



Interim Consolidated Financial Statements

**TRANSELEC S.A. AND SUBSIDIARY**

Santiago, Chile

September 30, 2023 and December 31, 2022

Interim Consolidated Financial Statements

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As of September 30, 2023 and December 31, 2022

**(Translation of the Financial Statements originally issued in Spanish)**

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

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**TRANSELEC S.A. AND SUBSIDIARY**  
**As of September 30, 2023 (unaudited) and December 31, 2022**  
**Expressed in thousands of Chilean pesos (ThCh\$)**  
**(Translation of financial statements originally issued in Spanish-See Note 2.1)**

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**INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**TRANSELEC S.A. AND SUBSIDIARY**

As of September 30, 2023 (unaudited) and December 31, 2022

Expressed in thousands of Chilean pesos (ThCh\$)

(Translation of financial statements originally issued in Spanish-See Note 2.1)

ASSETS	Note	Unaudited	Audited
		09-30-2023	12-31-2022
		ThCh\$	ThCh\$
CURRENT ASSETS			
Cash and cash equivalents	5	240,492,491	393,816,311
Other financial assets	9	1,031,729	808,338
Other non-financial assets	14	26,237,117	13,139,139
Trade and other receivables	6	65,263,643	100,005,222
Receivables from related parties	7	1,917,558	6,894,154
Inventory		1,093,349	879,458
Sub-Total Current Assets		336,035,887	515,542,622
Non-current asses classified as held for sale	8	515,376	515,376
Total Current assets		336,551,263	516,057,998
NON-CURRENT ASSETS			
Other financial assets	9	390,907,968	185,771,474
Other non-financial assets	14	9,277,997	18,190,346
Receivables from related parties	7	245,358,386	248,543,924
Intangible assets other than goodwill	10	195,898,247	192,548,295
Goodwill	11	343,059,078	343,059,078
Property plant and equipment net	12	1,814,767,102	1,949,750,897
Assets for rights of use	13	978,438	2,005,711
Total Non-Current Assets		3,000,247,216	2,939,869,725
TOTAL ASSETS		3,336,798,479	3,455,927,723

The accompanying notes number 1 to 35 form an integral part of these Interim Consolidated Financial Statements

**INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**TRANSELEC S.A. AND SUBSIDIARY**

As of September 30, 2023 (unaudited) and December 31, 2022

Expressed in thousands of Chilean pesos (ThCh\$)

(Translation of financial statements originally issued in Spanish-See Note 2.1)

LIABILITIES	Note	Unaudited	Audited
		09-30-2023	12-31-2022
		ThCh\$	ThCh\$
CURRENT LIABILITIES			
Other financial liabilities	15	20,522,094	283,188,355
Liabilities for leases	16	309,577	1,067,202
Trade and other payables	17	144,788,285	274,485,028
Accounts payable to related entities	7	-	32,336,962
Provisions	20	1,612,080	6,677,736
Provisions for employee benefits current	22	9,601,245	9,488,963
Other non-financial liabilities	14	3,210,421	902,078
Total Current Liabilities		180,043,702	608,146,324
NON-CURRENT LIABILITIES			
Other financial liabilities	15	1,883,987,629	1,574,965,163
Lease liabilities	16	86,947	752,396
Deferred tax liabilities	21	315,870,138	258,664,464
Provisions for employee benefits non-current	22	3,197,117	3,469,920
Other non-financial liabilities	14	3,658,686	3,956,865
Total Non-Current Liabilities		2,206,800,517	1,841,808,808
TOTAL LIABILITIES		2,386,844,219	2,449,955,132
EQUITY			
Issued and paid-in capital	24	776,355,048	776,355,048
Retained earnings		192,705,009	252,336,836
Other reserves	24	(19,105,797)	(22,719,293)
Equity attributable to owners of the parent		949,954,260	1,005,972,591
Non-controlling interest		-	-
TOTAL EQUITY		949,954,260	1,005,972,591
TOTAL EQUITY AND LIABILITIES		3,336,798,479	3,455,927,723

The accompanying notes number 1 to 35 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 nine and three-month periods ended September 30, 2023 and 2022 (unaudited)  
Expressed in thousands of Chilean pesos (ThCh\$)  
(Translation of financial statements originally issued in Spanish-See Note 2.1)

STATEMENT OF COMPREHENSIVE INCOME BY FUNCTION	Note	Unaudited	Unaudited	Unaudited	Unaudited
		01-01-2023	01-01-2022	07-01-2023	07-01-2022
		09-30-2023	09-30-2022	09-30-2023	09-30-2022
		ThCh\$	ThCh\$	ThCh\$	ThCh\$
Revenue	25	350,091,590	281,290,106	115,270,849	102,066,766
Cost of sales	26	(69,580,090)	(71,869,663)	(23,811,948)	(29,032,715)
<b>Gross Margin</b>		<b>280,511,500</b>	<b>209,420,443</b>	<b>91,458,901</b>	<b>73,034,051</b>
Administrative expenses	26	(23,762,639)	(22,986,440)	(8,208,989)	(9,689,438)
Other gains (losses)	25	(20,066)	179,958	(32,574)	58,004
Financial income	26	38,765,322	23,544,815	9,235,774	10,016,471
Financial expenses	26	(64,023,039)	(56,981,265)	(18,541,646)	(21,300,117)
Exchange differences	26	3,425,488	(142,214)	(240,326)	(504,816)
Income by indexed units	26	(37,024,448)	(87,618,091)	(3,171,798)	(31,388,356)
<b>Profit Before Tax</b>		<b>197,872,118</b>	<b>65,417,206</b>	<b>70,499,342</b>	<b>20,225,799</b>
Income tax expense	27	(55,873,945)	(17,645,466)	(19,061,782)	(5,018,330)
Profit from continuing operations		141,998,173	47,771,740	51,437,560	15,207,469
Profit from discontinued operations		-	-	-	-
<b>Profit attributable to owners of the parent</b>		<b>141,998,173</b>	<b>47,771,740</b>	<b>51,437,560</b>	<b>15,207,469</b>
Profit attributable to non-controlling interests		-	-	-	-
<b>Profit</b>		<b>141,998,173</b>	<b>47,771,740</b>	<b>51,437,560</b>	<b>15,207,469</b>
<b>Earnings Per Share</b>					
Basic/diluted earnings per share from continuing operations (\$/s)	28	141,998	47,772	51,438	15,208
Basic/diluted earnings per share from discontinued operations (\$/s)	28	-	-	-	-
<b>Basic/diluted earnings per share (\$/s)</b>		<b>141,998</b>	<b>47,772</b>	<b>51,438</b>	<b>15,208</b>

The accompanying notes number 1 to 35 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 nine and three-month periods ended September 30, 2023 and 2022 (unaudited)  
Expressed in thousands of Chilean pesos (ThCh\$)  
(Translation of financial statements originally issued in Spanish-See Note 2.1)

STATEMENT OF COMPREHENSIVE INCOME	Note	Unaudited	Unaudited	Unaudited	Unaudited
		01-01-2023	01-01-2022	07-01-2023	07-01-2022
		09-30-2023	09-30-2022	09-30-2023	09-30-2022
		ThCh\$	ThCh\$	ThCh\$	ThCh\$
Profit		141,998,173	47,771,740	51,437,560	15,207,469
<b>Components of other comprehensive income that will be reclassified to income for the period before taxes</b>					
<b>Exchange differences on translation</b>					
Remeasurements of defined benefit plans	22-24	139,079	(106,503)	139,079	-
<b>Cash flow hedges</b>					
Gains (losses) on cash flow hedges	24	5,089,072	(28,116,330)	(841,251)	116,767
<b>Total other comprehensive income that will be reclassified to income for the period before taxes</b>		<b>4,949,993</b>	<b>(28,222,833)</b>	<b>(980,330)</b>	<b>116,767</b>
<b>Income taxes related to components of other comprehensive income that will be reclassified to the result of the period</b>					
Income tax related to cash flow hedges of other comprehensive income	24	(1,374,049)	7,591,410	227,138	(31,526)
Income tax related to remeasurements of defined benefit plans of other comprehensive income	24	37,552	28,755	37,552	-
<b>Total income tax related to components of other comprehensive income that will be reclassified to the result of the period</b>		<b>(1,336,497)</b>	<b>7,620,165</b>	<b>264,690</b>	<b>(31,526)</b>
<b>Total comprehensive income</b>		<b>3,613,496</b>	<b>(20,602,668)</b>	<b>(715,640)</b>	<b>85,241</b>
<b>Total comprehensive income</b>		<b>145,611,669</b>	<b>27,169,072</b>	<b>50,721,920</b>	<b>15,292,710</b>
<b>Comprehensive income attributable to:</b>					
Comprehensive income attributable to owners of the parent		145,611,669	27,169,072	50,721,920	15,292,710
Comprehensive income attributable to non-controlling interests		-	-	-	-
<b>Total comprehensive income and expense result</b>		<b>145,611,669</b>	<b>27,169,072</b>	<b>50,721,920</b>	<b>15,292,710</b>

The accompanying notes number 1 to 35 form an integral part of these Interim Consolidated Financial Statements

**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**TRANSELEC S.A. AND SUBSIDIARY**  
For the nine-month periods ended September 30, 2023 and 2022 (unaudited)  
Expressed in thousands of Chilean pesos (ThCh\$)  
(Translation of financial statements originally issued in Spanish-See Note 2.1)

Movements	Note	Paid-in capital	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 01-01-2023		776,355,048	(22,787,198)	67,905	(22,719,293)	252,336,836	1,005,972,591	-	1,005,972,591
Changes in equity									
Comprehensive income									
Profit (loss)		-	-	-	-	141,998,173	141,998,173	-	141,998,173
Other comprehensive income		-	3,715,023	(101,527)	3,613,496	-	3,613,496	-	3,613,496
Total comprehensive income		-	3,715,023	(101,527)	3,613,496	141,998,173	145,611,669	-	145,611,669
Dividends	24.3	-	-	-	-	(201,630,000)	(201,630,000)	-	(201,630,000)
Total increase (decrease) in equity		-	3,715,023	(101,527)	3,613,496	(59,631,827)	(56,018,331)	-	(56,018,331)
<b>Equity at the end of 09-30-2023 Unaudited</b>	<b>24</b>	<b>776,355,048</b>	<b>(19,072,175)</b>	<b>(33,622)</b>	<b>(19,105,797)</b>	<b>192,705,009</b>	<b>949,954,260</b>	<b>-</b>	<b>949,954,260</b>

  

Movimientos	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)		-	-	-	-	47,771,740	47,771,740	-	47,771,740
Other comprehensive income		-	(20,524,920)	(77,748)	(20,602,668)	-	(20,602,668)	-	(20,602,668)
Total comprehensive income		-	(20,524,920)	(77,748)	(20,602,668)	47,771,740	27,169,072	-	27,169,072
Dividends	24.3	-	-	-	-	-	-	-	-
Total increase (decrease) in equity		-	(20,524,920)	(77,748)	(20,602,668)	47,771,740	27,169,072	-	27,169,072
<b>Equity at the end of 09-30-2022 Unaudited</b>	<b>24</b>	<b>776,355,048</b>	<b>(1,255,327)</b>	<b>627,074</b>	<b>(628,253)</b>	<b>223,350,693</b>	<b>999,077,488</b>	<b>-</b>	<b>999,077,488</b>

The accompanying notes number 1 to 35 form an integral part of these Interim Consolidated Financial Statements



**INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**TRANSELEC S.A. AND SUBSIDIARY**  
For the nine-month periods ended September 30, 2023 and 2022 (unaudited)  
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	Unaudited
		09-30-2023	09-30-2022
		ThCh\$	ThCh\$
<b>Cash flows provided by (used in) operating activities</b>			
<b>Classes of receipts from operating activities:</b>			
Cash receipts from sales of goods and services		278,087,629	449,302,321
Cash receipts from related party for services rendered	7	10,373,545	4,184,139
Cash receipts from related parties for interest	7	4,262,136	5,133,660
Other proceeds from operating activities		248,326	175,272
<b>Types of payments for operating activities:</b>			
Payments to suppliers for goods and services		(3,130,642)	(9,884,528)
Payments of interest for rights of use		(42,261)	(48,184)
Other payments for operating activities		(43,534,300)	(65,411,310)
Payments to and on behalf of employees		(17,714,518)	(18,270,109)
Interest paid		(69,227,996)	(71,483,662)
<b>Net cash flows provided by operating activities</b>		<b>159,321,919</b>	<b>293,697,599</b>
<b>Cash Flows Provided by (Used in) Investing Activities</b>			
Additions of property plant and equipment and Intangibles		(159,023,141)	(166,756,039)
Cash receipts from futures forward option and swap contracts		70,598,211	-
Amounts from the sale of property plant and equipment		2,940	52,279
Collections received from related entities	7	(116,312,183)	(2,858,920)
Payments made to related entities	7	122,176,288	-
<b>Net cash flows used in investing activities</b>		<b>(82,557,885)</b>	<b>(169,562,680)</b>
<b>Cash Flows Provided by (Used in) Financing Activities</b>			
Payments of lease liabilities		(1,476,660)	(1,404,425)
Dividends paid	24.3	(233,966,962)	(17,404,007)
Bonds issuance		245,665,285	-
Bonds payment		(241,563,000)	-
<b>Net cash flows used in financing activities</b>		<b>(231,341,337)</b>	<b>(18,808,432)</b>
<b>Net increase in cash and cash equivalents before the effect of changes in the exchange rate</b>		<b>(154,577,303)</b>	<b>105,326,487</b>
<b>Effects of changes in the exchange rate on cash and cash equivalents</b>			
Effects of changes in the exchange rate on cash and cash equivalents		1,253,483	1,116,125
<b>Net increase in cash and cash equivalents</b>		<b>(153,323,820)</b>	<b>106,442,612</b>
Cash and cash equivalents at the beginning of the period	5	393,816,311	234,518,965
<b>Cash and cash equivalents at the ending of the period</b>	<b>5</b>	<b>240,492,491</b>	<b>340,961,577</b>

The accompanying notes number 1 to 35 form an integral part of these Interim Consolidated Financial Statements

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
TRANSELEC S.A. AND SUBSIDIARY**

**As of September 30, 2023 (unaudited) and December 31, 2022**

**Expressed in thousands of Chilean pesos (ThCh\$)**

**(Translation of financial statements originally issued in Spanish-See Note 2.1)**

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**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 on 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 in its Spanish acronym) 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 and 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. prepares Consolidated Financial Statements since June 30, 2017.

The corporate domicile of the Company is at Orinoco No. 90, 14th floor, 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.

The Interim Consolidated Financial Statements of the Company as of September 30, 2023, were approved by the Board of Directors at its meeting N°249 held on November 22, 2023.

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
TRANSELEC S.A. AND SUBSIDIARY**

**As of September 30, 2023 (unaudited) and December 31, 2022**

**Expressed in thousands of Chilean pesos (ThCh\$)**

**(Translation of financial statements originally issued in Spanish-See Note 2.1)**

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## **2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES**

The main accounting policies applied in preparing the Interim Consolidated Financial Statements are detailed below. These policies have been based on IFRS in effect as of September 30, 2023 and applied uniformly for the periods presented.

### **2.1 Basis of preparation of the Interim Consolidated Financial Statements**

These Interim Consolidated Financial Statements consist of the statements of financial position as of September 30, 2023 (unaudited) and December 31, 2022, the comprehensive income of its operations for the nine and three-month periods ended September 30, 2023 and 2022 (unaudited), changes in equity and cash flows for the nine-month periods ended September 30, 2023 and 2022 (unaudited), and 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. The presentation of these Interim Consolidated Financial Statements has been made based on the recognition and measurement criteria set out in IAS 34 "Interim Financial Reporting".

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 Consolidated Financial Statements of the Company for the year ended December 31, 2022, which did not materially affect the Interim Consolidated Financial Statements.

During the period ended , there were no accounting changes that affect the Interim Consolidated Financial Statements.

As of September 30, 2023, the company has not made reclassifications to the Consolidated Financial Statements as of December 31, 2022 and September 30, 2022.

For the convenience of the readers outside of Chile, the financial statements and their accompanying notes have been translated from Spanish into English.

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
TRANSELEC S.A. AND SUBSIDIARY**

**As of September 30, 2023 (unaudited) and December 31, 2022**

**Expressed in thousands of Chilean pesos (ThCh\$)**

**(Translation of financial statements originally issued in Spanish-See Note 2.1)**

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

**2.2 Basis of Consolidation**

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 adjustments 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 position.

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

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

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

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

Tax ID	Subsidiary	Participation share		Country of origin	Functional currency
		09-30-2023	12-31-2022		
76.538.831-7	Transmisión del Melado SpA	100%	100%	Chile	Ch\$

The accompanying notes number 1 to 35 form an integral part of these Interim Consolidated Financial Statements

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

**2.3 New standards and interpretations accounting**

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

Standards	New standards, amendments and interpretations	Mandatory Effective Date
IFRS 17	Insurance Contracts	01-01-2023
IAS 1 and IFRS- Practice Statement 2	Disclosure of Accounting Policies	01-01-2023
IAS 8	Definition of Accounting Estimates	01-01-2023
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	01-01-2023

The Company has evaluated that the application of these amendments does not have a significant effect on the amounts reported in these Interim Consolidated Financial Statements and will evaluate their impact on future transactions or contracts.

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

**2.3.1 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:

Standards	Enhancements and Modifications	Mandatory Effective Date
IAS 1	Classification of Liabilities as Current or Non-Current	01-01-2024
IFRS16	Lease Liability in a Sale and Leaseback	01-01-2024
IAS 1	Non-current Liabilities with Covenants	01-01-2024
IAS 7 – IFRS 7	Acuerdos de Financiamiento de Proveedores	01-01-2024

The accompanying notes number 1 to 35 form an integral part of these Interim Consolidated Financial Statements

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

**2.3 New standards and interpretations accounting (continued)**

**2.3.1 Enhancements and modifications (continued)**

**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, 2024. Early application is permitted.

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

**Lease liability in a sale and leaseback (amendments to IFRS 16)**

The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.

The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognize a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date. The amendments do not affect the gain or loss recognized by the seller-lessee relating to the partial or full termination of a lease.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024. Earlier application is permitted. If a seller-lessee applies the amendments for an earlier period, it is required to disclose that fact. A seller-lessee applies the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied IFRS 16.

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

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

**2.3 New standards and interpretations accounting (continued)**

**2.3.1 Enhancements and modifications (continued)**

**Non-current Liabilities with covenants (amendments to IAS 1)**

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g, a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

The amendments are applied retrospectively in accordance with IAS 8 for annual reporting periods beginning on or after January 1, 2024. Earlier application is permitted.

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

**Supplier Financing Arrangements (amendments to IAS 7 and IFRS 7)**

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures. The amendments relate to the disclosure requirements for vendor financing arrangements, also known as supply chain financing, trade payables financing or reverse factoring arrangements.

The amendments supplement the requirements already included in IFRS and include disclosures about: (i) terms and conditions of vendor financing arrangements; (ii) the amounts of liabilities that are the subject of such contracts, for which part of them the suppliers have already received payments from the financiers, and under which caption such liabilities are presented in the statement of financial position; (iii) maturity date ranges; and (iv) liquidity risk information.

The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.

The Company's management anticipates that the application of this standard will not have a significant impact on the Consolidated Financial Statements.



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

**2.4 Foreign currency translation**

**2.4.1 Functional and presentation currency**

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

**2.4.2 Transactions and balances**

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

**2.4.3 Exchange rates**

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

Currency or indexing unit	Chilean pesos per unit	
	09-30-2023	12-31-2022
UF	36,197.53	35,110.98
US\$	895.60	855.86
Euro	946.62	915.95

**2.5 Financial reporting by operating segments**

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

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



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**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:

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

**2.6 Propiedades, plantas y equipos (continuación)**

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 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 of the existence of any indication of impairment.

For impairment testing, goodwill acquired in a business combination is allocated from the acquisition date to the cash-generating units expected to benefit from such combination.

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

**2.7.2 Easements**

Easements 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.

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

**2.8 Impairment of non-financial assets**

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

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

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

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

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

Variable	09-30-2023	12-31-2022	Description
Discount rate	7.40%	7.40%	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.
Cash Flow estimation period	5 years	5 years	The estimation period is 5 years, based on the Company's internal business plan plus perpetuity.

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

Non-financial assets other than goodwill that suffered an impairment loss are reviewed at each reporting date for possible reversal of the impairment, in which case the reversal may not exceed the amount originally impaired less accumulated depreciation.

