

**CELEO REDES OPERACIÓN CHILE S.A.  
AND SUBSIDIARIES**

Consolidated Financial Statements  
as of December 31, 2020 and 2019  
and for the years then ended

(With the Independent Auditor's Report Thereon)

## **CELEO REDES OPERACIÓN CHILE S.A. AND SUBSIDIARIES**

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US\$ : Amounts expressed in United States dollars

ThUS\$ : Amounts expressed in thousands of United States dollars



## **Independent Auditor's Report**

The Chairman and Directors of  
Celeo Redes Operación Chile S.A.:

We have audited the accompanying consolidated financial statements of Celeo Redes Operación Chile S.A. and its subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and the related consolidated statements of comprehensive income, changes in equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### ***Management's responsibility for the consolidated financial statements***

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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



***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Celeo Redes Operación Chile S.A. and its subsidiaries as of December 31, 2020 and 2019, and the results of their operations and their cash flows for the years then ended in accordance with International Financial Reporting Standards.

The above translation of the auditor's report is provided as a free translation from the Spanish language original, which is the official and binding version. Such translation has been made solely for the convenience of non-Spanish readers.

Signed in the Spanish version

Cristián Maturana R.

KPMG SpA

Santiago, March 25, 2021



# **CELEO REDES OPERACIÓN CHILE S.A. AND SUBSIDIARIES**

## **CONSOLIDATED FINANCIAL STATEMENTS**

For the years ended  
December 31, 2020 and 2019

**Contents:**

- Consolidated Financial Statements
- Notes to the Consolidated Financial Statements

**ThUS\$: Amounts expressed in thousands of U.S. dollars**

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**CELEO REDES OPERACIÓN CHILE S.A. AND SUBSIDIARIES**

Taxpayer ID: 76.187.228 – 1

**CELEO REDES OPERACIÓN CHILE S.A. AND SUBSIDIARIES**

CLASSIFIED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF DECEMBER 31, 2020 AND 2019

(Amounts expressed in thousand of United States dollars - ThUS\$)

<b>Assets</b>	<b>Note</b>	<b>12.31.2020</b>	<b>12.31.2019</b>
	<b>No.</b>	<b>ThUS\$</b>	<b>ThUS\$</b>
<b>Current assets</b>			
Cash and cash equivalents	4	35,494	28,107
Other non-financial assets, current	5	107	-
Trade and other receivables, current	6	9,266	8,215
Receivables due from related parties, current	15	3,397	3,398
Current tax assets	7	565	-
<b>Total current assets</b>		<b>48,829</b>	<b>39,720</b>
<b>Non-current assets</b>			
Other financial assets, non-current	8	-	384
Other non-financial assets, non-current	5	2,041	1,921
Receivables due from related parties, non-current	15	98,327	107,832
Intangible assets other than goodwill	11	80,122	78,431
Property, plant and equipment	12	364,095	370,616
<b>Total non-current assets</b>		<b>544,585</b>	<b>559,184</b>
<b>Total assets</b>		<b>593,414</b>	<b>598,904</b>

See the accompanying notes to the consolidated financial statements.

**CELEO REDES OPERACIÓN CHILE S.A. AND SUBSIDIARIES**

Taxpayer ID: 76.187.228 – 1

**CELEO REDES OPERACIÓN CHILE S.A. AND SUBSIDIARIES**

CLASSIFIED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF DECEMBER 31, 2020 AND 2019

(Amounts expressed in thousand of United States dollars - ThUS\$)

