariff currently in force and the new 2020 – 2023 tariff, according to the procedures applied by the National Electrical Coordinator.

The National Energy Commission issued the exempt Resolution No. 199 dated March 25, 2022, approving the Final Technical Report with the valorization of transmission systems facilities for the quadrennium 2020-2023, now it remains to wait for the review of the Office of the General Comptroller of the Republic, so that the Ministry can subsequently promulgate the corresponding Decree.

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

- It prohibits the cut of basic services to a group of customers, including residential users, hospitals, prisons, etc., for past due payment of this type of service during the ninety days following the publication of the law.
- For certain types of customers, such as customers who are within the 60% most vulnerable population, they may choose whether the debts generated between March 18, 2020 and up to ninety days after the publication of this law, will be prorated in a number of equal and successive monthly installments determined by the user, which may not exceed twelve and may not incorporate fines, interest or associated costs.

- During the ninety days following the publication of this law, the power generation and transmission companies shall continue to provide their services normally to the domestic energy distribution companies and to the electricity cooperatives.
- Within a period of thirty days prior to the publications of this law and ninety days thereafter, exceptionally, the payment by electric cooperatives to generating and transmission companies may be made in installments, in the same number of months in which the accounts of their beneficiaries will be prorated, without fines, interest or associated expenses.

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

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

Finally, on February 11, 2022, Law 21.423 was published, regulating the apportionment and payment of debts for health and electrical services generated during the pandemic by COVID-19 and providing for subsidies to vulnerable customers to pay them. Said fiscal charge subsidies will be to contribute to the payment of debts for drinking water consumption and for the payment of debts for electricity consumption. The benefited users will correspond to those who are delinquent in the debt generated by the postponement in the payment of basic services and have an average electricity consumption of no more than 250 kilowatt hours per month. The subsidies will be deducted monthly by the sanitation service companies and the electricity distribution companies and cooperatives to the beneficiary users.

On the other hand, the debts contracted will be paid in 48 monthly installments, counted from the month of entry into force of this law, where each installment may not exceed 15% of the collection associated with the average consumption of the year 2021. Once the 48 installments, if there is a balance of the debt, it will be extinguished through agreements entered by the Ministry of Energy with the electric companies and cooperatives, respectively, which must be approved by the corresponding administrative act.

6. MARKET RISK FACTORS

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

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

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

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

6.1. Regulatory Framework

Power transmission tariffs are established by law for 4-year periods and include a six-monthly indexation to guarantee actual annual profitability for operators. The nature of this industry means that power transmission company revenue is stable over the long term. This revenue is complemented by revenue from private contracts with large customers.

However, the fact that these tariffs are revised once every four years in the National and Zonal Power Transmission Studies could mean new tariffs that could be detrimental or less attractive for the Company in terms of investment made. There is no guarantee that the previous tariff level will be maintained in subsequent tariff cycles.

6.2. Operating Risks

Although the Company's management believes it has adequate risk coverage, in line with industry practices, including a full annual exercise of Enterprise Risk Management, it is not possible to ensure that the preventive actions and mitigations implemented (asset management, safety fringe management, insurance policies, etc.) will be sufficient to cover certain operating risks, including forces of nature, damages to transmission facilities, on-the-job accidents and equipment failure.

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

Transelec projects are subject to Law N° 19,300/1994 on General Environmental Guidelines ("Environmental Law") and its subsequent amendments. Transelec may run the risk of environmental permit lobbying taking longer than expected, which would delay project construction and open the possibility of fines being applied.
Preventive and mitigative measures have been identified and defined for all risks related to the environment and communities surrounding the company's facilities.

6.4. Construction Delays for New Transmission Facilities

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

6.5. Technological Changes

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

6.6. Foreign Exchange Risk

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

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

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

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

	March 2022		December 2021	
In million pesos	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Dollar (amounts associated with balance sheet items)	808.579	808.388	868.719	875.783
Chilean peso	2.342.775	2.342.966	2.282.636	2.275.571

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

MONTH	Average 2022 ($)	Last Day 2022 ($)	Average 2021 ($)	Last Day 2021 ($)
January	822,05	810,12	723,56	734,62
February	807,07	805,25	722,63	719,91
March	799,19	787,16	726,37	721,82
Average of the period	**809,44**	**800,84**	**724,19**	**725,45**

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

However, it cannot be ensured that Transelec will be fully protected by maintaining hedging contracts for the exchange rate. In addition, cross currency swaps and forwards contain counterparty credit risk, cash requirements on maturity dates or recouponing clauses (if any) and other associated risks.

6.7. Credit Risk

Regarding the credit risk associated with accounts receivable from the electricity transmission business, this risk is systematically incredibly low given the limited number of customers, their risk classification, and the short collection period.

However, revenues are highly concentrated on few customers that make up a large part of Transelec' s future cash flow. A substantial change to the assets, financial condition and/or operating results of these particular companies could adversely affect the Company.