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

**2.9 Financial instruments**

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

**1) Non-derivatives financial assets**

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

**a) Amortized Cost:**

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

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

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

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

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

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**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 short-term investments 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. This model is used on the financial assets measured at amortized cost or fair value through other comprehensive income, except for the investments in equity instruments. The Company uses a simplify scope for account receivables, contractual assets and account receivables for leasing in order to ensure that any impairment recorded is made in reference to the expected losses for all the life of the asset.

**4) Non-derivatives financial liabilities**

Financial liabilities are initially recognized at its fair value, net of the transaction's 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).

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**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 statement of financial position. If the fair value of the derivative instrument is positive, it is recorded into the "Other financial assets" item and in case that the fair value of the derivative instrument is negative it is recorded into the "Other financial liabilities" item. Changes in the fair value of the derivative instruments are recorded into profit or loss unless the derivative had been designated as a hedge instrument and comply with all the requirement stated in IFRS in order to use Hedge Accounting. Regarding to hedge accounting, the Company is still under the IAS 39 scope. The different types of hedge accounting 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.

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**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 foreign operation for the periods presented.

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

**6) Embedded derivatives**

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

**7) Derecognition of financial assets and liabilities**

Financial assets are derecognized when, and only when:

- a) The contractual rights to the cash flows from the financial asset expire or, the Company retains the contractual rights to receive the cash flows but assumes a contractual obligation to pay those cash flows to one or more entities.
- b) The Company has substantially transferred the risks and benefits derived from its ownership or, if it has not substantially transferred or retained them, when it does not retain control of the assets.

Financial liabilities are derecognized when the company's obligations are fulfilled, canceled or have expired. The difference between the book value of the derecognized financial liability and the consideration paid and payable, including any asset transferred other than cash or liability assumed, is recognized in income.

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**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 Consolidated Financial Statements, only when:

- a) There is a legal right to compensated both amounts; and
- b) There is an 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 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 Vacation**

The Company recognize the vacation expense of employees by using the accrual method. This benefit is for all staff and is equivalent to a fixed amount accordingly with individual contracts.

This benefit is recorded at nominal value.

**2.13.2 Severance indemnity**

The Company recognize liabilities for severance indemnities for their employees, based on the benefits that are contained in collective and individual contracts with staff. 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 credit unit 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 the estimated cash outflows using the BCU interest rates (Central Bank of Chile bond rate in Unidades de Fomento) denominated in the same currency in which the benefits will be paid, and which have terms that approximate the maturity terms of the severance indemnities obligation.

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

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**(Translation of financial statements originally issued in Spanish-See Note 2.1)**

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

**2.13 Employee benefits (continued)**

**2.13.3 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 considers 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.

In the case that 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.

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

**2.16 Revenue recognition**

The legal framework that governs the electrical transmission activity in Chile is regulated by DFL No. 4/2006, which establishes the Consolidated, Coordinated and Systematized Text of the Decree with Force of Law No. 1, of Mining, of 1982, General Law of Electric Services (DFL(M) No. 1/1982) and its subsequent amendments thereto, including Law 19,940 (call also the "Short Law I"), enacted on March 13, 2004, Law 20,018 ("Short Law II"), enacted on 19 May 2005, Law 20,257 (Generation with Non-Conventional Renewable Sources of Energy) enacted on April 1, 2008 and Law 20,936 (Transmission Law) enacted on July 11, 2016.

These rules are complemented by the various regulations defined in the Law, among them: the General Law of Electric Services of 1997 (Supreme Decree No. 327/1997 of the Ministry of Mining), the Coordination and Operation of the Electric System regulation (Supreme Decree No. 125/2017 of the Ministry of Energy), the Transmission Systems and Transmission Planning regulation (Supreme Decree No. 37/2019 of the Ministry of Energy), and the Qualification, Valuation, Pricing and Remuneration of the Transmission regulation (Supreme Decree No. 10/2019 of the Ministry of Energy).

In detail, the Law 20,936 created an Independent Coordinator Body for the National Electric System to replace the previous Load Economical Dispatch Centers and establishes a new Electric Transmission System where the facilities of the Trunk system, Sub-transmission and Additional system, introduced by Short Law I, were replaced by the National Transmission System, Zonal, Dedicated Transmission System, Development Poles and International Interconnection.

The law establishes that the remuneration of the transmission works will correspond to the Annual Value of Transmission per Tranche (VATT in its Spanish acronym). Facilities of the Dedicated segment, or whose origin was by agreement between private parties, set the VATT through bilateral contracts, while for facilities of the National, Zonal and Dedicated segment used by regulated customers, the VATT is determined in a regulated manner in the law (to date there are no facilities in the Poles of Development and International Interconnection segment). In this way, the Company basically distinguishes between two types of contracts with customers, one of them of a regulated nature and the other of a contractual nature. The first one is subject to regulated rates, while the second one is related to contractual agreements with the users of the transmission facilities.

In this context, the regulated income of a work will depend on whether it is the result of a bidding process or a centralized valuation process. Thus, the revenue of the new works corresponds to the VATT awarded in the bidding process for the exploitation rights; the VATT of the expansion works of existing facilities is determined based on the value of the investment awarded in the bidding processes for the construction rights, while the VATT of the rest of the works is determined based on the efficient valuation of the facilities every four years.

The centralized valuation process determines, for all existing facilities subject to price review, the investment value (VI in its Spanish acronym) of the facilities associated with an efficient process of management, acquisition, construction, assembly and commissioning. From this VI, the Annuity of the Investment Value is determined considering a discount rate defined in the regulations whose value can vary with a minimum of 7% and a maximum of 10% after taxes. To the AVI is added the Operation, Maintenance and Administration Costs (COMA in its Spanish acronym) associated with the operation of an efficient company.

In this way, the total income generated by the use of the Company's facilities for both types of revenues, regulated and contractual, includes these two components: i) the annuity of the investment value (AVI in its Spanish acronym), plus ii) the operation, maintenance and administration costs (COMA in its Spanish acronym), Where these values are the results of bilateral contracts or regulated processes.

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

**2.16 Revenue recognition (continued)**

Finally, the revenue recognized by the company, and which it has the right to collect from its clients, corresponds to the VATT determined as the indexed values of the AVI and COMA that make up such VATT. The law establishes these charges as integral components in rendering of transmission services. Therefore, due to these services are substantially the same and they have the same pattern of transference to customers, in other words, both services are satisfied over time with a similar progress measurement, the Company has determined that there is a unique performance obligation, and it is satisfied over a period of time, therefore revenues are recognized on the same time base.

Revenues from both regulatory and contractual arrangements are recognized and billed on a monthly basis, using values stipulated in the contracts or those resulting from regulated tariffs.

The transmission service is generally billed during the months following the month in which the service was provided, and therefore the revenue recognized each month corresponds to the transmission service delivered, but not billed in such month.

**2.17 Leases**

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

**2.17.1 The Company as lessor**

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

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

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

**2.17 Leases (continued)**

**2.17.2 The Company as lessee**

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

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

**2.17.3 Rights from use of lease**

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

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

**2.17.3.1 Leases previously classified as operating leases**

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

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

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

**2.17 Leases (continued)**

**2.17.3 Rights from use of lease (continued)**

**2.17.3.1 Leases previously classified as operating leases (continued)**

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

- a) Single discount rate for a lease portfolio with reasonably similar characteristics.
- b) Evaluation of onerous leases before the date of initial application.
- c) Application of the exceptions for short-term leases (maturity less than 12 months) on the date of the initial application.
- d) Exclusion of the initial direct costs of measuring the right of use asset on the date of initial application.
- e) Retrospective evaluation to determine the term of the lease in those cases in which the contracts contain renewal options or termination of the lease.

**2.17.3.2 Right of use assets**

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

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

**2.17.3.3 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 cannot 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.

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

**2.17 Leases (continued)**

**2.17.3 Rights from Use of Lease (continued)**

**2.17.3.4 Short-term leases and leases 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, right of use assets and lease liabilities (net of deferred interest) were recognized.

**2.18 Distribution of dividends**

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

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

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

The distribution of dividends as of September 30, 2023 and December 31, 2022 is reported in Note 24.3.



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

**2.19 Non-current assets classified as held for sale**

On the Company classifies as non-current assets (or group of assets for disposal) held for sale, property, plant and equipment, intangibles and groups subject to divestment (group of assets to be sold together with their directly associated liabilities), for which, on the closing date of the Statement of Financial Position, active efforts have been made for their sale, and it is estimated that it is highly probable that the operation will be materialize during the period of twelve months following said date.

Assets or groups subject to divestment classified as held for sale are valued at the lower of their book value or their fair value less costs to sell and are no longer amortized from the moment, they acquire this classification.

Assets that are no longer classified as held for sale, or no longer form part of a group of alienable items, are valued at the lower of their book value prior to their classification, less any depreciation, amortization or revaluation that would have been recognized if they had not been classified as such, and the recoverable value on the date on which they will be reclassified to Non-current assets.

Non-current assets held for sale and the components of the groups subject to divestiture classified as held for sale or as held for distribution to owners are presented in the Consolidated Statement of Financial Position as follows: Assets in a single line called Non-current assets or groups of assets for disposal classified as held for sale and liabilities also on a single line called Liabilities included in groups of assets for disposal classified as held for sale.

In turn, a discontinued operation is a component of the Group that has been sold or otherwise disposed of, or that has been classified as held for sale, and represents a line of business or a geographical area, which it is significant and can be considered separate from the rest; it is part of an individual and coordinated plan to have a line of business or a geographic area of operation that is significant and can be considered separate from the rest; or is a subsidiary entity acquired solely for the purpose of resale.

The results after taxes of discontinued operations are presented in a single line of the income statement called Profit (loss) from discontinued operations, also including the gain or loss after taxes generated by the divestment operation once it is completed, has materialized.



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### **3 - RISK MANAGEMENT POLICY**

#### **3.1 Financial risk**

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

##### **3.1.1 Market risk**

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

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

- (a) Investing cash surpluses in instruments maturing within no more than 180 days.
- (b) Entering into forward derivative contracts and other instruments to maintain a balanced foreign exchange position.
- (c) Entering into fixed rate long-term debt 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.

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**3 - RISK MANAGEMENT POLICY (continued)**

**3.1 Financial risk (continued)**

**3.1.1 Market risk (continued)**

**3.1.1.1 Interest rate risk (continued)**

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

A comparative table of the Company's debts is shown below, in which it can be seen that all of the Company's debt as of September 30, 2023 and December 31, 2022 was at a fixed rate until maturity. In addition, in the case of UF and Dollar indexed debt, variations in inflation and exchange rate could potentially impact the Company's financial expenses, which is mitigated by indexed income to inflation and exchange rate.

Debt	Currency or Index	Interest rate	Type of rate	Amount in Original Currency (thousand)	
				09-30-2023	12-31-2022
Bono Serie D	UF	4.25%	Fixed	13,500	13,500
Bono Serie H	UF	4.80%	Fixed	3,000	3,000
Bono Serie K	UF	4.60%	Fixed	1,600	1,600
Bono Serie M	UF	4.05%	Fixed	3,400	3,400
Bono Serie N	UF	3.95%	Fixed	3,000	3,000
Bono Serie Q	UF	3.95%	Fixed	3,100	3,100
Bono Serie V	UF	3.30%	Fixed	3,000	-
Bono Serie X	UF	3.20%	Fixed	4,000	-
Senior Notes	USD	4.625%	Fixed	-	300,000
Senior Notes	USD	4.250%	Fixed	375,000	375,000
Senior Notes	USD	3.875%	Fixed	350,000	350,000
Revolving Credit Facility	USD	SOFR	Floating (*)	-	-

(\*) The floating interest rate of the committed line of credit is broken down into SOFR rate plus a margin of 1.10%. At September 30, 2023 and December 31, 2022, the Company has no amounts drawn under this facility.

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**3 - RISK MANAGEMENT POLICY (continued)**

**3.1 Financial risk (continued)**

**3.1.1 Market risk (continued)**

**3.1.1.1 Interest rate risk (continued)**

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

A comparative table of the Company's debts is shown below, in which it can be seen that all of the Company's debt as of September 30, 2023 and December 31, 2022 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.

Serie	Position in UF	Annual Effect on income (MCh\$)		
		Inflation (3%)	Inflation (4%)	Inflation (2%)
D Bond	(13,445,234)	(14,843)	(20,163)	(9,988)
H Bond	(3,000,570)	(3,313)	(4,500)	(2,229)
K Bond	(1,599,135)	(1,765)	(2,398)	(1,188)
M Bond	(1,477,747)	(1,631)	(2,216)	(1,098)
M1 Bond	(1,869,140)	(2,063)	(2,803)	(1,388)
N Bond	(2,890,432)	(3,191)	(4,334)	(2,147)
Q Bond	(3,076,191)	(3,396)	(4,614)	(2,285)
V Bond	(2,942,006)	(3,248)	(4,412)	(2,186)
X Bond	(3,902,407)	(4,308)	(5,852)	(2,899)
<b>Total</b>	<b>(34,202,862)</b>	<b>(37,758)</b>	<b>(51,292)</b>	<b>(25,408)</b>

**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 and other).
- Transelec maintains accounts receivable in 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\$ 23.5 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:

The accompanying notes number 1 to 35 form an integral part of these Interim Consolidated Financial Statements

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**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	
	09-30-2023	12-31-2022	09-30-2023	12-31-2022
	MM\$	MM\$	MM\$	MM\$
U.S. dollar (amounts associated with balance sheet items)	660,746	889,100	660,807	888,932
Balance sheet items in Chilean pesos	2,676,052	2,560,149	2,675,991	2,560,317

The semi-annual indexation formulas incorporated in toll contracts and subtransmission tariffs, as well as those of monthly application for regulated trunk revenues, allow to reflect variations in the value of facilities and operational, maintenance and administration costs. In general, these indexation formulas take into account variations in international equipment prices, material prices and domestic labor.

**3.1.1.2.1 Sensitivity analysis**

The following chart shows the sensitivity analysis of various items to a 10% increase or decrease in exchange rates (US Dollar) and their effect on income or equity. This exchange rate sensitivity (10%) is used to internally report the Company's foreign exchange risk to key management personnel and represents management's valuation of the possible change in US Dollar exchange rate. The sensitivity analysis includes asset and liability balances in currencies other than the Company's functional currency. A positive number indicates an increase in income or other comprehensive income when the Chilean peso is weakened with respect to the foreign currency. A negative percentage implies a strengthening 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\$)	322	-	-	-	-	-
Leasing (US\$)	325,978	(404)	404	-	-	-
Forwards (assets) (US\$)	9,367	(12)	12	-	-	-
Senior Notes (US\$)	(650,536)	807	(807)	-	-	-
Swaps	334,507	(415)	415	65,920	(82)	82
<b>Total</b>	<b>19,638</b>	<b>(24)</b>	<b>24</b>	<b>65,920</b>	<b>(82)</b>	<b>82</b>

The accompanying notes number 1 to 35 form an integral part of these Interim Consolidated Financial Statements

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**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	09-30-2023	09-30-2022
	ThCh\$	ThCh\$
Enel Group	111,162,817	103,942,256
Quebrada Blanca TECK	44,565,580	-
CGE Group	-	35,913,557
Colbún Group	31,903,959	31,201,263
AES Gener Group	28,486,020	34,644,827
Engie Group (E-CL)	-	25,509,444
SAESA	9,943,586	-
Others	124,029,628	50,078,759
<b>Total</b>	<b>350,091,590</b>	<b>281,290,106</b>
<b>Concentration % of top customers</b>	<b>64.57%</b>	<b>82.20%</b>

One-time charges. Tolls and tariff revenues that these companies must pay to use the transmission system will generate a significant portion of the future cash flows of Transelec and a substantial change in their assets, financial conditions and / or operational income could adversely affect to 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

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**(Translation of financial statements originally issued in Spanish-See Note 2.1)**

**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 apart from its cash availabilities and short-term accounts receivable, a committed credit line of the revolving type (RC) for the use of working capital for an amount equivalent to 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% annual
(c)	The margin or spread per amount used	:	1.10%

This committed credit line 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 on 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 on 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 and 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. In January and February of 2023, Sumitomo Mitsui Banking Corporation novated its stake to Barclays and Banco de Sabadell, respectively.

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

The following table presents the capital amortizations and estimated interest payments corresponding to the Company's financial liabilities (debt), according to their maturity date, as of September 30, 2023 and December 31, 2022.

Debt maturity (equity and interest)	Less than 1 Year	1 to 3 Years	3 to 5 Years	5 to 10 Years	More than 10 years	Total
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
09-30-2023	73,650,867	428,759,550	598,711,359	701,843,332	607,372,765	2,410,337,873
12-31-2022	303,869,478	402,253,474	475,411,488	598,111,317	230,144,575	2,009,790,332

El The maturity of derivatives is presented Note 18.3.

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**3 - RISK MANAGEMENT POLICY (continued)**

**3.1 Financial risk (continued)**

**3.1.3 Liquidity risk (continued)**

**(b) Risk associated with transmission payments with regulated revenues**

The law establishes that transmission facilities with regulated revenues have the right to receive the VATT associated with those facilities on an annual basis. This revenue materializes according to the collection instructions issued by the National Electrical Coordinator (CEN in its Spanish Acronym), which the transmission companies must bill their customers following the regulatory rules established for that purpose.

Transmission facilities are classified into two groups based on how their VATT is allocated to users. The facilities ascribed to the permanent payment regime are all those associated with the SIC and SING Systems and the facilities whose origin comes from the expansion plans developed as governed by Law 20,936 and whose entry into operation is after December 31, 2018. For these facilities, the revenue from VATT is invoiced for the concept of Tariff Income and Unique Transmission Charge.

In turn, existing facilities prior to the publication of Law 20,936 or that come from expansion plans prior to the aforementioned law, and whose entry into operation is prior to December 31, 2018, are governed by a transitory payment regime, defined in transitory article 25 of the same legal body. For these works, the VATT revenue is invoiced according to the payment rules that such law repealed, that is, Tariff Revenue and Toll, incorporating to the latter, the criteria for exempting payments to generating plants and final clients that are not identified by the National Energy Commission (CNE in its Spanish Acronym) as responsible for payment. These exempt toll amounts are billed to end users for Unique Exemption Charge concepts defined by the CNE.

Tariff revenues correspond to the valuation of energy and power transfers by transmission facilities. The tolls correspond to the complement of the tariff revenue such that they allow completing the VATT and the unique transmission charges are unit amounts of \$/kWh that final customers must pay based on their energy consumption.

This last component, the unique transmission charges, is defined every six months by the CNE using expected values. For these reasons, they are subject to deviation with respect to the real values of demand, macroeconomics and commissioning of facilities. That is why, regardless of the payment system of a facility, whether permanent or transitory, there is a difference between the recognition of revenues (VATT) and billing, generating surpluses or billing deficits during the semester of application of the unique charges, which are adjusted by the CNE in setting the unique charges for the following semester.

As a result of the foregoing, in the event that transmission charges are greatly deviated from the values that are actually verified, there could be a liquidity risk for the Company. However, the risks should not deepen beyond the typical deviation of a six-month estimate of charges.

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**4 - CRITICAL ESTIMATES, JUDGMENTS OR CRITERIA EMPLOYED BY MANAGEMENT**

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

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

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

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



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**(Translation of financial statements originally issued in Spanish-See Note 2.1)**

**5 - CASH AND CASH EQUIVALENTS**

As of September 30, 2023 and December 31, 2022, this account is detailed as follows:

Cash and Cash Equivalents	09-30-2023	12-31-2022
	ThCh\$	ThCh\$
Bank and cash	1,918,602	5,818,861
Short term deposits	55,605,788	273,451,995
Mutual funds	182,968,101	114,545,455
<b>Total</b>	<b>240,492,491</b>	<b>393,816,311</b>

Cash and cash equivalents included in the statement of financial position as of September 30, 2023 and December 31, 2022 does not differ from those presented in the statement of cash flows.