	Note No.	12.31.2020 ThUS\$	12.31.2019 ThUS\$
<b>Liabilities</b>			
<b>Current liabilities</b>			
Other financial liabilities, current	13	13,745	12,112
Trade and other payables	14	7,076	3,049
Payables due to related parties, current	15	442	222
Current tax liabilities	7	-	2,601
<b>Total current liabilities different than liabilities included in disposal groups classified as held-for-sale</b>		<b>21,263</b>	<b>17,984</b>
<b>Total current liabilities</b>		<b>21,263</b>	<b>17,984</b>
<b>Non-current liabilities</b>			
Other financial liabilities, non-current	13	549,055	545,674
Deferred tax liabilities	10.2	10,033	10,084
<b>Total non-current liabilities</b>		<b>559,088</b>	<b>555,758</b>
<b>Total liabilities</b>		<b>580,351</b>	<b>573,742</b>
<b>Equity</b>			
Paid-in capital	16.1	1,000	12,168
Retained earnings (loss)		13,611	3,800
Other reserves	16.3	(1,559)	9,184
<b>Equity attributable to the owners of the Parent</b>		<b>13,052</b>	<b>25,152</b>
Non-controlling interests	17	11	10
<b>Total equity</b>		<b>13,063</b>	<b>25,162</b>
<b>Total equity and liabilities</b>		<b>593,414</b>	<b>598,904</b>

See the accompanying notes to the consolidated financial statements.

**CELEO REDES OPERACIÓN CHILE S.A. AND SUBSIDIARIES**
**Taxpayer ID: 76.187.228 – 1**
**CELEO REDES OPERACIÓN CHILE S.A. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS, BY FUNCTION**
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**
**(Amounts expressed in thousand of United States dollars - ThUS\$)**

	<b>Note No.</b>	<b>12.31.2020 ThUS\$</b>	<b>12.31.2019 ThUS\$</b>
<b>Statement of profit or loss</b>			
<b>Profit (loss)</b>			
Revenue	18	49,186	49,997
Cost of sales	19	(9,495)	(9,826)
<b>Gross profit</b>		<b>39,691</b>	<b>40,171</b>
Administrative expenses	20.1	(2,678)	(2,867)
Other expenses, by function	20.2	169	(198)
Gain from operating activities		37,182	37,106
Finance income	20.3	4,617	6,499
Finance costs	20.3	(27,520)	(27,383)
Foreign currency translation differences	20.4	(536)	(518)
(Expense) Income from inflation-adjusted units	20.5	(8)	2
Profit before taxes		13,735	15,706
Income tax expense, continuing operations	10.1	(4,071)	(6,886)
Profit from continuing operations		9,664	8,820
Profit from discontinued operations		-	-
<b>Profit for the year</b>		<b>9,664</b>	<b>8,820</b>
<b>Profit attributable to:</b>			
Owners of the Parent		9,663	8,819
Non-controlling interests		1	1
Profit		9,664	8,820
<b>Earnings per share</b>			
<b>Basic earnings per share</b>			
Basic earnings per share from continuing operations		0.00966	0.00882
Basic earnings per share from discontinued operations		-	-
Basic earnings per share		0.00966	0.00882
<b>Diluted earnings per share</b>			
Diluted earnings per share from continuing operations		0.00966	0.00882
Diluted earnings per share from discontinued operations		-	-
Diluted earnings per share		0.00966	0.00882

See the accompanying notes to the consolidated financial statements.

**CELEO REDES OPERACIÓN CHILE S.A. AND SUBSIDIARIES**  
**Taxpayer ID: 76.187.228 – 1**

**CELEO REDES OPERACIÓN CHILE S.A. AND SUBSIDIARIES**

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
 FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019  
 (Amounts expressed in thousand of United States dollars - ThUS\$)