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

REVENUES	March 2022 MM$	March 2022 %	March 2021 MM$	March 2021 %
Enel Group	35.250	40,5%	26.299	33,3%
AES Gener Group	12.274	14,1%	16.940	21,4%
CGE Group	11.732	13,5%	14.210	18,0%
Colbún Group	10.672	12,2%	10.685	13,5%
Engie Group	7.999	9,2%	6.986	8,8%
Others	9.215	10,6%	3.917	5,0%
Total	**87.143**		**79.036**	
% Concentration	**89,43%**		**95,04%**	

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

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

6.8. Liquidity Risk

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

To guarantee that Transelec can quickly react financially to investment opportunities and pay its obligations by their maturity dates, the company has a stable and predictable remuneration over time, associated with the "take or pay" income, i.e., the company has income associated with its installed capacity of assets, and not with the volume transported. in addition, it has short-term receivables and a committed line of credit for working capital of US$250 million. This committed line of credit was first contracted on July 9, 2012, being renegotiated, and extended in 2014, 2017, 2020 and 2021. The last renovation was on May 28, 2021, maintaining only a dollar tranche of US$250 million and other improvements for the company. Is granted for a period of 3 years by a bank syndicate consisting of The Bank of Nova Scotia, MUFG Bank Ltd, Bank of China Ltd, Banco Santander, Sumitomo Mitsui Banking Corporation and JP Morgan Chase Bank N.A. In July 2021, China Construction Bank incorporated to the bank syndicate. This line does not include any material clause of adverse change.

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

The following table presents the capital amortizations corresponding to the Company's financial liabilities, according to their maturity date, as of March 31, 2022, and December 31, 2021.

Debt Maturity (capital and interests) MCh$	0 to 1 year	1 to 3 years	3 to 5 years	5 to 10 years	More than 10 years	Total
March 31, 2022	67.424	650.447	87.856	914.749	336.558	2.057.034
December 31, 2021	67.424	360.358	389.692	923.181	336.558	2.077.215

6.9. Interest Rate Risk

Significant changes in fair values and future cash flows of financial instruments that can be directly attributable to interest rate risks include changes in the net proceeds from financial instruments whose cash flows are determined in reference to floating interest rates and changes in the value of financial instruments with fixed cash flows.

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

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

All the debt as of March 31, 2022, and as of December 31, 2021, was at a fixed rate. However, in the case of UF indexed debt, variations in inflation rates could potentially affect the Company's financial expenses.

UF Values

MONTH	Average 2022 ($)	Last Day 2022 ($)	Average 2021 ($)	Last Day 2021 ($)
January	31.096,09	31.212,65	29.085,91	29.123,74
February	31.365,30	31.539,20	29.194,81	29.287,38
March	31.669,70	31.727,74	29.360,08	29.394,77
Average of the period	**31.377,03**	**31.493,20**	**29.213,60**	**29.268,63**

6.10. Other Risks

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

7. SUBSEQUENT EVENTS:

- On April 29, 2021, the Ordinary Shareholders' Meeting agreed to distribute a definitive dividend for the results of the 2021 period for an amount of MCh$17,404, which will be paid in May 2022.

- On the same date, the Extraordinary Shareholders' Meeting authorized the completion of all the necessary procedures for the issuance of bonds in the local and/or international market in foreign and/or local currency, for a total amount equivalent to up to US$500 million.

- On May 1, 2022, the Chief Executive Officer of the Company, Mr. Arturo Le Blanc Cerda, took over the position, replacing Mr. Andrés Kuhlmann Jahn.

RELEVANT CONSOLIDATED FACTS

TRANSELEC S.A.

RELEVANT FACTS

1) In compliance with the provisions of Article 9 and the second paragraph of Stock Market Law Nº 18.045 Article 10, the following relevant fact was reported on March 23rd 2022:

   At a meeting held on March 23rd 2022, the Transelec S.A. Board of Directors agreed to announce the schedule of a shareholders meeting on April 29th 2022 in order to announce the following issues to the shareholders and request their approval:

   1. The Annual Report, General Balance Sheet, Financial Statements and External Auditors Report corresponding to the period ending on December 31st 2021.
   2. Final dividend distribution. In this regard, the Transelec S.A. Board of Directors agreed to propose to the shareholders the distribution of the amount of CLP 17.405 MM as a final dividend corresponding to the 2020 fiscal year.
   3. Board of Directors election.
   4. Board of Directors and Audit Committee salaries.
   5. Appointment of External Auditors.
   6. The newspaper to be used to announce shareholder meetings.
   7. Agreements reached by the Board of Directors regarding issues contained in Articles 146 and following of the Corporations Law.
   8. Other issues of interest for the corporation and for consideration by the Board of Directors.

2) In compliance with the provisions of Article 9 and the second paragraph of Stock Market Law Nº 18.045 Article 10, the following relevant fact was reported on March 23rd, 2022:

   At a meeting held on that same date, the Transelec S.A. Board of Directors agreed to announce the schedule of an extraordinary shareholders meeting on April 29th 2022 in order to announce the following issue to the shareholders and request their approval:

- Approval of contracting new debt for the company through the issuance of bonds.

3) In compliance with the provisions of Article 9 and the second paragraph of Stock Market Law Nº 18.045 Article 10, the following relevant fact was reported on March 23rd 2022:

That in Ordinary Session No. 226 held on the same date, the Chairman of the Board of Directors of Transelec S.A. became aware of and accepted the resignation presented by Mr. Claudio Campos B. from his position as Interim Director, with immediate effect.

Later in said session, Ms. Ximena Clark Núñez was elected as the new Interim Director of the company until the next Ordinary Shareholders' Meeting is held in April 2022, the date on which the Board of Directors of Transelec S.A. will be renewed.

4) In compliance with the provisions of Article 9 and the second paragraph of Stock Market Law Nº 18.045 Article 10, the following relevant fact was reported on March 24th, 2022:

That in Ordinary Session No. 226 held on March 23rd, 2022, the Board of directors of Transelec S.A. became aware of and accepted the resignation presented by Mr. Andrés Kuhlmann Jahn from his position as General Manager, to be effective as of May 1st, 2022.

Later in said session, the new CEO of the company Transelec S.A. was elected. Mr. Arturo Le Blanc Cerda, who currently serves as Vice President of Regulatory and Legal Affairs of the Company, will assume the position as of May 1st, 2022.