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

Detail	Currency	09-30-2023	12-31-2022
		ThCh\$	ThCh\$
Cash and cash equivalents	U.S. dollars	310,195	17,448,122
Cash and cash equivalents	Euros	11,502	10,400
Cash and cash equivalents	Chilean pesos	240,170,794	376,357,789
<b>Total</b>		<b>240,492,491</b>	<b>393,816,311</b>

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

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**6 - TRADE AND OTHER RECEIVABLES**

The detail as of September 30, 2023 and December 31, 2022 is as follows:

Concept	09-30-2023	12-31-2022
	ThCh\$	ThCh\$
Invoiced trade debtors	22,464,338	29,348,326
Provisioned trade debtors	42,014,090	69,764,203
Other accounts receivable	785,215	892,693
<b>Total trade and other receivables</b>	<b>65,263,643</b>	<b>100,005,222</b>

The aging analysis for non-impaired debtors as of September 30, 2023 and December 31, 2022 is as follows:

Concept	Invoiced trade debtors	Provisioned trade debtors	Other accounts receivable	09-30-2023
Non past due	10,718,836	42,014,090	785,215	53,518,141
1-30 days	9,275,362	-	-	9,275,362
31-60 days	745,990	-	-	745,990
61-90 days	1,188,971	-	-	1,188,971
91-180 days	99,684	-	-	99,684
181-365 days	19,357	-	-	19,357
365 days or more	416,138	-	-	416,138
<b>Total</b>	<b>22,464,338</b>	<b>42,014,090</b>	<b>785,215</b>	<b>65,263,643</b>

Concept	Invoiced trade debtors	Provisioned trade debtors	Other accounts receivable	12-31-2022
Non past due	7,072,879	69,764,203	892,693	77,729,775
1-30 days	17,415,333	-	-	17,415,333
31-60 days	4,291,333	-	-	4,291,333
61-90 days	102,880	-	-	102,880
91-180 days	288,492	-	-	288,492
181-365 days	177,409	-	-	177,409
365 days or more	-	-	-	-
<b>Total</b>	<b>29,348,326</b>	<b>69,764,203</b>	<b>892,693</b>	<b>100,005,222</b>

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

The accompanying notes number 1 to 35 form an integral part of these Interim Consolidated Financial Statements

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
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## 7 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES

### 7.1 Balances and transactions with related parties

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

#### Account receivables from related companies

Tax ID Number	Company	Relation	Country	Description	Curr.	Start Date	End date	Interest payment	Principal Payment	Interest rate	Current		Non-current	
											09-30-2023 ThCh\$	12-31-2022 ThCh\$	09-30-2023 ThCh\$	12-31-2022 ThCh\$
76.560.200-9	Transelec Holdings Rentas Ltda.	Parent Company	Chile	Loan*	USD	06-30-2015	06-30-2025	Semi-annual	At maturity	3.97%	-	-	-	191,479,096
76.560.200-9	Transelec Holdings Rentas Ltda.	Parent Company	Chile	Loan*	USD	11-28-2017	11-28-2027	Semi-annual	At maturity	3.82%	-	-	-	30,211,858
76.560.200-9	Transelec Holdings Rentas Ltda.	Parent Company	Chile	Loan	UF	09-21-2015	09-21-2025	Semi-annual	At maturity	3.07%	63,842	-	8,137,301	7,893,041
76.560.200-9	Transelec Holdings Rentas Ltda.	Parent Company	Chile	Loan*	UF	11-28-2017	11-28-2027	Semi-annual	At maturity	2.50%	-	-	-	18,959,929
76.560.200-9	Transelec Holdings Rentas Ltda.	Parent Company	Chile	Loan*	UF	03-23-2023	03-23-2033	Semi-annual	At maturity	3.20%	-	-	237,221,085	-
76.560.200-9	Transelec Holdings Rentas Ltda.	Parent Company	Chile	Current account	Ch\$	-	-	-	-	-	-	6,120,222	-	-
B87674974	ETC Transmission Holdings SL	Indirect parent	Spain	Current account	USD	-	-	-	-	-	45,614	43,590	-	-
B87674974	ETC Transmission Holdings SL	Indirect parent	Spain	Current account	EUR	-	-	-	-	-	414,917	189,281	-	-
B87674974	ETC Transmission Holdings SL	Indirect parent	Spain	Current account	Ch\$	-	-	-	-	-	16,554	-	-	-
76.524.463-3	Transelec Concesiones S.A.	Indirect	Chile	Monthly services	Ch\$	-	-	-	-	-	133,533	138,746	-	-
76.248.725-K	CyT Operaciones SpA	Indirect	Chile	Monthly services	Ch\$	-	-	-	-	-	353,025	163,238	-	-
77.504.183-8	Gea Transmisora SpA	Indirect	Chile	Current account	Ch\$	-	-	-	-	-	25,679	13,776	-	-
20604938300	Conelsur SV	Indirect	Peru	Monthly services	USD	-	-	-	-	-	177,103	112,830	-	-
20601047005	Conelsur LT SAC	Indirect	Peru	Monthly services	USD	-	-	-	-	-	110,605	13,239	-	-
20511721912	Compañía Transmisora Norperuana S.A.C	Indirect	Peru	Monthly services	USD	-	-	-	-	-	445,268	-	-	-
76.920.929-8	Transmisora del Pacifico SA	Indirect	Chile	Monthly services	Ch\$	-	-	-	-	-	131,418	99,232	-	-
<b>Totales</b>											<b>1,917,558</b>	<b>6,894,154</b>	<b>245,358,386</b>	<b>248,543,924</b>

\* On 03-23-2023, Transelec, S.A. carried out a renewal and merger of the loans with Transelec Holding Rentas Ltda. corresponding to the contracts dated 06-30-2015 for US\$223,727,124.38, 11-28-2017 for US\$35,300,000.00 and 11-28-2017 for UF 540,000.00. The contracts in dollars consider the capitalization of accrued and unpaid interest for US\$2,330,263.88. The new merged contract considers a capital of UF 6,553,515.80, equivalent to Th\$233,204,697 as of 03-23-2023.

The accompanying notes number 1 to 35 form an integral part of these Interim Consolidated Financial Statements

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**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	Relation	Country	Description	Curr.	Start Date	End date	Interest payment	Principal Payment	Interest rate	Current		Non-current	
											09-30-2023	12-31-2022	09-30-2023	12-31-2022
											ThCh\$	ThCh\$	ThCh\$	ThCh\$
76.560.200-9	Transelec Holdings Rentas Ltda.	Parent Company	Chile	Dividends payable	Ch\$	-	-	-	-	-	-	32,333,728	-	-
76.559.580-0	Rentas Eléctricas I Limitada	Parent Company	Chile	Dividends payable	Ch\$	-	-	-	-	-	-	3,234	-	-
<b>Totales</b>											-	32,336,962	-	-

**Most significant transactions and their effect on income**

Tax ID Number	Company	Relation	Country	Description	09-30-2023		09-30-2022	
					Amount	Effect on income	Amount	Effect on income
					ThCh\$	ThCh\$	ThCh\$	ThCh\$
76.560.200-9	Transelec Holdings Rentas Ltda.	Parent company	Chile	Interest earned	6,210,316	6,210,316	7,195,997	7,195,997
76.560.200-9	Transelec Holdings Rentas Ltda.	Parent company	Chile	Interest collected	4,262,136	-	5,133,660	-
76.560.200-9	Transelec Holdings Rentas Ltda.	Parent company	Chile	Exchange difference	9,606,070	(9,606,070)	30,544,735	30,544,735
76.560.200-9	Transelec Holdings Rentas Ltda.	Parent company	Chile	UF readjustment	4,536,194	4,536,194	2,510,837	2,510,837
76.560.200-9	Transelec Holdings Rentas Ltda.	Parent company	Chile	Current account granted	115,720,125	-	2,677,933	-
76.560.200-9	Transelec Holdings Rentas Ltda.	Parent company	Chile	Current account collected	121,840,347	-	-	-
76.560.200-9	Transelec Holdings Rentas Ltda.	Parent company	Chile	Dividend paid	233,943,565	-	17,402,267	-
76.559.580-0	Rentas Eléctricas I Ltda	Parent company	Chile	Dividend paid	23,397	-	1,740	-

The accompanying notes number 1 to 35 form an integral part of these Interim Consolidated Financial Statements

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**7 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES (continued)**

**7.1 Balances and transactions with related parties (continued)**

**Most significant transactions and their effect on income (continued)**

Tax ID Number	Company	Relation	Country	Description	09-30-2023		09-30-2022	
					Amount	Effect on income	Amount	Effect on income
					ThCh\$	ThCh\$	ThCh\$	ThCh\$
B87674974	ETC Transmission Holdings SL	Indirect parten	Spain	Current account granted	244,214	-	175,271	-
77.504.183-8	Gea Transmisora SpA	Indirecta	Chile	Current account granted	11,903	-	13,777	-
76.524.463-3	Transelec Concesiones S.A.	Indirecta	Chile	Monthly services	2,622,880	2,622,880	1,395,697	1,395,697
76.524.463-3	Transelec Concesiones S.A.	Indirecta	Chile	Amounts collected	2,628,093	-	1,567,944	-
76.920.929-8	Transmisora del Pacífico S.A.	Indirecta	Chile	Monthly services	5,754,711	5,754,711	429,684	429,684
76.920.929-8	Transmisora del Pacífico S.A.	Indirecta	Chile	Amounts collected	5,722,525	-	392,882	-
76.920.929-8	Transmisora del Pacífico S.A.	Indirecta	Chile	Current account granted	335,941	-	-	-
76.920.929-8	Transmisora del Pacífico S.A.	Indirecta	Chile	Current account collected	335,941	-	-	-
76.248.725-K	CYT Operaciones SpA	Indirecta	Chile	Monthly services	1,732,147	1,732,147	1,632,363	1,632,363
76.248.725-K	CYT Operaciones SpA	Indirecta	Chile	Amounts collected	1,542,360	-	1,617,641	-
20604938300	Conelsur SV	Indirecta	Peru	Monthly services	492,775	492,775	526,300	526,300
20604938300	Conelsur SV	Indirecta	Peru	Amounts collected	428,502	-	503,450	-
20601047005	Conelsur LT	Indirecta	Peru	Monthly services	149,431	149,431	108,833	108,833
20601047005	Conelsur LT	Indirecta	Peru	Amounts collected	52,065	-	102,222	-
20511721912	Compañía Transmisora Norperuana S.A.C	Indirecta	Peru	Monthly services	445,268	-	-	-

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

The accompanying notes number 1 to 35 form an integral part of these Interim Consolidated Financial Statements

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**7 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES (continued)**

**7.2 Board of Directors and management**

In accordance with the Company's bylaws, the Board of Directors is composed of nine members appointed by the shareholders at the respective Shareholders' Meeting, who remain in office for two years, with the possibility of being reelected. For each Board Member there is an alternate Board Member

The current Board of Directors was elected at the Ordinary Shareholders' Meeting held on April 28, 2023, which was made up as follows: Mr. Scott Lawrence as regular director and Mr. Alfredo Ergas Segal as his respective alternate director, Mr. Tao He as principal conductor and Mr. Cheng Tai as his respective deputy conductor, Mr. Richard Cacchione as principal conductor and Mr. Michael Rosenfeld as his respective deputy conductor; Mr. Jordan Anderson as principal director and Mr. Jon Perry as his respective alternate director; Mr. Mario Valcarce Durán as regular director and Mr. José Miguel Bambach Salvatore as his respective alternate director; Mr. Blas Tomic Errázuriz as regular director and Mr. Patricio Reyes Infante as his respective alternate director; Mr. Juan Benabarre Benaiges as regular director and Mr. Roberto Munita Valdés as his respective alternate director; Ms. Ximena Clark Núñez as regular director and Mr. Claudio Campos Bierwirth as her respective substitute director and Ms. Andrea Butelmann Peisajoff as regular director and Mr. Juan Agustín Laso Bambach as her respective substitute director.

In the Board meeting held on May 24, 2023, Mr. Scott Lawrence was elected Chairman of the Board of Transelec.

On May 31, 2023, Mr. Scott Lawrence resigned from his position as Director of Transelec S.A., taking over as interim Director Mr. Alfredo Ergas Segal.

At the Board meeting held on June 27, 2023, Mr. Alfredo Ergas Segal was elected Chairman of the Board.

The Board of Directors of Transelec S.A. It has a fixed monthly calendar that considers all the ordinary sessions to be held during the current year. This administrative body has met systematically from January to September 2023 and has held an extraordinary session in the first quarter.

**7.2.1 Board of Directors' compensation**

As established in Article No. 33 of Law No. 18,046 on Corporations, at the Sixteenth Ordinary Shareholders' Meeting of Transelec S.A., held on April 28, 2023, it was agreed to maintain the annual remuneration of directors in US \$90,000, gross value, regardless of the number of sessions actually attended or carried out. Per diems are paid quarterly.

The Directors, Mr. Scott Lawrence, Mr. Richard Cacchione, Mr. Jordan Anderson and Mr. Tao He waived their respective allowances for the years 2022 and 2023.

At the year 2023 Ordinary Shareholders' Meeting, it was decided that alternate directors will not receive remuneration.

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**7 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES (continued)**

**7.2 Board of Directors and management (continued)**

**7.2.1 Board of Directors' compensation (continued)**

The per diem received by the members of the Board of Directors for the nine-month periods ended September 30, 2023 and 2022 were as follows:

Director	09-30-2023	09-30-2022
	ThCh\$	ThCh\$
Alfredo Ergas Segal (President)**	-	-
Scott Lawrence (President)*/**	-	-
Blas Tomic Errázuriz	55,078	57,707
Mario Alejandro Valcarce Durán	55,078	57,707
Juan Ramon Benabarre Benaiges	55,078	57,707
Andrea Butelmann Peisajoff	55,078	57,707
Jordan Anderson*	-	-
Tao He*	-	-
Richard Cacchione*	-	-
Ximena Clark Núñez	55,078	20,972

\* Mr. Scott Lawrence (Chairman), Richard Cacchione, Jordan Anderson and Tao He resigned their respective allowances for the period 2022 and 2023.

\*\* At the Board meeting held on May 24, 2023, Mr. Scott Lawrence was elected Chairman of the Board of Transelec, who subsequently resigned on May 31, 2023. At the Board meeting held on June 27, 2023, Mr. Alfredo Ergas Segal was elected Chairman of the Board.

**7.3 Board expenses**

During 2023, no training or advisory services have been carried out for the board of directors.

During the month of December 2022, a training was carried out for the Board of Directors on cybersecurity and responsibilities of the Board regarding the new legislation on cybercrimes, for an amount of 150 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 auditors as well as the Company's balance sheets, other Consolidated Financial Statements and internal systems.

Transelec's Audit Committee is composed of five Directors, all of whom are qualified in financial matters and apply their specialized knowledge to diverse topics of interest to the Company. Committee members are appointed by the Board of Directors, and they hold their positions for two years and may be re-elected. The Committee appoints a chairman from among its members and a secretary, who may be one of its members or the Secretary of the Board. The Audit Committee has held three sessions during 2023.

The accompanying notes number 1 to 35 form an integral part of these Interim Consolidated Financial Statements

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
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**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 member of the Audit Committee, and the Directors, Mr. Juan Ramón Benabarre Benaiges, Mr. Alfredo Ergas Segal, Mr. Richard Cacchione and Mr. Tao He as well as the Secretary, Mr. Arturo Le Blanc Cerda are also members of the Audit Committee.

As of the date of these Interim Consolidated Financial Statements, the Audit Committee is maintained. At the sixteenth Ordinary Shareholders' Meeting of Transelec S.A., held on April 28, 2023, 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 compensations received by members of the Audit Committee for the nine-month periods ended September 30, 2023 and 2022 are as follows:

Director	09-30-2023	09-30-2022
	ThCh\$	ThCh\$
Mario Alejandro Valcarce Duran (President)	8,559	8,447
Juan Ramón Benabarre Benaiges	8,559	8,447
Alfredo Ergas Segal	-	-
Richard Cacchione	-	-
Tao He	-	-

**7.5 Compensation of key management that are not Directors**

**Members of key management**

Arturo Le Blanc	Chief Executive Officer
Eduardo Tagle Gana	Fiscal
Claudia Carrasco Arancibia	Regulatory and Revenue Manager
Olivia Heuts Goen	Vice-President of Business Development
Francisco Castro Crichton	Vice-President of Finance
Bernardo Canales Fuenzalida	Vice President of Engineering and Project Development
Claudio Aravena Vallejo	Vice-President of Human Resources
Jorge Vargas Romero	Vice-President of Operations
Paola Basaure Barros	Vice-President of Corporate Affairs and Environment
Alejandro Rehbein Oroz	Innovation and Digital Transformation Manager

The accompanying notes number 1 to 35 form an integral part of these Interim Consolidated Financial Statements



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**(Translation of financial statements originally issued in Spanish-See Note 2.1)**

**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 nine-month periods ended September 30, 2023 and 2022, is as follows:

Concept	09-30-2023	09-30-2022
	ThCh\$	ThCh\$
Salaries	1,666,693	1,525,247
Other short-term employee benefits	620,798	713,916
Other long-term employee benefits	612,707	1,570,276
<b>Total compensation received by key management personnel</b>	<b>2,900,198</b>	<b>3,809,439</b>

**8 - NON-CURRENT ASSETS OR DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE**

The non-current assets or disposal groups classified as held for sale as of September 30, 2023 and December 31, 2022 are as follows:

Concept	09-30-2023	12-31-2022
	ThCh\$	ThCh\$
Land	515,376	515,376
<b>Total</b>	<b>515,376</b>	<b>515,376</b>

The balances are presented at the lowest of their book value and fair value less cost of sale. The fair value of the assets was determined based on valuations in active markets for a similar class of assets.

These assets were reclassified from Property, Plants and Equipment to non-current assets or disposal groups classified as held for sale.

The sale of these assets is considered highly probable and the Company's intention to sell is expected to materialize over the course of the next twelve months.

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**9 - OTHER FINANCIAL ASSETS**

As of September 30, 2023 and December 31, 2022, this account is detailed as follows:

Concept	09-30-2023		12-31-2022	
	Current	Non-Current	Current	Non-Current
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Finance lease receivables	1,031,729	324,946,627	434,080	43,299,536
Swap Contracts (see note 18)	-	65,919,589	-	142,430,186
Forward Contracts (see note 18)	-	-	374,258	-
Other financial assets	-	41,752	-	41,752
<b>Total Other financial assets</b>	<b>1,031,729</b>	<b>390,907,968</b>	<b>808,338</b>	<b>185,771,474</b>

**9.1 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:

Maturities	09-30-2023			12-31-2022		
	Present Value	Interest receivable	Gross investment	Present Value	Interest receivable	Gross investment
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Up to 90 days	79,009	7,344,132	7,423,141	151,911	1,062,132	1,214,043
From 90 days to 1 year	952,720	20,282,623	21,235,343	282,169	3,196,808	3,478,977
<b>Total current</b>	<b>1,031,729</b>	<b>27,626,755</b>	<b>28,658,484</b>	<b>434,080</b>	<b>4,258,940</b>	<b>4,693,020</b>
From 1 to 2 years	2,226,969	27,518,451	29,745,420	1,449,746	4,260,397	5,710,143
From 2 to 3 years	2,854,801	27,335,444	30,190,245	1,811,306	4,147,944	5,959,250
From 3 to 4 years	3,556,918	27,087,939	30,644,857	1,944,930	4,014,320	5,959,250
From 4 to 5 years	4,041,397	26,794,675	30,836,072	2,072,401	3,859,450	5,931,851
More than 5 years	312,266,542	336,504,782	648,771,324	36,021,153	39,823,612	75,844,765
<b>Total non-current</b>	<b>324,946,627</b>	<b>445,241,291</b>	<b>770,187,918</b>	<b>43,299,536</b>	<b>56,105,723</b>	<b>99,405,259</b>

The accompanying notes number 1 to 35 form an integral part of these Interim Consolidated Financial Statements

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**9 - OTHER FINANCIAL ASSETS (continued)**

**Movements of financial leases:**

Concept	09-30-2023	12-31-2022
	ThCh\$	ThCh\$
Opening balance	43,733,616	42,683,392
Additions	253,022,239	1,464,940
Amortization	106,568	(1,697,056)
Translation differences	29,115,933	397,134
Other movements*	-	885,206
Closing balance	325,978,356	43,733,616

(\*) The other movements correspond to a reclassification of a balance held in other non-current non-financial assets, related to the financial lease with the client Metro S.A.

**10 - INTANGIBLE ASSETS OTHER THAN GOODWILL**

The following tables detail the balances within this account as of September 30, 2023 and December 31, 2022:

Intangible assets, net	09-30-2023	12-31-2022
	ThCh\$	ThCh\$
Easements	185,113,986	184,449,744
Software	10,784,261	8,098,551
Total identified intangible assets	195,898,247	192,548,295

Gross intangible assets	09-30-2023	12-31-2022
	ThCh\$	ThCh\$
Easements	185,113,986	184,449,744
Software	32,394,456	28,031,208
Total intangible assets	217,508,442	212,480,952

Accumulated amortization and impairment	09-30-2023	12-31-2022
	ThCh\$	ThCh\$
Software	(21,610,195)	(19,932,657)
Total accumulated amortization	(21,610,195)	(19,932,657)

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

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**10- INTANGIBLE ASSETS OTHER THAN GOODWILL (continued)**

The movements of intangible assets as of September 30, 2023 and December 31, 2022 are as follow:

Movements	Easements	Software	Net intangible assets
	ThCh\$	ThCh\$	ThCh\$
Opening balance as of 01-01-2023	184,449,744	8,098,551	192,548,295
Additions	664,242	4,363,248	5,027,490
Amortization	-	(1,677,538)	(1,677,538)
Closing balance as of 09-30-2023	185,113,986	10,784,261	195,898,247

Movements	Easements	Software	Net intangible assets
	ThCh\$	ThCh\$	ThCh\$
Opening balance as of 01-01-2022	181,321,476	4,751,591	186,073,067
Additions	3,128,268	5,105,509	8,233,777
Amortization	-	(1,758,549)	(1,758,549)
Closing balance as of 12-31-2022	184,449,744	8,098,551	192,548,295

Based on estimates made by Management, projections of cash flows attributable to intangible assets allow the carrying value of these assets recorded as of September 30, 2023 and December 31, 2022 to be recovered.

The balance of items fully amortized and in use as of September 30, 2023 and December 31, 2022 is as follows:

Intangible assets concept	09-30-2023	12-31-2022
	ThCh\$	ThCh\$
Total gross value	14,672,825	14,458,343

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## **11 - 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.

### **11.1 Measurement of the recoverable value of goodwill**

The breakdown of this item as of September 30, 2023 and December 31, 2022 is as follows:

Detail	09-30-2023	12-31-2022
	ThCh\$	ThCh\$
Goodwill	343,059,078	343,059,078
<b>Total</b>	<b>343,059,078</b>	<b>343,059,078</b>

### **11.2 Movement of goodwill in the Consolidated Financial Statements**

Goodwill does not present movements as of September 30, 2023 and December 31, 2022.

### **11.3 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.

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**12 - PROPERTY, PLANT AND EQUIPMENT**

**12.1 Detail of Accounts**

The composition corresponds to the following detail:

Property, plant and equipment, net	09-30-2023	12-31-2022
	ThCh\$	ThCh\$
Land	21,768,878	21,555,525
Buildings and infrastructure	872,392,724	891,752,106
Work in progress	428,998,604	533,291,165
Machinery and equipment	484,908,195	496,975,958
Other property, plant and equipment	6,698,701	6,176,143
<b>Total Property, plant and equipment</b>	<b>1,814,767,102</b>	<b>1,949,750,897</b>

Property, plant and equipment, gross	09-30-2023	12-31-2022
	ThCh\$	ThCh\$
Land	21,768,878	21,555,525
Buildings and infrastructure	1,282,247,890	1,281,376,768
Work in progress	428,998,604	533,291,165
Machinery and equipment	815,524,623	809,715,879
Other property, plant and equipment	6,698,701	6,176,143
<b>Total property, plant and equipment, gross</b>	<b>2,555,238,696</b>	<b>2,652,115,480</b>

Accumulated depreciation of property, plant and equipment	09-30-2023	12-31-2022
	ThCh\$	ThCh\$
Buildings and infrastructure	(409,855,166)	(389,624,662)
Machinery and equipment	(330,616,428)	(312,739,921)
<b>Total accumulated depreciation of property, plant and equipment</b>	<b>(740,471,594)</b>	<b>(702,364,583)</b>

The accompanying notes number 1 to 35 form an integral part of these Interim Consolidated Financial Statements

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**12 - PROPERTY, PLANT AND EQUIPMENT (continued)**

**12.2 Reconciliation of changes in property, plant and equipment**

The following table details the reconciliation of changes in property, plant and equipment by class as of September 30, 2023 and December 31, 2022:

Movement	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 as of 01-01-2023	21,555,525	891,752,106	496,975,958	533,291,165	6,176,143	1,949,750,897
Additions	-	-	-	137,358,864	533,806	137,892,670
Withdrawals	-	(3,875)	(32,881)	(6,915)	-	(43,671)
Transfers	213,353	877,621	5,879,619	(6,959,345)	(11,248)	-
Depreciation expense	-	(20,233,128)	(17,914,501)	-	-	(38,147,629)
Other decrements	-	-	-	(234,685,165)	-	(234,685,165)
Closing balance as of 09-30-2023	21,768,878	872,392,724	484,908,195	428,998,604	6,698,701	1,814,767,102

Movement	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 as of 01-01-2022	22,070,900	906,740,407	479,078,128	402,151,009	5,811,659	1,815,852,103
Additions	-	-	-	212,809,401	390,096	213,199,497
Withdrawals	-	(411,715)	(521,140)	(155,722)	-	(1,088,577)
Transfers	-	13,070,955	41,912,393	(54,957,736)	(25,612)	-
Depreciation expense	-	(26,631,941)	(23,469,199)	-	-	(50,101,140)
Other decrements	(515,375)	(1,015,600)	(24,224)	(26,555,787)	-	(28,110,986)
Closing balance as of 12-31-2022	21,555,525	891,752,106	496,975,958	533,291,165	6,176,143	1,949,750,897

The accompanying notes number 1 to 35 form an integral part of these Interim Consolidated Financial Statements

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**12 - PROPERTY, PLANT AND EQUIPMENT (continued)**

**12.3 Additional information on property, plant and equipment**

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

The Company held as of September 30, 2023 and December 31, 2022 commitments to purchase items of property, plant and equipment arising from construction contracts under EPC (Engineering-Procurement- Construction) in the amount of ThCh\$221,347,293 and ThCh\$198,643,165 at the end of each period, respectively.

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

Concepts	09-30-2023	12-31-2022
Capitalization rate (Annual basis)	4.73%	4.99%
Capitalized interest costs (ThCh\$)	6,927,294	15,227,754

Work in progress balances as of September 30, 2023 and December 31, 2022, amounts to ThCh\$428,998,604 and ThCh\$533,291,165, respectively.

The balances of fully depreciated items in use as of September 30, 2023 and December 31, 2022 are as follows:

Property, plant and equipment concept	09-30-2023	12-31-2022
	ThCh\$	ThCh\$
Total gross value	77,723,766	74,893,126



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**13 - ASSETS FOR RIGHT OF USE**

The composition of assets for rights of use as of September 30, 2023 and December 31, 2022, corresponds to the following detail:

Assets for right of use	09-30-2023	12-31-2022
	ThCh\$	ThCh\$
Right of use Land	30,667	41,222
Right of use Buildings	678,023	1,869,853
Right to use Vehicles	269,748	94,636
<b>Total assets for right of use</b>	<b>978,438</b>	<b>2,005,711</b>

Assets for right of use, gross	09-30-2023	12-31-2022
	ThCh\$	ThCh\$
Right of use Land	101,788	101,788
Right of use Buildings	5,930,543	6,618,844
Right to use Vehicles	2,206,627	1,744,202
<b>Total Assets for right of use, gross</b>	<b>8,238,958</b>	<b>8,464,834</b>

Accumulated depreciation of assets for rights of use	09-30-2023	12-31-2022
	ThCh\$	ThCh\$
Right of use Land	(71,121)	(60,566)
Right of use Buildings	(5,252,520)	(4,748,991)
Right to use Vehicles	(1,936,879)	(1,649,566)
<b>Total Accumulated depreciation of assets for rights of use</b>	<b>(7,260,520)</b>	<b>(6,459,123)</b>

The accompanying notes number 1 to 35 form an integral part of these Interim Consolidated Financial Statements

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**13 - ASSETS FOR RIGHT OF USE (continued)**

**13.1 Movements in Assets for rights of use**

The book values of assets for right-of-use and their movements as of September 30, 2023 and December 31, 2022 are detailed below:

Movement	Right of use Land	Right of use Buildings	Right of use Vehicles	Assets for right of use
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Opening balance as of 01-01-2023	41,222	1,869,853	94,636	2,005,711
Additions	-	-	462,425	462,425
Withdrawals	-	(303,180)	-	(303,180)
Depreciation expense	(10,555)	(888,650)	(287,313)	(1,186,518)
Closing balance as of 09-30-2023	30,667	678,023	269,748	978,438

Movement	Right of use Land	Right of use Buildings	Right of use Vehicles	Assets for right of use
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Opening balance as of 01-01-2022	55,296	2,510,990	473,182	3,039,468
Additions	-	607,927	-	607,927
Depreciation expense	(14,074)	(1,249,064)	(378,546)	(1,641,684)
Closing balance as of 12-31-2022	41,222	1,869,853	94,636	2,005,711

As of September 30, 2023 and December 31, 2022 one of the main assets for rights of use and liabilities for leases (Note 16), comes from the contract between Seguros Vida Security Previsión S.A and Transelec S.A. This contract has a duration of 5 years from January 2019 and accrues interest at an annual rate of 2.3%.

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**14 - OTHER NON-FINANCIAL ASSETS AND LIABILITIES**

**14.1 Other non-financial assets**

The composition of the Other non-financial assets as of September 30, 2023 and December 31, 2022 is as follows:

Concept	Current		Non-Current	
	09-30-2023	12-31-2022	09-30-2023	12-31-2022
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Funds for yielding easements and land	5,791,755	1,107,419	-	-
Advances to suppliers	9,242,529	6,093,459	8,386,750	17,299,348
Advance insurance	207,040	2,977,295	-	-
Consignments and guarantees	114,082	2,318,370	-	-
Tax credit (VAT)	10,414,215	-	-	-
Other non-financial assets	467,496	642,596	891,247	890,998
<b>Total other non-financial assets</b>	<b>26,237,117</b>	<b>13,139,139</b>	<b>9,277,997</b>	<b>18,190,346</b>

**14.2 Other non-financial liabilities**

The composition of the Other non-financial liabilities as of September 30, 2023 and December 31, 2022 is as follows:

Concept	Current		Non-Current	
	09-30-2023	12-31-2022	09-30-2023	12-31-2022
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
VAT payable	2,890,610	584,895	-	-
Deferred income	-	-	3,444,054	3,742,233
Other non-financial liabilities	319,811	317,183	214,632	214,632
<b>Total other non-financial liabilities</b>	<b>3,210,421</b>	<b>902,078</b>	<b>3,658,686</b>	<b>3,956,865</b>

**15 - OTHER FINANCIAL LIABILITIES**

The detail of current and non-current financial liabilities as of September 30, 2023 and December 31, 2022 is as follows:

Concept	09-30-2023		12-31-2022	
	Current	Non-Current	Current	Non-Current
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Bonds payable	18,471,774	1,883,987,629	279,117,868	1,574,965,163
Swap contract (see note 18)	1,015,031	-	4,070,487	-
Forward contract (see note 18)	1,035,289	-	-	-
<b>Total Other financial liabilities</b>	<b>20,522,094</b>	<b>1,883,987,629</b>	<b>283,188,355</b>	<b>1,574,965,163</b>

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**15 - OTHER FINANCIAL LIABILITIES (continued)**

**15.1 Bonds payable**

The obligations with the public by series, currency, effective rate and expiration date as of September 30, 2023 and December 31, 2022 are as follow:

Taxpayer ID number	Debtor name	Country	Creditor	Placement in Chile or abroad	Instrument registration number	Series	Curr.	Effective interest rate	Nominal interest rate	Principal payment	Interest payment	Final maturity	09-30-2023	12-31-2022
													ThCh\$	ThCh\$
76.555.400-4	Transelec S.A.	Chile	Bondholders	Chile	480	D	UF	4.37%	4.25%	At maturity	Semiannual	15-12-2027	492,865,703	472,774,291
76.555.400-4	Transelec S.A.	Chile	Bondholders	Chile	599	H	UF	4.79%	4.80%	At maturity	Semiannual	01-08-2031	109,579,744	107,539,326
76.555.400-4	Transelec S.A.	Chile	Bondholders	Chile	599	K	UF	4.61%	4.60%	At maturity	Semiannual	01-09-2031	56,331,077	55,218,066
76.555.400-4	Transelec S.A.	Chile	Bondholders	Chile	599	M	UF	4.26%	4.05%	At maturity	Semiannual	15-06-2032	54,123,348	51,923,670
76.555.400-4	Transelec S.A.	Chile	Bondholders	Chile	599	M-1	UF	4.23%	4.05%	At maturity	Semiannual	15-06-2032	68,461,177	65,671,344
76.555.400-4	Transelec S.A.	Chile	Bondholders	Chile	599	N	UF	4.29%	3.95%	At maturity	Semiannual	15-12-2038	105,791,287	101,465,555
76.555.400-4	Transelec S.A.	Chile	Bondholders	Chile	744	Q	UF	4.02%	3.95%	At maturity	Semiannual	15-10-2042	115,172,212	110,671,050
76.555.400-4	Transelec S.A.	Chile	Bondholders	Chile	1142	X	UF	3.20%	3.20%	At maturity	Semiannual	01-03-2034	142,297,717	-
76.555.400-4	Transelec S.A.	Chile	Bondholders	Chile	1142	V	UF	3.30%	3.30%	At maturity	Semiannual	01-03-2048	107,557,223	-
76.555.400-4	Transelec S.A.	Chile	Bondholders	Foreign	1st issuance	Sr N	US\$	5.10%	4.63%	At maturity	Semiannual	26-07-2023	-	261,814,047
76.555.400-4	Transelec S.A.	Chile	Bondholders	Foreign	2nd issuance	Sr N	US\$	4.66%	4.25%	At maturity	Semiannual	14-01-2025	338,016,994	326,046,616
76.555.400-4	Transelec S.A.	Chile	Bondholders	Foreign	3rd issuance	Sr N	US\$	4.31%	3.88%	At maturity	Semiannual	12-01-2029	312,262,921	300,959,066
<b>Total</b>													<b>1,902,459,403</b>	<b>1,854,083,031</b>

The fair value of current and non-current bonds payable, both secured and unsecured, amounts to ThCh\$1,645,076,097 and ThCh\$1,848,332,247 as of September 30, 2023 and December 31, 2022, 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.

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**15 - OTHER FINANCIAL LIABILITIES (continued)**

**15.1 Bonds payable (continued)**

Debtor taxpayer ID number	Debtor Name	Instrument registration number	Expiration								
			Current			Non-current					
			Maturity less than 90 days	Maturity more than 90 days	Total Current 09-30-2023	Maturity 1 to 2 years	Maturity 2 to 3 years	Maturity 3 to 4 years	Maturity 4 to 5 years	Maturity more than 5 years	Total Non-current 09-30-2023
			ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
76.555.400-4	Transelec S.A.	480	6,054,858	-	6,054,858	-	-	-	486,810,845	-	486,810,845
76.555.400-4	Transelec S.A.	599	-	834,972	834,972	-	-	-	-	108,744,772	108,744,772
76.555.400-4	Transelec S.A.	599	-	209,916	209,916	-	-	-	-	56,121,161	56,121,161
76.555.400-4	Transelec S.A.	599	657,963	-	657,963	-	-	-	-	53,465,385	53,465,385
76.555.400-4	Transelec S.A.	599	836,051	-	836,051	-	-	-	-	67,625,126	67,625,126
76.555.400-4	Transelec S.A.	599	1,295,092	-	1,295,092	-	-	-	-	104,496,195	104,496,195
76.555.400-4	Transelec S.A.	744	2,031,481	-	2,031,481	-	-	-	-	113,140,731	113,140,731
76.555.400-4	Transelec S.A.	1142	-	366,228	366,228	-	-	-	-	141,931,489	141,931,489
76.555.400-4	Transelec S.A.	1142	-	283,184	283,184	-	-	-	-	107,274,039	107,274,039
76.555.400-4	Transelec S.A.	2nd issuance	-	3,151,446	3,151,446	334,865,548	-	-	-	-	334,865,548
76.555.400-4	Transelec S.A.	3rd issuance	-	2,750,583	2,750,583	-	-	-	-	309,512,338	309,512,338
<b>Total</b>			<b>10,875,445</b>	<b>7,596,329</b>	<b>18,471,774</b>	<b>334,865,548</b>	<b>-</b>	<b>-</b>	<b>486,810,845</b>	<b>1,062,311,236</b>	<b>1,883,987,629</b>

The accompanying notes number 1 to 35 form an integral part of these Interim Consolidated Financial Statements

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**15 - OTHER FINANCIAL LIABILITIES (continued)**

**15.1 Bonds payable (continued)**

Debtor taxpayer ID number	Debtor Name	Instrument registration number	Expiration								
			Current			Non-current					
			Maturity less than 90 days	Maturity more than 90 days	Total Current 12-31-2022	Maturity 1 to 2 years	Maturity 2 to 3 years	Maturity 3 to 4 years	Maturity 4 to 5 years	Maturity more than 5 years	Total Non-current 12-31-2022
			ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
76.555.400-4	Transelec S.A.	480	-	874,527	874,527	-	-	-	-	471,899,764	471,899,764
76.555.400-4	Transelec S.A.	599	2,072,911	-	2,072,911	-	-	-	-	105,466,415	105,466,415
76.555.400-4	Transelec S.A.	599	847,961	-	847,961	-	-	-	-	54,370,105	54,370,105
76.555.400-4	Transelec S.A.	599	-	92,644	92,644	-	-	-	-	51,831,026	51,831,026
76.555.400-4	Transelec S.A.	599	-	117,705	117,705	-	-	-	-	65,553,639	65,553,639
76.555.400-4	Transelec S.A.	599	-	182,355	182,355	-	-	-	-	101,283,200	101,283,200
76.555.400-4	Transelec S.A.	744	-	900,611	900,611	-	-	-	-	109,770,439	109,770,439
76.555.400-4	Transelec S.A.	1ra. emisión	5,310,969	256,503,078	261,814,047	-	-	-	-	-	-
76.555.400-4	Transelec S.A.	2da. emisión	6,563,762	-	6,563,762	-	319,482,854	-	-	-	319,482,854
76.555.400-4	Transelec S.A.	3da. emisión	5,651,345	-	5,651,345	-	-	-	-	295,307,721	295,307,721
<b>Total</b>			<b>20,446,948</b>	<b>258,670,920</b>	<b>279,117,868</b>	<b>-</b>	<b>319,482,854</b>	<b>-</b>	<b>-</b>	<b>1,255,482,309</b>	<b>1,574,965,163</b>

The accompanying notes number 1 to 35 form an integral part of these Interim Consolidated Financial Statements

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
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**15 - OTHER FINANCIAL LIABILITIES (continued)**

**15.2 Changes in liabilities arising from financing activities**

The movement of other financial liabilities as of September 30, 2023 and December 31, 2022 is as follows:

Movements	Opening balance as of 01-01-2023	Changes representing cash flow						Changes that do not represent cash flow				Other movements	Final balance as of 09-30-2023
		New liabilities	Payments of principal	Payments of interests	Payments of withholding tax	Total interest and tax paid	Borrowing costs	Interests accrued	Amortization of Borrowing Costs	Revaluation	Changes in Fair Value		
Bonds payable													
US\$ Bonds	888,819,729	-	(241,563,000)	(32,578,988)	(1,243,458)	(33,822,446)	-	23,029,323	964,941	12,968,759	-	(117,391)	650,279,915
UF Bonds	965,263,302	249,865,560	-	(28,725,881)	-	(28,725,881)	(4,397,453)	35,917,095	695,930	33,560,935	-	-	1,252,179,488
Total	1,854,083,031	249,865,560	(241,563,000)	(61,304,869)	(1,243,458)	(62,548,327)	(4,397,453)	58,946,418	1,660,871	46,529,694	-	(117,391)	1,902,459,403
Financial instruments													
Swap contract	4,070,487	-	-	(6,679,669)	-	(6,679,669)	-	3,624,213	-	-	-	-	1,015,031
Forward	-	-	-	-	-	-	-	-	-	-	1,035,289	-	1,035,289
Total	4,070,487	-	-	(6,679,669)	-	(6,679,669)	-	3,624,213	-	-	1,035,289	-	2,050,320
Total													
Total	1,858,153,518	249,865,560	(241,563,000)	(67,984,538)	(1,243,458)	(69,227,996)	(4,397,453)	62,570,631	1,660,871	46,529,694	1,035,289	(117,391)	1,904,509,723

The accompanying notes number 1 to 35 form an integral part of these Interim Consolidated Financial Statements

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**15 - OTHER FINANCIAL LIABILITIES (continued)**

**15.2 Changes in liabilities arising from financing activities (continuación)**

Movements	Opening balance as of 01-01-2022	Changes representing cash flow						Changes that do not represent cash flow				Final balance as of 12-31-2022
		New liabilities	Payments of principal	Payments of interests	Payments of withholding tax	Total interest and tax paid	Borrowing costs	Interests accrued	Amortization of Borrowing Costs	Revaluation	Other movements	
Bonds payable												
US\$ Bonds	875,674,186	-	-	(39,652,834)	(726,422)	(40,379,256)	-	39,491,121	1,822,392	12,602,481	(391,193)	888,819,731
UF Bonds	851,282,511	-	-	(38,849,545)	-	(38,849,545)	-	38,266,792	870,239	113,693,303	-	965,263,300
Total	1,726,956,697	-	-	(78,502,379)	(726,422)	(79,228,801)	-	77,757,913	2,692,631	126,295,784	(391,193)	1,854,083,031
Financial instruments												
Swap contract	4,070,487	-	-	(8,688,200)	-	(8,688,200)	-	8,688,200	-	-	-	4,070,487
Total	4,070,487	-	-	(8,688,200)	-	(8,688,200)	-	8,688,200	-	-	-	4,070,487

**15.3 Other aspects**

As of September 30, 2023 and December 31, 2022, 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 24.5), customary in contracts of this nature. There are also affirmative and negative obligations that require monitoring of these commitments.



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**16 - LEASE LIABILITIES**

The detail of this short- and long-term item as of September 30, 2023 and December 31, 2022, is as follows:

Concept	09-30-2023		12-31-2022	
	Current	Non-Current	Current	Non-Current
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Lease liabilities land	12,769	6,374	15,367	23,301
Lease liabilities buildings	45,529	80,573	962,382	729,095
Lease liabilities vehicles	251,279	-	89,453	-
<b>Total Lease liabilities</b>	<b>309,577</b>	<b>86,947</b>	<b>1,067,202</b>	<b>752,396</b>

**16.1 Movements in Lease Liabilities**

The book values of lease liabilities and their movements as of September 30, 2023 and December 31, 2022 are detailed below:

Movement	Lease obligations Land	Lease obligations Buildings	Lease obligations Vehicles	Total lease obligations
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Opening balance as of 01-01-2023	38,668	1,691,477	89,453	1,819,598
Lease obligations	-	-	462,425	462,425
Withdrawals	-	(451,100)	-	(451,100)
Interest expenses	747	33,230	8,284	42,261
Payments	(20,272)	(1,147,505)	(308,883)	(1,476,660)
<b>Closing balance as of 09-30-2023</b>	<b>19,143</b>	<b>126,102</b>	<b>251,279</b>	<b>396,524</b>

Movement	Lease obligations Land	Lease obligations Buildings	Lease obligations Vehicles	Total lease obligations
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Opening balance as of 01-01-2022	46,628	2,535,331	527,084	3,109,043
Lease obligations	-	607,927	-	607,927
Interest expenses	1,285	83,946	4,200	89,431
Payments	(9,245)	(1,535,727)	(441,831)	(1,986,803)
<b>Closing balance as of 12-31-2022</b>	<b>38,668</b>	<b>1,691,477</b>	<b>89,453</b>	<b>1,819,598</b>

The accompanying notes number 1 to 35 form an integral part of these Interim Consolidated Financial Statements

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
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**16 - LEASE LIABILITIES (continued)**

**16.2 Details of future obligations for lease liabilities**

Lease obligations	Maturities								
	Current			Non Current					
	Less than 90 days	More than 90 days	Total Current 09-30-2023	More than 1 up to 2 years	More than 2 up to 3 years	More than 3 up to 4 years	More than 4 up to 5 years	More than 5 years	Total Non-current 09-30-2023
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Land	-	12,769	12,769	6,374	-	-	-	-	6,374
Buildings	40,031	5,498	45,529	7,592	7,901	8,222	8,557	48,301	80,573
Vehicles	106,802	144,477	251,279	-	-	-	-	-	-
<b>Total</b>	<b>146,833</b>	<b>162,744</b>	<b>309,577</b>	<b>13,966</b>	<b>7,901</b>	<b>8,222</b>	<b>8,557</b>	<b>48,301</b>	<b>86,947</b>

Lease obligations	Maturities								
	Current			Non Current					
	Less than 90 days	More than 90 days	Total Current 12-31-2022	More than 1 up to 2 years	More than 2 up to 3 years	More than 3 up to 4 years	More than 4 up to 5 years	More than 5 years	Total Non-current 12-31-2022
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Land	-	15,367	15,367	15,797	7,504	-	-	-	23,301
Buildings	284,570	677,812	962,382	130,875	134,614	105,252	33,034	325,320	729,095
Vehicles	89,453	-	89,453	-	-	-	-	-	-
<b>Total</b>	<b>374,023</b>	<b>693,179</b>	<b>1,067,202</b>	<b>146,672</b>	<b>142,118</b>	<b>105,252</b>	<b>33,034</b>	<b>325,320</b>	<b>752,396</b>

The accompanying notes number 1 to 35 form an integral part of these Interim Consolidated Financial Statements

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**16 - LEASE LIABILITIES (continued)**

**16.3 Details of lease liabilities**

Lease obligations	09-30-2023		12-31-2022	
	Current	Non-Current	Current	Non-Current
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Lease obligations	317,606	102,573	1,102,206	867,523
Deferred interest for lease obligations	(8,029)	(15,626)	(35,004)	(115,127)
<b>Total Lease obligations</b>	<b>309,577</b>	<b>86,947</b>	<b>1,067,202</b>	<b>752,396</b>

**16.4 Additional information on Lease obligations**

The following is the detail of the incremental discount rates for contracts subject to the adoption of IFRS16 Leases:

Currencies	5 Años	10 Años
Rate in UF	1.21%	2.30%

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**17 - TRADE AND OTHER PAYABLES**

Trade and other payables as of September 30, 2023 and December 31, 2022, are detailed as follows:

Trade and other payables	09-30-2023	12-31-2022
	ThCh\$	ThCh\$
Trade payable billed*	6,382,220	6,351,100
Trade payable unbilled	138,406,065	268,133,928
<b>Total</b>	<b>144,788,285</b>	<b>274,485,028</b>

As of September 30, 2023 and December 31, 2022, the average payment period to suppliers is 30 days, therefore the fair value of these liabilities does not differ significantly from their book value.

The expiration date of commercial lenders billed as of September 30, 2023 and December 31, 2022 is as follows:

Trade payable billed	Suppliers up to date		Suppliers overdue	
	09-30-2023	12-31-2022	09-30-2023	12-31-2022
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Up to 30 days	4,892,365	4,390,518	602,847	1,117,502
31 to 60 days	-	-	40,729	194,606
61 to 90 days	-	-	104,451	8,297
91 to 120 days	-	-	2,093	11,632
121 to 365 days	-	-	376,721	575,943
More than 365 days	-	-	363,014	52,602
<b>Total Trade payable billed*</b>	<b>4,892,365</b>	<b>4,390,518</b>	<b>1,489,855</b>	<b>1,960,582</b>

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## **18 - DERIVATIVE INSTRUMENTS**

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

### **18.1 Description of derivatives**

As of September 30, 2023, the Company maintains the following derivative instruments:

- a) Six Cross Currency Swaps for a total notional amount of ThUS\$373,500 (associated with the bonds issued on July 14, 2014 and July 12, 2016) to cover exchange rate variations. These instruments have been designated as cash flow hedge accounting. The counterparties of these financial instruments are: Banco de Crédito e Inversiones, MUFG Bank, Ltd., Goldman Sachs Bank and Santander Chile. As of September 30, 2023, the fair value recorded for these derivatives corresponds to a net asset of ThCh\$64,094,558.

During the month of April 2023, the Company settled two Cross Currency Swaps held with Banco Santander and Goldman Sachs for a total notional amount of ThUS\$300,000, monetizing the market value of such instruments for a total of ThUS\$75,000.

During the month of June 2023, the Company carried out the partial settlement of the Cross Currency Swap held with Goldman Sachs for a total notional amount of ThUS\$51,500, monetizing the market value of said instrument for a total of ThUS\$13,108.

- b) Six USD-CLP currency sale forwards for a total notional amount of MUS\$14,000 in the short and long term with Banco Crédito e Inversiones, Banco Estado, Banco Itaú y el Banco Santander. These instruments have not been designated as hedge accounting, so changes in their fair value are recorded in the net income of the year. As of September 30, 2023, the fair value recorded for these derivatives corresponds to a net current liabilities of ThCh\$1,035,289.

As of December 31, 2022, the Company maintains the following derivative instruments:

- a) Seven Cross Currency Swaps for a total notional amount of ThUSD\$725,000 (associated with the bonds issued on July 14, 2014 and July 12, 2016) to cover exchange rate and interest rate variations. These instruments have been designated as cash flow hedge accounting. The counterparties of these financial instruments are Banco de Crédito e Inversiones, MUFG Bank, Ltd., Goldman Sachs Bank and Santander Chile. As of December 31, 2022, the fair value recorded for these derivatives corresponds to a net asset of ThCh\$138,359,699.
- b) A short-term USD-CLP currency purchase forward for a total notional amount of MUSD\$10,000 with Banco Itaú. This instrument has not been designated as hedge accounting, so changes in its fair value are recorded in income for the year. As of December 31, 2022, the fair value recorded for this derivative corresponds to a net asset of ThCh\$374,258.

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**18 - DERIVATIVE INSTRUMENTS (continued)**

**18.2 Derivatives assets and liabilities**

Concept	09-30-2023				12-31-2022			
	Assets		Liabilities		Assets		Liabilities	
	Current	Non- Current	Current	Non- Current	Current	Non- Current	Current	Non- Current
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Currency hedge swap	-	65,919,589	1,015,031	-	-	142,430,186	4,070,487	-
Forward (non-hedging)	-	-	1,035,289	-	374,258	-	-	-
Total	-	65,919,589	2,050,320	-	374,258	142,430,186	4,070,487	-

**18.3 Other information**

The detail of the derivatives contracted by the company as of September 30, 2023 and December 31, 2022, their fair value and breakdown by maturity are as follow:

Derivative Instruments	Maturities									Fair value as of 09-30-2023
	Less than 90 days	More than 90 days	Total current as of 09-30-2023	More than 1 up to 2 years	More than 2 up to 3 years	More than 3 up to 4 years	More than 4 up to 5 years	More than 5 years	Total non-current as of 09-30-2023	
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Currency hedge swap	-	(4,470,410)	(4,470,410)	3,166,868	(3,751,166)	(3,556,303)	(3,387,810)	76,903,379	69,374,968	64,904,558
Forward contracts (non-hedge)	(590,243)	(445,046)	(1,035,289)	-	-	-	-	-	0	(1,035,289)

Derivative Instruments	Maturities									Fair value as of 12-31-2022
	Less than 90 days	More than 90 days	Total current as of 12-31-2022	More than 1 up to 2 years	More than 2 up to 3 years	More than 3 up to 4 years	More than 4 up to 5 years	More than 5 years	Total non-current as of 12-31-2022	
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Currency hedge swap	(4,405,453)	(4,067,391)	(8,472,844)	(7,929,820)	98,702,544	(3,648,888)	(3,508,803)	63,217,510	146,832,543	138,359,699
Forward contracts (non-hedge)	374,258	-	374,258	-	-	-	-	-	-	374,258

The accompanying notes number 1 to 35 form an integral part of these Interim Consolidated Financial Statements

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**18 - DERIVATIVE INSTRUMENTS (continued)**

**18.3 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 September 30, 2023 and December 31, 2022, 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 (pesos and dollar).

**18.4 Fair value hierarchies**

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

- Level 1: Quoted (unadjusted) price in an active market for identical assets and liabilities
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for assets or liabilities, either directly (i.e. as a price) or indirectly (i.e., as a derivative of a price) and
- Level 3: Inputs for assets or liabilities that are not based on observable market information (non-observable inputs).

The following table details financial assets and liabilities measured at fair value as of September 30, 2023 and December 31, 2022:

Financial instrumental measured at fair value	Fair value measured at the end of the reporting period using			
	09-30-2023	Level 1	Level 2	Level 3
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Currency hedging swap	64,904,558	-	64,904,558	-
Forward Contract	(1,035,289)	-	(1,035,289)	-
<b>Total net derivative</b>	<b>63,869,269</b>	<b>-</b>	<b>63,869,269</b>	<b>-</b>

Financial instrumental measured at fair value	Fair value measured at the end of the reporting period using			
	12-31-2022	Level 1	Level 2	Level 3
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Currency hedging swap	138,359,699	-	138,359,699	-
Forward Contract	374,258	-	374,258	-
<b>Total net derivative</b>	<b>138,733,957</b>	<b>-</b>	<b>138,733,957</b>	<b>-</b>

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**19 - FINANCIAL INSTRUMENTS**

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

Concepts	Financial Assets to Amortized Cost	Financial Assets to Fair Value		Derivative Instruments		Total
		Through profit or loss	Through Other Comprehensive Income	Hedge	No Hedge	09-30-2023
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Cash and cash equivalents	57,524,390	182,968,101	-	-	-	240,492,491
Other financial assets, current	1,031,729	-	-	-	-	1,031,729
Trade and other receivables	65,263,643	-	-	-	-	65,263,643
Receivables from related parties, current	1,917,558	-	-	-	-	1,917,558
Other financial assets, non-current	324,946,627	41,752	-	65,919,589	-	390,907,968
Receivables from related parties, non-current	245,358,386	-	-	-	-	245,358,386
<b>Total</b>	<b>696,042,333</b>	<b>183,009,853</b>	<b>-</b>	<b>65,919,589</b>	<b>-</b>	<b>944,971,775</b>

Concepts	Financial Assets to Amortized Cost	Financial Assets to Fair Value		Derivative Instruments		Total
		Through profit or loss	Through Other Comprehensive Income	Hedge	No Hedge	12-31-2022
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Cash and cash equivalents	279,270,856	114,545,455	-	-	-	393,816,311
Other financial assets, current	434,080	-	-	-	374,258	808,338
Trade and other receivables	100,005,222	-	-	-	-	100,005,222
Receivables from related parties, current	6,894,154	-	-	-	-	6,894,154
Other financial assets, non-current	43,299,536	41,752	-	142,430,186	-	185,771,474
Receivables from related parties, non-current	248,543,924	-	-	-	-	248,543,924
<b>Total</b>	<b>678,447,772</b>	<b>114,587,207</b>	<b>-</b>	<b>142,430,186</b>	<b>374,258</b>	<b>935,839,423</b>

The accompanying notes number 1 to 35 form an integral part of these Interim Consolidated Financial Statements



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**19 - FINANCIAL INSTRUMENTS (continued)**

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

Concepts	Financial liabilities to Amortized Cost	Financial Liabilities to Fair Value		Derivative Instruments		Total
		Through profit or loss	Through Other Comprehensive Income	Hedge	No Hedge	09-30-2023
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Other financial liabilities, current	18,471,774	-	-	1,015,031	1,035,289	20,522,094
Lease liabilities, current	309,577	-	-	-	-	309,577
Trade and other payables	144,788,285	-	-	-	-	144,788,285
Other financial liabilities, non-current	1,883,987,629	-	-	-	-	1,883,987,629
Lease liabilities, non-current	86,947	-	-	-	-	86,947
<b>Total</b>	<b>2,047,644,212</b>	<b>-</b>	<b>-</b>	<b>1,015,031</b>	<b>-</b>	<b>2,049,694,532</b>

Concepts	Financial liabilities to Amortized Cost	Financial Liabilities to Fair Value		Derivative Instruments		Total
		Through profit or loss	Through Other Comprehensive Income	Hedge	No Hedge	12-31-2022
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Other financial liabilities, current	279,117,868	-	-	4,070,487	-	283,188,355
Lease liabilities, current	1,067,202	-	-	-	-	1,067,202
Trade and other payables	274,485,028	-	-	-	-	274,485,028
Accounts payable to related entities, current	32,336,962	-	-	-	-	32,336,962
Other financial liabilities, non-current	1,574,965,163	-	-	-	-	1,574,965,163
Lease liabilities, non-current	752,396	-	-	-	-	752,396
<b>Total</b>	<b>2,162,724,619</b>	<b>-</b>	<b>-</b>	<b>4,070,487</b>	<b>-</b>	<b>2,166,795,106</b>

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**20 – PROVISIONS**

The detail of the provisions as of September 30, 2023 and December 31, 2022 is as follows:

Provisions	09-30-2023	12-31-2022
	ThCh\$	ThCh\$
Fines and lawsuits	1,612,080	6,677,736
<b>Total</b>	<b>1,612,080</b>	<b>6,677,736</b>

The detail of fines and lawsuits are presented in note 34.

El movimiento de las provisiones al 30 de agosto de 2023 y 31 de diciembre de 2022 es el siguiente:

Movement	09-30-2023	12-31-2022
	ThCh\$	ThCh\$
Opening balance	6,677,736	4,716,531
Increase (decrease) in existing provisions	174,936	2,638,343
Provisions used	(5,240,592)	(677,138)
<b>Closing balance</b>	<b>1,612,080</b>	<b>6,677,736</b>

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**21 - DEFERRED TAXES**

**21.1 Detail of deferred tax liabilities**

The origin of deferred taxes recorded as of September 30, 2023 and December 31, 2022 is detailed below:

Temporary Difference Assets / (Liabilities)	Net deferred taxes	
	09-30-2023	12-31-2022
	ThCh\$	ThCh\$
Depreciable fixed assets	(233,687,663)	(222,231,780)
Leased assets	(65,747,324)	(8,889,730)
Materials and spare parts	599,985	566,403
Tax losses	5,720,349	37,414,303
Staff severance indemnities provision	(79,634)	(47,512)
Deferred income	929,895	1,010,403
Obsolescence provision	2,044,683	2,044,683
Work in progress	(47,989,604)	(88,750,564)
Vacation provisions	763,074	791,978
Intangible assets	8,156,148	6,488,439
Adjustment of effective interest rate of bonds	(1,647,235)	(2,010,314)
Land	3,926,891	3,652,529
Provision Tariff Review	10,878,125	10,878,125
Tax Goodwill	262,172	418,573
<b>Total deferred tax liabilities</b>	<b>(315,870,138)</b>	<b>(258,664,464)</b>

Presentation in the Statement of Financial Position:		
Deferred tax Assets	-	-
Deferred tax liabilities	(315,870,138)	(258,664,464)
<b>Deferred taxes, net assets / (liabilities)</b>	<b>(315,870,138)</b>	<b>(258,664,464)</b>

Accumulated tax losses balance the give rise to the balance recorded as deferred tax liabilities as of September 30, 2023, correspond to Transelec S.A. for ThCh\$17,855,937 (ThUS\$135,071,690 as of December 31, 2022) and Transmisión del Melado SpA for ThCh\$3,330,539 (ThUS\$3,499,802 as of December 31, 2022).

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.

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**21 - DEFERRED TAXES (continued)**

**21.2 Deferred tax movements**

The movements of balances of “deferred taxes” in the statement of financial position for the periods as of September 30, 2023 and December 31, 2022 are as follows:

Items	Assets	Liabilities	Net Assets/ (Liabilities)	Impact of the period		
	ThCh\$	ThCh\$	ThCh\$	Income ThCh\$	Equity ThCh\$	Total Variation ThCh\$
Depreciable fixed assets	-	233,687,663	(233,687,663)	(11,455,883)	-	(11,455,883)
Leased assets	-	65,747,324	(65,747,324)	(56,857,594)	-	(56,857,594)
Materials and spare parts	599,985	-	599,985	33,582	-	33,582
Tax losses	5,720,349	-	5,720,349	(30,357,457)	-	(30,357,457)
Tax losses - Cash flow hedge reserve	-	-	-	-	(1,374,049)	(1,374,049)
Tax losses- Actuarial profit (loss) reserve for benefit plans	-	-	-	-	37,552	37,552
Severance indemnities provision	-	79,634	(79,634)	(32,122)	-	(32,122)
Deferred revenue	929,895	-	929,895	(80,508)	-	(80,508)
Obsolescence provision	2,044,683	-	2,044,683	-	-	-
Work in progress	-	47,989,604	(47,989,604)	40,760,960	-	40,760,960
Vacation provisions	763,074	-	763,074	(28,904)	-	(28,904)
Intangible assets	8,156,148	-	8,156,148	1,667,709	-	1,667,709
Adjustment of effective interest rate of bonds	-	1,647,235	(1,647,235)	363,079	-	363,079
Land	3,926,891	-	3,926,891	274,362	-	274,362
Provision for tariff review	10,878,125	-	10,878,125	-	-	-
Tax Goodwill	262,172	-	262,172	(156,401)	-	(156,401)
<b>Total as of 09-30-2023</b>	<b>33,281,322</b>	<b>349,151,460</b>	<b>(315,870,138)</b>	<b>(55,869,177)</b>	<b>(1,336,497)</b>	<b>(57,205,674)</b>

The accompanying notes number 1 to 35 form an integral part of these Interim Consolidated Financial Statements

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**21 - DEFERRED TAXES (continued)**

**21.2 Deferred tax movements (continued)**

Items	Assets	Liabilities	Net Assets/ (Liabilities)	Impact of the period		
	ThCh\$	ThCh\$	ThCh\$	Income ThCh\$	Equity ThCh\$	Total Variation ThCh\$
Depreciable fixed assets	-	222,231,780	(222,231,780)	(11,362,798)	-	(11,362,798)
Leased assets	-	8,889,730	(8,889,730)	(559,167)	-	(559,167)
Materials and spare parts	566,403	-	566,403	242,858	-	242,858
Tax losses	37,414,303	-	37,414,303	15,989,074	-	15,989,074
Tax losses - Cash flow hedge reserve	-	-	-	-	15,555,252	15,555,252
Tax losses- Actuarial profit (loss) reserve for benefit plans	-	-	-	-	235,571	235,571
Severance indemnities provision	-	47,512	(47,512)	136,065	-	136,065
Deferred revenue	1,010,403	-	1,010,403	(218,743)	-	(218,743)
Obsolescence provision	2,044,683	-	2,044,683	321,317	-	321,317
Work in progress	-	88,750,564	(88,750,564)	(21,322,892)	-	(21,322,892)
Vacation provisions	791,978	-	791,978	17,157	-	17,157
Intangible assets	6,488,439	-	6,488,439	6,399,298	-	6,399,298
Adjustment of effective interest rate of bonds	-	2,010,314	(2,010,314)	302,863	-	302,863
Land	3,652,529	-	3,652,529	1,105,932	-	1,105,932
Provision for tariff review	10,878,125	-	10,878,125	(28,754,540)	-	(28,754,540)
Tax Goodwill	418,573	-	418,573	(143,615)	-	(143,615)
<b>Total as of 12-31-2022</b>	<b>63,265,436</b>	<b>321,929,900</b>	<b>(258,664,464)</b>	<b>(37,847,191)</b>	<b>15,790,823</b>	<b>(22,056,368)</b>

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**22 – PROVISIONS FOR EMPLOYEE BENEFITS**

**22.1 Detail of provisions**

The breakdown of this item as of September 30, 2023 and December 31, 2022 is as follows:

Detail	09-30-2023		12-31-2022	
	Current	Non-Current	Current	Non-Current
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Severance indemnities	806,141	3,197,117	372,341	3,469,920
Accrued vacations	2,826,198	-	2,933,253	-
Annual benefits	5,968,906	-	6,183,369	-
<b>Total</b>	<b>9,601,245</b>	<b>3,197,117</b>	<b>9,488,963</b>	<b>3,469,920</b>

**22.2 Provision movements**

The movement of provisions as of September 30, 2023 and December 31, 2022 is as follows:

Movements	Severance indemnities	Annual benefits	Accrued vacations	Total
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Opening balance as of 01-01-2023	3,842,261	6,183,369	2,933,253	12,958,883
Provisions during the year	706,093	6,843,421	1,641,236	9,190,750
Payments	(545,096)	(7,057,884)	(1,748,291)	(9,351,271)
<b>Balance as of 09-30-2023</b>	<b>4,003,258</b>	<b>5,968,906</b>	<b>2,826,198</b>	<b>12,798,362</b>

Movements	Severance indemnities	Annual benefits	Accrued vacations	Total
	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	1,332,827	11,335,403	2,194,073	14,862,303
Payments	(1,277,459)	(10,453,939)	(2,130,526)	(13,861,924)
<b>Balance as of 12-31-2022</b>	<b>3,842,261</b>	<b>6,183,369</b>	<b>2,933,253</b>	<b>12,958,883</b>

The accompanying notes number 1 to 35 form an integral part of these Interim Consolidated Financial Statements

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**22 - PROVISIONS FOR EMPLOYEE BENEFITS (continued)**

**22.2 Provision movements (continued)**

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

Detail	09-30-2023			
	Less than 1 year	More than 1 year up to 3 years	More than 3 years up to 5 years	More than 5 years
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Staff severance indemnities	806,141	1,219,355	296,856	1,680,906
Accrued vacations	2,826,198	-	-	-
Annual benefits	5,968,906	-	-	-
<b>Total</b>	<b>9,601,245</b>	<b>1,219,355</b>	<b>296,856</b>	<b>1,680,906</b>

Detail	12-31-2022			
	Less than 1 year	More than 1 year up to 3 years	More than 3 years up to 5 years	More than 5 years
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Staff severance indemnities	372,341	1,309,038	569,140	1,591,742
Accrued vacations	2,933,253	-	-	-
Annual benefits	6,183,369	-	-	-
<b>Total</b>	<b>9,488,963</b>	<b>1,309,038</b>	<b>569,140</b>	<b>1,591,742</b>

**22.3 Provision for employee benefits**

Severance indemnities

The Company has constituted a provision to cover the obligation of severance indemnity 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 23).

Vacation accrual

This obligation corresponds to the expense for accrued and not used vacations 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 next year.

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**23 - OBLIGATIONS FOR SEVERANCE INDEMNITIES**

**23.1 Detail of account**

Employee benefit obligations	09-30-2023	12-31-2022
	ThCh\$	ThCh\$
Severance indemnities – current	806,141	372,341
Severance indemnities non – current	3,197,117	3,469,920
<b>Total Employee benefit obligations current and non-current</b>	<b>4,003,258</b>	<b>3,842,261</b>

**23.2 Movement of obligations for severance indemnities**

The movement of the obligation in the period ended September 30, 2023 and December 31, 2022 is as follows:

Movements	09-30-2023	12-31-2022
	ThCh\$	ThCh\$
Present value of defined benefit plan obligations, opening balance	3,842,261	3,786,893
Current service	166,729	211,972
Interest cost	127,483	140,265
Actuarial Gain/Loss on Hypotheses	(272,293)	115,483
Experience Actuarial Gain/Loss	(147,907)	757,005
Settlements defined benefit plan obligation	286,985	(1,169,357)
<b>Present value of defined benefit obligations, ending balance</b>	<b>4,003,258</b>	<b>3,842,261</b>

**23.3 Balance of obligations for severance indemnities**

Concepts	09-30-2023	12-31-2022
	ThCh\$	ThCh\$
Present value of defined benefit obligations, ending balance	4,003,258	3,842,261
Present obligation with defined benefit plan funds	4,003,258	3,842,261
<b>Balance of defined benefit obligations, ending balance</b>	<b>4,003,258</b>	<b>3,842,261</b>



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**23 - OBLIGATIONS FOR SEVERANCE INDEMNITIES (continued)**

**23.4 Expenses recognized in income statement**

Cost	01-01-2023	01-01-2022	Income statement line item where recognized
	09-30-2023	09-30-2022	
	ThCh\$	ThCh\$	
Current service defined benefit plan	166,729	211,972	Cost of sales and administrative expenses
Interest defined benefit plan	127,483	140,265	Cost of sales and administrative expenses
<b>Total expense recognized in profit or loss</b>	<b>294,212</b>	<b>352,237</b>	

**23.5 Actuarial hypothesis**

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

Detail	Actuarial hypothesis	
	09-30-2023	12-31-2022
Discount rate used	2.54%	1.71%
Inflation rate	3.00%	3.00%
Future salary increases	0.50%	0.50%
Mortality table	RV-2014	RV-2014
Disability table	30% RV-2014	30% RV-2014
Rotation table	3,44%/0,34%	3,44%/0,34%

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

**23.6 Sensitivity analysis**

The table below shows the sensitivity analysis of the significant hypotheses as of September 30, 2023:

Level of Sensitivity	Discount rate used		Inflation rate		Future salary increases	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Impact on current and non-current employee benefit obligation	(161,162)	179,946	-	-	181,902	(84,298)

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**23 - OBLIGATIONS FOR SEVERANCE INDEMNITIES (continued)**

**23.6 Sensitivity analysis (continued)**

To evaluate impact, the sensitivity analysis has been determined based on the extrapolation method obtaining reasonable results in terms of the changes in the significant hypotheses used as of December 31, 2022. The payments of expected employee benefit obligation are presented below:

Concepts	09-30-2023	12-31-2022
	ThCh\$	ThCh\$
During the upcoming 12 month	806,141	372,341
Between 2 to 5 years	1,516,211	1,878,178
Between 5 to 10 years	944,996	924,157
More than 10 years	735,910	667,585
<b>Total Expected Payments</b>	<b>4,003,258</b>	<b>3,842,261</b>

**24 - EQUITY**

**24.1 Subscribed and paid-in capital**

As of September 30, 2023 and December 31, 2022 authorized, subscribed and paid-in capital amounts to ThCh\$776,355,048.

**24.2 Number of shares subscribed and paid**

Shares	Number of shares subscribed	Number of shares paid	Number of shares with voting rights
Unique series, without nominal value	1,000,000	1,000,000	1,000,000

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

**24.3 Dividends**

As of September 30, 2023, the company made a distribution of a final dividend with charge to the results of the year 2022 period in the amount of ThCh\$32,336,962, which was paid during the month of May 2023. This dividend distribution does not represent a change in equity during the year 2023.

In August 2023, the company distributed dividends of ThCh\$201,630,000 on account of the company's retained earnings.

As of December 31, 2022, the company made the distribution of a definitive dividend with charge to the results of the year 2021 in the amount of ThCh\$17,404,007, which was paid during the month of May 2022. This distribution of dividends does not represent a change in equity during the year 2022.

In December 2022, the company recognized the distribution of dividends according to the legal minimum for the result of the year 2022, for an amount of ThCh\$32,336,962.

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**24 - EQUITY (continued)**

**24.4 Other reserves**

The detail of other reserves as of September 30, 2023 and December 31, 2022 is as follows:

Concept	09-30-2023	12-31-2022
	ThCh\$	ThCh\$
Gains (losses) from cash flow hedges	(26,126,268)	(31,215,340)
Gain (loss) on other reserves	(46,058)	93,021
Income tax related to cash flow hedges	7,054,093	8,428,142
Income tax related to other reserves	12,436	(25,116)
Other other reserves	(19,105,797)	(22,719,293)

The movements of other reserves as of September 30, 2023 and December 31, 2022, are presented below:

Movements	Cash flow hedges reserve	Other Reserves	Total
	ThCh\$	ThCh\$	ThCh\$
Opening balance as of 01-01-2023	(22,787,198)	67,905	(22,719,293)
Cash flow hedge	5,089,072	-	5,089,072
Actuarial losses	-	(139,079)	(139,079)
Deferred tax	(1,374,049)	37,552	(1,336,497)
Total resultado integral	3,715,023	(101,527)	3,613,496
Closing balance as of 09-30-2023	(19,072,175)	(33,622)	(19,105,797)

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 hedge	(57,612,043)	-	(57,612,043)
Actuarial losses	-	(872,488)	(872,488)
Deferred tax	15,555,252	235,571	15,790,823
Total resultado integral	(42,056,791)	(636,917)	(42,693,708)
Closing balance as of 12-31-2022	(22,787,198)	67,905	(22,719,293)

The accompanying notes number 1 to 35 form an integral part of these Interim Consolidated Financial Statements

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**24 - EQUITY (continued)**

**24.5 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 main 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 times based on the definitions of these terms in the respective contracts of local bond series C, D, H, K, M, N and Q.
- 2) Maintain a minimum equity of fifteen million UF equivalent to ThCh\$542,962,950 as of September 30, 2023 as that term is defined in the respective contracts of local bond series C, D, H, K, M and N.
- 3) Maintain all the time during the validity period of the bond issuance a minimum Equity of ThCh\$350,000,000; as this term is defined in the respective contracts of local bond Series Q, V and X.
- 4) Maintain a debt leverage at which the Net Debt / Ebitda ratio does not exceed 7 times, as these terms are defined in the respective contracts of local bond Series V and X local bond contract.

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

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**24 - EQUITY (continued)**

**24.5 Capital management (continued)**

The following tables present the calculation of the aforementioned covenants as of September 30, 2023 and December 31, 2022, as well as the distribution test.:

Covenant # 1	Total debt / Total capitalization	09-30-2023	12-31-2022
	Less or equal to 0.70	MCh\$	MCh\$
A	Other financial liabilities, current	20,522	283,188
B	Account payables to related parties, current	-	32,337
C	Other financial liabilities, non-current	1,883,988	1,574,965
D	Account payables to related parties, non-current	-	-
<b>E=A+B+C+D</b>	<b>Covenants debt</b>	<b>1,904,510</b>	<b>1,890,490</b>
G	Debt with guarantees	-	-
<b>DT=E+G</b>	<b>Total debt</b>	<b>1,904,510</b>	<b>1,890,490</b>
H	Non-controlling interest	-	-
P	Equity attributable to owners of the parent	949,954	1,005,973
I	Accumulated amortization of goodwill (as of the transition date to IFRS)	24,970	24,970
<b>CT=DT+H+I+P</b>	<b>Total capitalization</b>	<b>2,879,434</b>	<b>2,921,433</b>
<b>DT/CT</b>	<b>Total debt / Total capitalization ratio</b>	<b>0.66</b>	<b>0.65</b>

Covenant # 2	Minimum equity	09-30-2023	12-31-2022
	Greater than or equal to UF 15 million/ Greater than or equal to MCh\$350,000	MCh\$	MCh\$
P	Equity attributable to owners of the parent	949,954	1,005,973
I	Accumulated amortization of goodwill (as of the transition date to IFRS)	24,970	24,970
<b>P+I</b>	<b>Equity (in MCh\$)</b>	<b>974,924</b>	<b>1,030,943</b>
UF	UF value	36,198	35,111
<b>(P+I)/UF</b>	<b>Equity (in UF millions)</b>	<b>26.93</b>	<b>29.36</b>

Covenant # 3	Restricted payments test*	09-30-2023	12-31-2022
	Cash flow from operations / Financial costs > 1.5	MCh\$	MCh\$
FO	Cash flow from operating activities	290,922	421,784
CF	Absolute value of financial costs	84,868	75,068
IG	Absolute value of income tax expense	62,037	37,852
<b>FNO=FO+CF+IG</b>	<b>Cash flow from operations (FNO in its Spanish Acronym)</b>	<b>437,827</b>	<b>534,704</b>
<b>FNO/CF</b>	<b>Cash flow from operations / Financial costs</b>	<b>5.16</b>	<b>7.12</b>

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

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(Translation of financial statements originally issued in Spanish-See Note 2.1)

**24 - EQUITY (continued)**

**24.5 Capital management (continued)**

Covenant # 4	Total debt / Adjusted EBITDA	09-30-2023	12-31-2022
	Lower or equal to 7.0	MCh\$	MCh\$
A	Other financial liabilities, (current and non-current)	1,904,510	1,858,154
B	Total rights of use	-	-
C	Cash and cash equivalents	381,325	393,816
D	Other financial assets (current and non-current)	323,489	186,580
E	Finance leases receivable (current and non-current)	291,685	43,734
<b>DN=A-B-(C+D-E)</b>	<b>Net debt</b>	<b>1,491,381</b>	<b>1,321,492</b>
G	Revenues	508,394	439,592
H	Cost of sales	(90,789)	(93,079)
I	Administrative expenses	(35,972)	(35,196)
J	Depreciation and Amortization	56,682	55,780
K	Other gains	(230)	(30)
L	Finance lease amortization	182	1,697
<b>EA = G+H+I+J+K+L</b>	<b>Adjusted EBITDA*</b>	<b>438,267</b>	<b>368,764</b>
<b>DN/EA</b>	<b>Net debt /Adjusted EBITDA</b>	<b>3.40</b>	<b>3.58</b>

\* Adjusted EBITDA is calculated with values corresponding to the last twelve months.

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.

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**25 - REVENUE**

**25.1 Revenue**

The breakdown of operating revenue for the nine and three-month periods ended September 30, 2023 and 2022, is as follows:

Type of ordinary revenue	01-01-2023	01-01-2022	07-01-2023	07-01-2022
	09-30-2023	09-30-2022	09-30-2023	09-30-2022
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Regulated revenues	244,381,406	275,379,088	86,453,898	99,693,443
Contractual revenue	62,730,760	63,543,016	22,052,270	22,517,078
Leasing revenues	42,979,424	4,610,393	6,764,681	1,802,694
Provision for Tariff Review	-	(62,242,391)	-	(21,946,449)
<b>Total revenues</b>	<b>350,091,590</b>	<b>281,290,106</b>	<b>115,270,849</b>	<b>102,066,766</b>

Type of ordinary revenue	01-01-2023	01-01-2022	07-01-2023	07-01-2022
	09-30-2023	09-30-2022	09-30-2023	09-30-2022
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
<b>Regulated revenues:</b>	<b>244,381,406</b>	<b>275,379,088</b>	<b>86,453,898</b>	<b>99,693,443</b>
National Transmission System	196,586,186	198,088,966	69,441,605	71,849,594
Zonal Transmission System	47,032,580	73,107,702	16,742,196	26,360,663
Dedicated Transmission System	410,769	3,839,726	146,187	1,360,126
Complementary services	351,871	342,694	123,910	123,060
<b>Contractual revenue:</b>	<b>62,730,760</b>	<b>63,543,016</b>	<b>22,052,270</b>	<b>22,517,078</b>
Transmission facilities	56,025,428	58,090,179	19,930,618	20,930,901
Others	6,705,332	5,452,837	2,121,652	1,586,177
<b>Leasing revenues:</b>	<b>42,979,424</b>	<b>4,610,393</b>	<b>6,764,681</b>	<b>1,802,694</b>
<b>Provision for Tariff Review:</b>	<b>-</b>	<b>(62,242,391)</b>	<b>-</b>	<b>(21,946,449)</b>
<b>Total</b>	<b>350,091,590</b>	<b>281,290,106</b>	<b>115,270,849</b>	<b>102,066,766</b>

Type of ordinary revenue	01-01-2023	01-01-2022	07-01-2023	07-01-2022
	09-30-2023	09-30-2022	09-30-2023	09-30-2022
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Transferred services over a period of time	350,091,590	281,290,106	115,270,849	102,066,766
<b>Total</b>	<b>350,091,590</b>	<b>281,290,106</b>	<b>115,270,849</b>	<b>102,066,766</b>

The accompanying notes number 1 to 35 form an integral part of these Interim Consolidated Financial Statements

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
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**25 – REVENUE (continued)**

**25.1 Revenue (continued)**

The tariff review process for the four-year period 2020-2023, which largely sets the Company's revenue, established the tariffs for the use of the National, Zonal transmission system for development and dedicated poles used by users subject to price regulation.

Indeed, on March 2, 2022, the National Energy Commission issued the Exempt Resolution Number 118, which approves the Definitive Technical Report on the Valuation of Transmission System Facilities for the four-year period 2020-2023 for the review by the Ministry of Energy. Subsequently, on March 25, 2022, said Commission issued Exempt Resolution Number 199 which rectified some detailed elements of the aforementioned Technical Report. Then, on April 25, 2022, the Ministry of Energy sent the Supreme Decree 7T/2022 to the General Comptroller of the Republic for its favorable report.

On December 15, 2022, the National Energy Commission issued Exempt Resolution Number 898 that set the unique transmission charges for the first semester of 2023, in which it deemed it appropriate to use the background of Exempt Resolution Number 199 of 2022 and modify the stabilization mechanism of charges used from the first half of 2020 to the second half of 2022, in order to mitigate the magnitude of re-settlements between the parties involved, along with safeguarding the stability of regulated customer rates.

On February 16, 2023, Supreme Decree 7T/2022 of the Ministry of Energy was published in the Official Gazette, which sets the annual value of national, zonal and dedicated transmission facilities used by users subject to price regulation, for the four-year period between January 1, 2020 and December 31, 2023.

Pursuant to the law, the rates from the previous rate review process are transitory until the entry into force of the new rates. Therefore, Supreme Decree 7T/2022 has a retroactive effect on the Company's income as of January 1, 2020. However, this Decree did not affect the amounts provisioned as a Company lower revenue that were accounted for as of December 31, 2022.

In June 2023, the National Electricity Coordinator issued a settlement between the owners of the transmission facilities that substantially reduced the excess collected by the Company during the transitory period. The remaining balance will be gradually reduced as established by the exempt resolutions of the National Energy Commission that set the unique transmission charges every six months. This reliquidation and gradual reductions will only have an effect on Cash Flow, without affecting the Income Statement.



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**25 – REVENUE (continued)**

**25.2 Other operating revenues**

The detail of other operating revenues for the nine and three-month periods ended September 30, 2023 and 2022, is as follows:

Concepts	01-01-2023	01-01-2022	07-01-2023	07-01-2022
	09-30-2023	09-30-2022	09-30-2023	09-30-2022
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Financial income (Note 26.4)	38,765,322	23,544,815	9,235,774	10,016,471
Other gains (losses), net	(20,066)	179,958	(32,574)	58,004
<b>Total</b>	<b>38,745,256</b>	<b>23,724,773</b>	<b>9,203,200</b>	<b>10,074,475</b>

**26 - RELEVANT INCOME STATEMENT ACCOUNTS**

**26.1 Expenses by nature**

The composition of cost of sales and administrative expenses for the nine and three-month periods ended September 30, 2023 and 2022, is as follows:

Concepts	01-01-2023	01-01-2022	07-01-2023	07-01-2022
	09-30-2023	09-30-2022	09-30-2023	09-30-2022
	ThCh\$	ThCh\$	ThCh\$	ThCh\$

<b>Cost of sales</b>				
Personnel expenses	11,490,597	10,926,775	4,018,584	4,127,768
Operating expenses	8,376,358	14,266,838	2,972,936	8,053,199
Maintenance expenses	9,986,544	6,984,693	3,249,910	2,894,736
Depreciation, amortization and write-off	39,440,184	38,378,960	13,505,264	12,789,138
Other	286,407	1,312,397	65,254	1,167,874
<b>Total</b>	<b>69,580,090</b>	<b>71,869,663</b>	<b>23,811,948</b>	<b>29,032,715</b>

<b>Administration Expenses</b>				
Personnel expenses	12,413,964	12,116,725	3,958,892	4,835,112
Operating expenses	8,011,163	6,431,976	3,181,944	2,544,612
Maintenance expenses	68,579	200,743	(10,051)	63,753
Depreciation, amortization and write-off	1,615,170	1,774,343	462,913	713,608
Other	1,653,763	2,462,653	615,291	1,532,353
<b>Total</b>	<b>23,762,639</b>	<b>22,986,440</b>	<b>8,208,989</b>	<b>9,689,438</b>

<b>Total</b>	<b>93,342,729</b>	<b>94,856,103</b>	<b>32,020,937</b>	<b>38,722,153</b>
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The accompanying notes number 1 to 35 form an integral part of these Interim Consolidated Financial Statements

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**26 - RELEVANT INCOME STATEMENT ACCOUNTS (continued)**

**26.2 Personnel expenses**

The composition of personnel expenses for the nine and three-month periods ended September 30, 2023 and 2022 is as follows:

Concepts	01-01-2023	01-01-2022	07-01-2023	07-01-2022
	09-30-2023	09-30-2022	09-30-2023	09-30-2022
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Salaries and wages	21,901,910	19,965,411	7,390,850	6,854,552
Short-term employee benefits	1,745,826	1,436,736	756,551	546,682
Severance indemnity	256,338	310,451	55,662	-
Other long-term benefits	1,689,110	1,623,539	546,870	616,310
Other personnel expenses	9,031,393	9,461,826	3,168,733	4,574,402
Personnel expenses capitalized on construction in progress	(10,720,016)	(9,754,463)	(3,941,190)	(3,629,066)
<b>Total</b>	<b>23,904,561</b>	<b>23,043,500</b>	<b>7,977,476</b>	<b>8,962,880</b>

**26.3 Depreciation, amortization and write-off**

The detail of this item in the income statement for the nine and three-month periods ended September 30, 2023 and 2022, is as follows:

Concepts	01-01-2023	01-01-2022	07-01-2023	07-01-2022
	09-30-2023	09-30-2022	09-30-2023	09-30-2022
	M\$	M\$	M\$	M\$
Depreciation (PP&E)	38,147,629	37,573,210	12,895,327	12,543,263
Amortization (Intangible)	1,677,538	1,236,724	558,579	442,610
Amortization (Rights of use)	1,186,518	1,183,769	503,482	394,589
Losses from withdrawal and damages*	43,669	159,600	10,789	122,284
<b>Total</b>	<b>41,055,354</b>	<b>40,153,303</b>	<b>13,968,177</b>	<b>13,502,746</b>

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

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**26 - RELEVANT INCOME STATEMENT ACCOUNTS (continued)**

**26.4 Financial results**

The detail of the financial result for the nine and three-month periods ended September 30, 2023 and 2022, is as follows:

Conceptos	01-01-2023	01-01-2022	07-01-2023	07-01-2022
	09-30-2023	09-30-2022	09-30-2023	09-30-2022
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
<b>Financial income:</b>	<b>38,765,322</b>	<b>23,544,815</b>	<b>9,235,774</b>	<b>10,016,471</b>
Commercial interest earned	78,072	67,272	45,293	21,531
Bank interest earned	32,476,942	16,281,546	7,190,721	7,411,425
Interest earned from related parties	6,210,308	7,195,997	1,999,760	2,583,515
<b>Financial expenses:</b>	<b>(64,023,039)</b>	<b>(56,981,265)</b>	<b>(18,541,646)</b>	<b>(21,300,117)</b>
Interest and expenses on bonds	(54,568,663)	(49,787,677)	(17,335,821)	(18,841,688)
Interest rate Swap	(8,943,892)	(6,498,297)	(1,013,998)	(2,189,902)
Other expenses	(510,484)	(695,291)	(191,827)	(268,527)
<b>Gain (loss) from indexation units</b>	<b>(37,024,448)</b>	<b>(87,618,091)</b>	<b>(3,171,798)</b>	<b>(31,388,356)</b>
Gain (loss) from indexation of bonds	(33,560,937)	(90,128,959)	(3,749,399)	(32,289,847)
Gain (loss) from indexation of loans to related parties	4,516,440	2,498,220	732,398	895,890
Other Gain (loss) from indexation of UF	(7,979,951)	12,648	(154,797)	5,601
<b>Foreign exchange gains (losses), net</b>	<b>3,425,488</b>	<b>(142,214)</b>	<b>(240,326)</b>	<b>(504,816)</b>
Obligations with public	(12,968,759)	(120,237,011)	(67,859,291)	(30,016,771)
Intercompany Loan	(9,450,384)	30,508,830	92,195	7,401,973
Financial instruments	(6,096,058)	83,478,224	33,851,880	20,665,993
Finance lease	29,163,066	4,970,376	34,186,475	1,221,981
Other	2,777,623	1,137,367	(511,585)	222,008
<b>Total financial result, net</b>	<b>(58,856,677)</b>	<b>(121,196,755)</b>	<b>(12,717,996)</b>	<b>(43,176,818)</b>

The accompanying notes number 1 to 35 form an integral part of these Interim Consolidated Financial Statements

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
TRANSELEC S.A. AND SUBSIDIARY**

**As of September 30, 2023 (unaudited) and December 31, 2022**

**Expressed in thousands of Chilean pesos (ThCh\$)**

**(Translation of financial statements originally issued in Spanish-See Note 2.1)**

**27 - INCOME TAX**

The income tax for the nine and three-month periods ended September 30, 2023 and 2022 is as follows:

Concepts	01-01-2023	01-01-2022	07-01-2023	07-01-2022
	09-30-2023	09-30-2022	09-30-2023	09-30-2022
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Current tax expense	4,768	4,051	1,192	144
Deferred tax expense relating to origination and reversal of temporary differences	55,869,177	17,641,415	19,060,590	5,018,186
<b>Income tax expense</b>	<b>55,873,945</b>	<b>17,645,466</b>	<b>19,061,782</b>	<b>5,018,330</b>

The following table reconciles income taxes resulting from applying statutory tax rate to the "Profit before Taxes" to the income tax expense recorded in the income statement for the nine and three-month periods ended September 30, 2023 and 2022:

Concepts	01-01-2023	01-01-2022	07-01-2023	07-01-2022
	09-30-2023	09-30-2022	09-30-2023	09-30-2022
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
<b>Tax expense using the legal rate</b>	<b>53,425,472</b>	<b>17,662,646</b>	<b>19,034,822</b>	<b>5,460,966</b>
Price-level restatement tax capital	64,750	145,074	81,133	197,010
Price-level restatement of Investment	90,830	295,792	9,396	105,047
Expenses not accepted	(69,388)	1,607,967	80,603	1,326,525
Price-level restatement of tax loss	(988,056)	(568,436)	(102,213)	(201,874)
Other differences	3,350,337	(1,497,577)	(41,959)	(1,869,344)
<b>Total adjustments to tax expense using statutory rate</b>	<b>2,448,473</b>	<b>(17,180)</b>	<b>26,960</b>	<b>(442,636)</b>
<b>Tax expense using effective tax rate</b>	<b>55,873,945</b>	<b>17,645,466</b>	<b>19,061,782</b>	<b>5,018,330</b>

Concepts	01-01-2023	01-01-2022	07-01-2023	07-01-2022
	09-30-2023	09-30-2022	09-30-2023	09-30-2022
<b>Tax expense using the legal rate</b>	<b>27.00%</b>	<b>27.00%</b>	<b>27.00%</b>	<b>27.00%</b>
Price-level restatement tax capital	0.03%	0.22%	0.12%	0.97%
Price-level restatement of Investment	0.05%	0.45%	0.01%	0.52%
Expenses not accepted	(0.04%)	2.46%	0.11%	6.56%
Price-level restatement of tax loss	(0.50%)	(0.87%)	(0.14%)	(1.00%)
Other differences	1.69%	(2.29%)	(0.06%)	(9.24%)
<b>Total adjustments to tax expense using statutory rate</b>	<b>1.23%</b>	<b>(0.03%)</b>	<b>0.04%</b>	<b>(2.19%)</b>
<b>Tax expense using effective tax rate</b>	<b>28.23%</b>	<b>26.97%</b>	<b>27.04%</b>	<b>24.81%</b>

The accompanying notes number 1 to 35 form an integral part of these Interim Consolidated Financial Statements

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
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**(Translation of financial statements originally issued in Spanish-See Note 2.1)**

**27 - INCOME TAX (continued)**

The tax rate used for the years 2023 and 2022 reconciliations corresponds to 27%, a corporate tax rate that entities should pay on taxable profits based on current tax regulations.

**28 - 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	09-30-2023	09-30-2022
	ThCh\$	ThCh\$
Profit Attributable to Holders of Equity Participation Instruments of the Parent Company	141,998,173	47,771,740
Earnings available to common shareholders, basic	141,998,173	47,771,740
Total basic shares	1,000,000	1,000,000
Basic earnings per share (Ch\$)	141,998	47,772

**29 - 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 10,117 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 the national transmission system, the zonal system and dedicated (in replacement of the Trunk, Sub transmission and Additional systems, defined in the Short Law I), establishing an open access scheme for the first two systems and allowing additional lines that use easements 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, Zone systems and Dedicates systems used by users subject to price regulation, 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 such systems.

Revenue from transport on dedicated systems is established in private contracts with third parties, which are mainly generators and users that are not subject to price regulation. The main purpose of Dedicated systems is to allow generators to inject their production into the electrical system and withdraw it for large customers.

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
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**Expressed in thousands of Chilean pesos (ThCh\$)**

**(Translation of financial statements originally issued in Spanish-See Note 2.1)**

**29 - SEGMENT REPORTING (continued)**

The law distinguishes between the different systems in order to ensure that tariffs are appropriate for each case. However, the facilities in a certain voltage (220 KV, for example) are of the same type, be it National, Zonal or Dedicated. 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 facility is National, Zonal or Dedicated. In relation with the operation, which is carried out by the National Electrical Coordinator, except for minor operational restrictions in the National segment, there is no difference in the generality of the operation of the facilities of the National, Zonal or Dedicated segments. Thus, for Transelec, the classification of a facility as National, Zonal or Dedicated turns out to be just a separation for pricing purposes, not distinguishing other consequences in that classification.

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.

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	09-30-2023	09-30-2022
	ThCh\$	ThCh\$
Transmission services	350,091,590	281,290,106

**Information about sales and principal customers**

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

**30 - THIRD-PARTY GUARANTEES, OTHER CONTINGENT ASSETS AND LIABILITIES AND OTHER COMMITMENTS**

As of September 30, 2023, the Company has received performance guarantees from contractors and third parties, primarily to guarantee performance of construction and maintenance works, amounting to ThCh\$44,177,920 (ThCh\$37,378,422 as of December 31, 2022).

As of September 30, 2023, 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\$79,468,001 (ThCh\$87,079,040, as of December 31, 2022).

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
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**(Translation of financial statements originally issued in Spanish-See Note 2.1)**

### **31 - DISTRIBUTION OF PERSONNEL**

As of September 30, 2023 and December 31, 2022, personnel employed by Transelec S.A. are detailed as follows:

Concept	Managers and Executives	Professionals	Technical personnel and other	Total	Average of the year
Total as of 30-09-2023	18	473	94	585	592
Total as of 31-12-2022	17	472	98	587	587

### **32 - ENVIRONMENT**

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

During for the nine-month periods ended September 30, 2023 and 2022, the Company has made the following environmental disbursements:

Company making disbursement	Project	09-30-2023	09-30-2022
		ThCh\$	ThCh\$
Transelec	Environmental management, elaboration of DIA and EIA and the follow up of environmental matters (includes environmental permissions for sectors)	1,297,915	2,605,596
<b>Total</b>		<b>1,297,915</b>	<b>2,605,596</b>

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**TRANSELEC S.A. AND SUBSIDIARY**  
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**(Translation of financial statements originally issued in Spanish-See Note 2.1)**

### 33 - ASSETS AND LIABILITIES IN FOREIGN CURRENCY

#### a) Current assets and liabilities

Current Assets	Foreign Currency	Functional Currency	09-30-2023		12-31-2022	
			Up to 90 days	Up to 90 days	Up to 90 days	Up to 90 days
			ThCh\$	ThCh\$	ThCh\$	ThCh\$
Cash and cash equivalents	US Dollar	Ch\$	310,195	-	17,448,122	-
	Other Currency	Ch\$	11,502	-	10,400	-

Current Liabilities	Foreign Currency	Functional Currency	30-09-2023		31-12-2022	
			Up to 90 days	Up to 90 days	Up to 90 days	Up to 90 days
			ThCh\$	ThCh\$	ThCh\$	ThCh\$
Other financial liabilities, current	US Dollar	Ch\$	-	6,937,318	17,526,076	256,503,078

#### b) Non-current assets and liabilities

Non-current liabilities	Foreign Currency	Functional Currency	09-30-2023					12-31-2022				
			More than 1 up to 2 years	More than 2 up to 3 years	More than 3 up to 4 years	More than 4 up to 5 years	More than 5 years	More than 1 up to 2 years	More than 2 up to 3 years	More than 3 up to 4 years	More than 4 up to 5 years	More than 5 years
			ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Other financial liabilities, non-current	US Dollar	Ch\$	334,865,548	-	-	-	309,512,338	-	319,482,854	-	-	295,307,721

The accompanying notes number 1 to 35 form an integral part of these Interim Consolidated Financial Statements



**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
TRANSELEC S.A. AND SUBSIDIARY**

**As of September 30, 2023 (unaudited) and December 31, 2022**

**Expressed in thousands of Chilean pesos (ThCh\$)**

**(Translation of financial statements originally issued in Spanish-See Note 2.1)**

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### **34 - SANCTIONS**

The Company maintains the following fines and lawsuits:

#### **Fines and lawsuits**

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

As of September 30, 2023, the Company maintains a provision for this obligation in the amount of ThCh\$1,612,080, equivalent to US\$1,800,000.

As of September 30, 2023, the followings movements related to fines were recognized:

1. In relation to the sanctioning process applied by the Superintendence of Electricity and Fuels for a failure in the Cóncores-Parinacota power line on December 18, 2018. A legal claim was filed with the Santiago Appeals Court, which was rejected. An appeal resource was filed with the Supreme Court, which was rejected and confirmed the judgment of the Santiago Appeals Court. In April 2023, the fine of UTM 75,000 was paid.
2. In relation to the sanctioning process applied by the Superintendence of Electricity and Fuels for a failure in Cerro Navia SE dated November 7, 2018, a fine of UTM9,000 was applied, whose legal claim was rejected in the first instance. This fine was nullified by the Supreme Court, ordering that the records be returned to the Superintendence of Electricity and Fuels in order to issue the corresponding resolution for a non-disqualified official. To date we have not been notified by the Superintendence of Electricity and Fuels.

### **35 - SUBSEQUENT EVENTS**

Between September 30, 2023, closing date of these Interim consolidated financial statements and their issuance date, there has been no others significant financial and accounting events that may affect the equity of the Company or the interpretation of these Interim consolidated financial statements.

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

**TRANSELEC S.A AND SUBSIDIARY**

*Santiago, Chile  
September 30, 2023*

## **SUMMARY**

As of September 30, 2023, revenues reached MCh\$350,092 showing an increase of 24.5% compared to the same period of 2022 (MCh\$281,290), mainly explained by an accounting effect due to the record in the first quarter of this year, under IFRS 16 criteria, of a leasing contract for a dedicated project commissioned (one-time effect, which will not be kept over time), macroeconomic effects and by the higher provision for lower revenues made in 2022 associated to the tariff review. For September 2023 Financial Statements, revenues are determined in accordance with Supreme Decree 7T published on February 16, 2023. In September 2022, the company registered an estimate of the lower revenue provision associated with the entry into force of the new transmission facilities valuation study 2020- 2023 considering the information available on that date.

As of September 30, 2023, Transelec obtained an EBITDA<sup>1</sup> of MCh\$297,677, a 30.5% higher than the one obtained in the same period of 2022 (MCh\$228,176), mainly due to the increase in revenues mentioned above, with an EBITDA Margin<sup>2</sup> of 85.0%.

The loss in Non-Operating Income as of September 2023 was MCh\$58,877, representing a decrease of the loss of 51.3% compared to the same period of 2022 (MCh\$121,017). This result is mostly explained by higher financial income and lower loss for indexed assets and liabilities, partially offset by higher financial costs.

Net Income recorded by the Company as of September 30, 2023, was MCh\$141,998, and MCh\$ 47,772 in the same period of 2022.

During the first nine months of 2023, the Company has incorporated the equivalent of US\$335 million of new facilities, which correspond to the commissioning of two upgrades and one expansion of the National System, three upgrades and one expansion in the Zonal system and one dedicated project.

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<sup>1</sup> EBITDA= Operating Revenues + Operating Costs + Administrative Expenses + Other Income (Losses) + Finance Leases Amortization. Operating Costs and Administrative Expenses do not include Depreciation and Amortization.

<sup>2</sup> EBITDA Margin= EBITDA/Revenues

**Relevant events of the period:**

Supreme Decree 7T (DS7T) was published on February 16 of this year, which mainly regulates transmission rates in the country. The application of the DS7T considers the Company's revenues as of January 1, 2020. At the closing of these Financial Statements, the Company is recording income in accordance with the DS7T, however, in the same period of 2022 it recognized and received revenues according to the previous tariff studies (DS23T and DS6T) so lower income provisions were included according to the information available at that time of what would be the final tariffs for the 2020-2023 period. Due to all of the above, the Company has no longer made the provision for lower revenues that it had been recording until December 2022.

- On April 19, 2023, Transelec S.A. issued local corporate bonds Series "V" and Series "X" for a total of UF 7,000,000. Series "X" matures on March 1, 2034, it is bullet with a coupon rate of 3.2% annually and Series "V" matures on March 1, 2048, bullet and a coupon rate of 3.3% annually, both with semi-annual payments.
- On April 26, 2023, the Company made the pre-payment of the Senior Bond issued in 2013 for US\$300 million maturing on July 26, 2023.
- Due to the prepayment of the Senior Bond in April, the company had to adjust its hedge:
  - During April 2023, the Company settled two Cross Currency Swaps held with Banco Santander and Goldman Sachs for a total notional amount of US\$300 million,
  - In June, a partial unwind of a Goldman Sachs Cross Currency Swap, leaving the notional at MUS\$23.5. The monetizing of the market value of said instruments generated a gain of Ch\$70 billion.
- On April 28, 2023, the Ordinary Shareholder's Meeting agreed to distribute a definitive dividend for the results of the 2022 period for an amount of MCh\$32,337, which was paid in May 2023.
- On July 10, 2023, the Extraordinary Shareholder's Meeting agreed to distribute retained earnings for an amount of MCh\$201,630, which was paid in August 2023.

## 1. INCOME STATEMENT ANALYSIS

ITEMS	September 2023 MCh\$	September 2022 MCh\$	Variation 2023/2022 MCh\$	Variation 2023/2022 %
<b>Revenues</b>	<b>350.092</b>	<b>281.290</b>	<b>68.802</b>	<b>24,5%</b>
Sales	343.386	275.837	67.549	24,5%
Services	6.705	5.453	1.252	23,0%
<b>Operation Costs and Expenses</b>	<b>-93.343</b>	<b>-94.856</b>	<b>1.513</b>	<b>1,6%</b>
Sales Costs	-30.140	-33.491	3.351	10,0%
Administrative Expenses	-22.148	-21.212	-936	-4,4%
Depreciation and Amortization	-41.055	-40.153	-902	-2,2%
<b>Operating Income</b>	<b>256.749</b>	<b>186.434</b>	<b>70.315</b>	<b>37,7%</b>
Financial Income	38.765	23.545	15.220	64,6%
Financial Costs	-64.023	-56.981	-7.042	-12,4%
Foreign exchange differences	3.425	-142	3.567	2508,7%
Gain (loss) for indexed assets and liabilities	-37.024	-87.618	50.594	57,7%
Other income (Losses)	-20	180	-200	-111,2%
<b>Non-Operating Income</b>	<b>-58.877</b>	<b>-121.017</b>	<b>62.140</b>	<b>51,3%</b>
<b>Income before Taxes</b>	<b>197.872</b>	<b>65.417</b>	<b>132.455</b>	<b>202,5%</b>
Income Tax	-55.874	-17.645	-38.229	-216,6%
<b>Net Income</b>	<b>141.998</b>	<b>47.772</b>	<b>94.226</b>	<b>197,2%</b>
<b>EBITDA<sup>1</sup></b>	<b>297.677</b>	<b>228.176</b>	<b>69.501</b>	<b>30,5%</b>
<b>EBITDA Margin<sup>2</sup></b>	<b>85,0%</b>	<b>81,1%</b>		

<sup>1</sup> EBITDA= Operating Revenues + Operating Costs + Administrative Expenses + Other Income (Losses) + Finance Leases Amortization. Operating Costs and Administrative Expenses do not include Depreciation and Amortization.

<sup>2</sup> EBITDA Margin= EBITDA/Revenues

### a) Operating Income

During the first nine months of 2023, Revenues reached MCh\$350,092 increasing a 24.5% compared to the same period of 2022 (MCh\$281,290). The increase is mainly explained by higher revenues from sales which as of September 2023, reached MCh\$343,386, 24.5% higher compared to September 2022 (MCh\$275,837).

Overall, higher revenues are mainly due to an accounting effect generated by the registration of the contract for the start-up of the transmission solution for the Quebrada Blanca 2 mine, where the works in progress are counted as leasing, generating a one-time accounting effect. Also affected by macroeconomic effects (mainly associated with inflation), higher revenues from new projects commissioned in last 12 months and the provision for lower revenues made in 2022.

It should be noted that the financial statements as of September 30, 2023, consider the DS7T in the revenues.

Total Transelec Operational Costs and Expenses as of September 30, 2023, were MCh\$93,343, a 1.6% lower than the comparison period in 2022 that reached MCh\$94,856. Total Costs and Expenses are composed by the following main items.

Sales Costs during the analysis period amounted MCh\$30,140, a 10.0% lower than the same period of 2022 (MCh\$33,491). The decrease is explained by lower fine provisions partially compensated by higher maintenance costs.

Administrative Expenses amounted to MCh\$22,148 in September 2023, 4.4% higher than those obtained in the same period in 2022 (MCh\$21,212). The increase is mainly explained by higher advisory costs and higher IT costs.

Total Depreciation and Amortization as of September 30, 2023, reached MCh\$41,055, a 2.2% higher than the same period in 2022 (MCh\$40,153).

## **b) Non-Operating Income**

The Non-Operating Income at the end of September 2023, was a loss of MCh\$58,877, a 51.3% lower loss than the same period of 2022 (MCh\$121,017). This is mainly explained by higher financial income and lower loss for indexed assets and liabilities, partially offset by higher financial costs.

The loss for Indexed Assets and Liabilities was MCh\$37,024 as of September 30, 2023. This is mainly due to a variation of 3.09% in the value of the UF during 2023, which mainly affects our UF bonds, and due to other effects. In the same period of 2022, the loss was MCh\$87,618, associated to a 10.54% variation in UF value.

The Financial Income registered until September 2023 amounted to MCh\$38,765. The amount registered in the same period of 2022 was MCh\$23,545. This increase is mainly due to higher bank interests earned in local currency due to higher average cash in hands.

The Exchange Differences as of September 2023 result in a profit of MCh\$3,425, while during the same period of 2022, the balance was a loss of MCh\$142. The Exchange Differences remain limited, associated with the foreign currency hedging policy.

Financial Costs registered as of September 2023 reached MCh\$64,023, increasing by 12.4% compared to the same period of 2022 (MCh\$56,981). The increase is mainly due to effect of the unwind of CCS (associated to the payment of USD bond) and by lower interest earned on ongoing projects.

Other Income, as of September 2023, were a loss of MCh\$20, while in September 2022 were a profit of MCh\$180. This difference is mainly due to the regularization of expenditure from prior years.

## **c) Income tax**

Income Tax as of September 30, 2023, was MCh\$55,874, while in the same period of 2022 was MCh\$17,645. This rise in income tax expenditure is mainly explained by an increase in the company's Income before Taxes in MCh\$94,226, which directly impacts on higher tax expenditure.

## 2. BALANCE SHEET ANALYSIS

ITEMS	September 2023 MCh\$	December 2022 MCh\$	Variation 2023/2022 MCh\$	Variation 2023/2022 %
Current assets	335.066	516.058	-180.992	-35,1%
Non-current assets	3.000.247	2.939.870	60.377	2,1%
<b>Total Assets</b>	<b>3.335.314</b>	<b>3.455.928</b>	<b>-120.614</b>	<b>-3,5%</b>
Current liabilities	178.323	608.146	-429.823	-70,7%
Non current liabilities	2.207.036	1.841.809	365.227	19,8%
Equity	949.954	1.005.973	-56.019	-5,6%
<b>Total Liabilities &amp; Equity</b>	<b>3.335.314</b>	<b>3.455.928</b>	<b>-120.614</b>	<b>-3,5%</b>

The decrease in Assets between December 2022 and September 2023 is mainly explained by a decrease in Current Assets. This decrease is mostly due to lower balance in cash and cash equivalent.

The decrease in Liabilities and Equity is mainly due to a decrease in Trade and Other Payables, which corresponds mainly to the reassessment payment that the company had to do because of the publishment of the DS7, and because of lower retained earnings. It is noteworthy that, in April, the company issued local bond series V and X for MUF7 with which it pre-paid the US\$ 300 million senior bond maturing in July 2023 in the international market.

### Value of the Main PP&E in Operation

ASSETS	September 2023 MCh\$	December 2022 MCh\$	Variation 2023/2022 MCh\$	Variation 2023/2022 %
Land	21.769	21.556	213	1,0%
Building, Infraestructure, works in progress	1.282.248	1.281.377	871	0,1%
Work in progress	428.999	533.291	-104.292	-19,6%
Machinery and equipment	815.525	809.716	5.809	0,7%
Other fixed assets	6.699	6.176	523	8,5%
Right of use	8.239	8.465	-226	-2,7%
Depreciation (less)	-740.472	-708.824	-31.648	-4,5%
<b>Total</b>	<b>2.563.478</b>	<b>2.639.025</b>	<b>-75.547</b>	<b>-2,9%</b>

## Current Debt

Debt	Currency or index	Interest rate	Type of rate	Maturity Date	Amount in original currency (million)	
					(unpaid capital)	
					September 2023	December 2022
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 V bond	UF	3,30%	Fixed	01-Mar-48	3,00	-
Series X bond	UF	3,20%	Fixed	01-Mar-34	4,00	-
Series Senior Notes bond @2023	USD	4,63%	Fixed	26-Jul-23	-	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 <sup>1</sup>	USD	SOFR	Floating	28-May-24	-	-

<sup>1</sup> Revolving Credit Facility of US\$250 million: The floating rate breaks down in SOFR plus a margin. As of September 30, 2023, 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.

In April 2023 the company paid the Senior Notes bond @2023 and issued two new local bonds for a total amount of UF 7 million (series V and X)

## 3. CASH FLOW ANALYSIS

ITEMS	September 2023 MM\$	September 2022 MM\$	Variation 2023/2022 MM\$	Variation 2023/2022 %
Cash flows provided by (used in) operating activities	159.322	293.698	-134.376	-45,8%
Cash flows provided by (used in) investing activities	-82.558	-169.563	87.005	51,3%
Cash flows provided by (used in) financing activities	-231.341	-18.808	-212.533	-1130,0%
<b>Net increase (decrease) of cash and cash equivalent</b>	<b>-154.577</b>	<b>105.326</b>	<b>-259.903</b>	<b>N/A</b>
Effect of changes in the exchanges rate	1.253	1.116	137	12,3%
<b>Net increase (decrease) of cash and cash equivalent</b>	<b>-153.324</b>	<b>106.443</b>	<b>-259.767</b>	<b>N/A</b>
Cash and cash equivalent at the beginning of the period	393.816	234.519	159.297	67,9%
<b>Cash and cash equivalent at the end of the period</b>	<b>240.492</b>	<b>340.962</b>	<b>-100.470</b>	<b>-29,5%</b>



As of September 30, 2023, cash flow from activities of the operation reached MCh\$159,322, which decreased by 45.8% compared to the same period of 2022 (MCh\$293,698). The decrease is mainly due to the payment the company had to do related to the revenue's reassessment because of DS7.

During the same period, cash flow used in investment activities was MCh\$82,558. As of September 30, 2022, the cash flow used in investment activities was MCh\$169,563. The decrease is due to the gain generated by the CCS unwind that took place in April and June.

As of September 2023, the cash flow from financing activities was MCh\$231,341, while as of September 2022 it was MCh\$18,808. In both cases, it is mainly explained by the payments of dividends and the payment of retained earnings in August 2023.

It should also be noted that, to ensure the immediate availability of funds to cover working capital needs, as of September 30, 2023, 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., China Construction Bank, Barclays Bank and Bonco de Sabadell.	US\$250,000,000	28-May-24	Working Capital

#### 4. INDICATORS

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

Covenants	Debt Contract	Limit	September 2023	December 2022
Capitalization Ratio <sup>1</sup>	All local Bonds	< 0.70	0,66	0,65
Shareholder's Equity <sup>1</sup> MMUF	D, H, K, M and N local Bonds	> 15.00	26,93	29,36
Shareholder's Equity <sup>1</sup> MCh\$	Q, V & X local Bonds and Revolving Credit Facility	> 350,000	974.924	1.030.943
Net Debt/Ebitda	V & X local Bonds and Revolving Credit Facility	< 7.0x	3,40	3,58

Test	Bonds	Limit	September 2023	December 2022
Distribution Test <sup>2</sup> FNO <sup>3</sup> /Financial Expenses	D, H, K, M and N local Series	> 1.50	5,43	7,12

<sup>1</sup>Equity= Total equity attributable to owners of the parent plus accumulated amortization of Goodwill. The accumulated amortization of Goodwill between June 30, 2006, and September 30, 2023, amounted to MCh\$24.970.

<sup>2</sup>Test to distribute restricted payments such as dividends.

<sup>3</sup>FNO= Cash flow from operating activities plus the absolute value of finance costs, plus the absolute value of the expenditure for Income Taxes.

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

RATIOS		September 2023	December 2022	Variation 2023/2022
<b>Profitability<sup>1</sup></b>				
Shareholders' Equity profitability <sup>2</sup>	(%)	24,7%	19,0%	570 pbs
Assets profitability <sup>3</sup>	(%)	7,0%	5,5%	150 pbs
Operating assets profitability <sup>4</sup>	(%)	9,2%	7,2%	200 pbs
Earnings per share <sup>5</sup>	(\$)	234.838	109.095	115,3%
<b>Liquidity &amp; Indebtedness</b>				
Current Ratio	(times)	1,88	0,85	121,2%
Acid-Test Ratio	(times)	1,88	0,85	121,2%
Debt to Equity	(times)	2,51	2,44	2,9%
Short term debt/Total debt	(%)	7,5%	24,8%	-1730 pbs
Log term debt/Total debt	(%)	92,5%	75,2%	1730 pbs
Financial expenses coverage	(times)	4,65	4,91	-5,3%

<sup>1</sup> Profitability ratios are presented under last twelve months criteria.

<sup>2</sup> Shareholders' Equity profitability is calculated as Net Income over Equity.

<sup>3</sup> Asset's profitability is calculated as Net Income over Total Assets.

<sup>4</sup> Operating assets profitability is calculated as Net Income over total value of the Main PP&E.

<sup>5</sup> 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 explore and operate 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.
- 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, establishing 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 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 with 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 was delayed by over 3 years but the corresponding decree was published in *El Diario Oficial* (Official Gazette) On February 16<sup>th</sup>, 2023. It is expected that the Companies affected by regulated tariffs in the National and Zonal Systems will receive the new tariff from the second semester of 2023, 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, which was reviewed by the Office of the General Comptroller of the Republic, and subsequently the Ministry of Energy promulgated Decree 7T of 2022.

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 establishes 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. Conducting 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, fires, 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's 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:

In million pesos	September 2023		December 2022	
	Assets	Liabilities	Assets	Liabilities
Dollar (amounts associated with balance sheet items)	670.174	660.746	888.932	889.100
Chilean peso	2.665.140	2.674.568	2.560.317	2.560.149

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

MONTH	Average 2023 (\$)	Last Day 2023 (\$)	Average 2022 (\$)	Last Day 2022 (\$)
January	826,34	810,37	822,05	810,12
February	798,26	831,24	807,07	805,25
March	809,50	789,32	799,19	787,16
April	803,84	801,61	815,12	856,58
May	798,64	803,94	849,39	826,26
June	799,87	802,68	857,77	919,97
July	813,40	827,84	953,71	911,42
August	855,66	854,22	904,35	882,11
September	884,40	906,84	921,01	966,00
<b>Average of the period</b>	<b>821,10</b>	<b>825,34</b>	<b>858,85</b>	<b>862,76</b>

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 recouping 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	September 2023 MM\$	September 2023 %	September 2022 MM\$	September 2022 %
Enel Group	111.163	31,8%	103.942	37,0%
Quebrada Blanca TECK	44.566	12,7%	0	0,0%
CGE Group	0	0,0%	35.914	12,8%
Colbún Group	31.904	9,1%	31.201	11,1%
AES Gener Group	28.486	8,1%	34.645	12,3%
Engie Group	0	0,0%	25.509	9,1%
SAESA	9.944	2,8%	0	0,0%
Others	124.030	35,4%	50.079	17,8%
<b>Total</b>	<b>350.092</b>		<b>281.290</b>	
<b>% Concentration</b>	<b>61,73%</b>		<b>82,20%</b>	

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. In January 2023, Barclays Bank incorporated to the bank syndicate, and Banco Sabadell in February 2023.

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 September 30, 2023, and December 31, 2022.

Debt Maturity (capital and interests) MCh\$	0 to 1 year	1 to 3 years	3 to 5 years	5 to 10 years	More than 10 years	Total
September 30, 2023	73.651	428.760	598.711	701.843	607.373	2.410.338
December 31, 2022	303.869	402.253	475.411	598.111	230.145	2.009.790

## 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 September 30, 2023, and as of September 30, 2022, 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 2023 (\$)	Last Day 2023 (\$)	Average 2022 (\$)	Last Day 2022 (\$)
January	35.227,24	35.287,50	31.096,09	31.212,65
February	35.382,14	35.509,68	31.365,30	31.539,20
March	35.579,62	35.575,48	31.669,70	31.727,74
April	35.666,65	35.838,55	31.905,76	32.176,49
May	35.969,53	36.032,89	32.453,99	32.679,54
June	36.069,31	36.089,48	32.894,82	33.086,83
July	36.079,89	36.049,05	33.268,63	33.417,26
August	36.068,70	36.130,31	33.616,11	33.836,51
September	36.175,90	36.197,53	34.059,41	34.258,23
<b>Average of the period</b>	<b>35.802,11</b>	<b>35.856,72</b>	<b>32.481,09</b>	<b>32.659,38</b>

## 6.10. Other Risks

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

## 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 30, 2023:

At a meeting held on March 30, 2023, the Transelec S.A. Board of Directors agreed to announce the schedule of a shareholders meeting on April 28, 2023 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 31<sup>st</sup> 2022.
  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\$32.337 MM as a final dividend corresponding to the 2022 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) On April 19, 2023, in compliance with Article 9 and the second paragraph of Article 10 of Law No. 18,045 on the Securities Market, the placement of series "V" and "X" bonds of Transelec S.A. was reported as a material fact to the CMF.
- 3) On April 28, 2023, in compliance with Article 9 and the second paragraph of Article 10 of Law No. 18,045 on the Securities Market, it was reported as a material fact that on

April 28, 2023, the ordinary shareholders' meeting of the company was held, and the following resolutions were adopted:

- a) Approval of the Annual Report, Balance Sheet, Financial Statements, and External Auditors' Report for the period ended December 31, 2022.
  - b) Approval of the distribution of the definitive dividend for the year 2021, totaling CLP \$32,337 million, equivalent to 30% of the net income for the year 2022.
  - c) Appointment of the members of the Board of Directors, which is composed as follows: Mr. Scott Lawrence as regular director and Mr. Alfredo Ergas Segal as his respective alternate director; Mr. Tao He as regular director and Mr. Tai Cheng as his respective alternate director; Mr. Richard Cacchione as regular director and Mr. Michael Rosenfeld as his respective alternate director; Mr. Jordan Anderson as regular director and Mr. Jon Perry as his respective alternate director; Mr. Mario Valcarce Durán as regular director and Mr. José Miguel Bambach Salvatore as his respective alternate director; Mr. Blas Tomic Errázuriz as regular director and Mr. Patricio Reyes Infante as his respective alternate director; Mr. Juan Benabarre Benaiges as regular director and Mr. Roberto Munita Valdés as his respective alternate director; Ms. Ximena Clark Núñez as regular director and Mr. Claudio Campos Bierwirth as her respective alternate director; and Ms. Andrea Butelmann Peisajoff as regular director and Mr. Juan Agustín Laso Bambach as her respective alternate director.
  - d) Set the remuneration of the Board of Directors and the Audit Committee.
  - e) Approval of the appointment of Deloitte as external auditors for the year 2023.
  - f) Designation of Diario Financiero as the newspaper to publish the notices convening shareholders' meetings.
  - g) The agreements adopted by the Board of Directors on matters contained in Articles 146 et seq. of the Corporations Law were reported.
- 4) On May 31, 2023, in compliance with Article 9 and the second paragraph of Article 10 of Law No. 18,045 on the Securities Market, it was reported as a material fact that Mr. Scott Lawrence resigned from the Board of Directors of Transelec S.A. with immediate effect.
- 5) On June 27, 2023, in compliance with Article 9 and the second paragraph of Article 10 of Law No. 18,045 on the Securities Market, it was reported as a material fact that, as of the same date, in Ordinary Session No. 244, the Board of Directors of Transelec S.A. elected Mr. Alfredo Ergas Segal as the chairman.

6) On June 27, 2023, in compliance with Article 9 and the second paragraph of Article 10 of Law No. 18,045 on the Securities Market, the following material fact was reported:

- In Ordinary Session No. 244, the Board of Directors of Transelec S.A. summoned an extraordinary shareholders' meeting to be held on July 10, 2023, at 09:00 hrs., in order to submit a dividend distribution for the approval of the shareholders.

7) On July 11, 2023, and in compliance with the provisions of article 9 and the second paragraph of article 10 of Law No. 18,045, on the Securities Market, the following was reported as an essential fact:

- That on July 10, 2023, an extraordinary meeting of shareholders of the company was held, in which it was agreed to distribute dividends for a total of \$201,630,000,000 pesos, which would be paid starting August 17, 2023.