	12.31.2020 ThUS\$	12.31.2019 ThUS\$
<b>Profit for the year</b>	9,664	8,820
<b>Components of other comprehensive income that will not be reclassified to profit or loss for the year, before tax</b>		
Other comprehensive income, before tax, profit from investments in equity securities	-	-
<b>Total other comprehensive income that will not be reclassified to profit or loss for the year, before tax</b>	-	-
<b>Components of other comprehensive income that will be reclassified to profit or loss for the year, before tax</b>		
<b>Foreign currency translation differences</b>		
Gain from foreign currency translation difference, before taxes	-	-
<b>Other comprehensive income, before tax, profit from foreign currency translation differences</b>	-	-
<b>Cash flow hedges</b>		
(Loss) Gain from cash flow hedges, before taxes	(14,716)	10,231
Adjustments for reclassification to cash flow hedges, before taxes	-	-
<b>Other comprehensive (loss) income, before tax, from cash flow hedges</b>	(14,716)	10,231
<b>Total other comprehensive (loss) income that will be reclassified to profit or loss for the year, before tax</b>	(14,716)	10,231
<b>Other components of other comprehensive (loss) income, before tax</b>	<b>(14,716)</b>	<b>10,231</b>
<b>Income tax related to components of other comprehensive income that will be reclassified to profit or loss for the year</b>		
Income tax related to cash flow hedges of other comprehensive income	3,973	-
<b>Accumulated income tax related to items of other comprehensive income that will be reclassified to profit or loss for the year</b>	3,973	-
<b>Other comprehensive (loss) income</b>	<b>(10,743)</b>	<b>10,231</b>
<b>Total comprehensive (loss) income</b>	<b>(1,079)</b>	<b>19,051</b>
<b>Comprehensive income attributable to:</b>		
Owners of the Parent	(1,080)	19,050
Non-controlling interests	1	1
<b>Comprehensive (loss) income</b>	<b>(1,079)</b>	<b>19,051</b>

See the accompanying notes to the consolidated financial statements.

**CELEO REDES OPERACIÓN CHILE S.A. AND SUBSIDIARIES**  
**Taxpayer ID: 76.187.228 – 1**

**CELEO REDES OPERACIÓN CHILE S.A. AND SUBSIDIARIES**

CONSOLIDATED STATEMENTS OF CASH FLOWS - DIRECT METHOD  
 FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019  
 (Amounts expressed in thousand of United States dollars - ThUS\$)

	<b>12.31.2020</b>	<b>12.31.2019</b>
	<b>ThUS\$</b>	<b>ThUS\$</b>
<b>Statement of cash flows</b>		
<b>Cash flows from (used in) operating activities</b>		
Classes of cash receipts from operating activities		
Cash receipts from sale of goods and rendering of services	63,969	56,599
Other cash receipts from operating activities	-	-
Classes of payments		
Payments to suppliers for goods and services	(21,524)	(16,136)
Interest paid, recorded as operating activities	12	-
Interest received, recorded as operating activities	162	554
Income taxes (paid) received	(3,063)	758
Other cash inflows	-	-
<b>Net cash from operating activities</b>	<b>39,556</b>	<b>41,775</b>
<b>Cash flows from (used in) investing activities</b>		
Acquisition of property, plant and equipment	-	-
Acquisition of intangible assets	(32)	(3)
Other cash inflows (outflows)	-	(8,219)
<b>Net cash used in investing activities</b>	<b>(32)</b>	<b>(8,222)</b>
<b>Cash flows from (used in) financing activities</b>		
Loans from related parties	2,814	-
Payment of loans from related parties	-	(13)
Dividends paid	-	(17,317)
Interests paid	(25,911)	(26,438)
Other cash payments	(10,751)	(6,553)
<b>Net cash used in financing activities</b>	<b>(33,848)</b>	<b>(50,321)</b>
<b>Net increase (decrease) in cash and cash equivalents before the effect of movements in exchange rates on cash held</b>	<b>5,676</b>	<b>(16,768)</b>
<b>Effect on movements in exchange rates on cash and cash equivalents</b>		
Effect on movements in exchange rates on cash and cash equivalents	1,711	(711)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>7,387</b>	<b>(17,479)</b>
Cash and cash equivalents at January 1	28,107	45,586
<b>Cash and cash equivalents at December 31</b>	<b>35,494</b>	<b>28,107</b>

See the accompanying notes to the consolidated financial statements.

**CELEO REDES OPERACIÓN CHILE S.A. AND SUBSIDIARIES**  
**Taxpayer ID: 76.187.228 – 1**

**CELEO REDES OPERACIÓN CHILE S.A. AND SUBSIDIARIES**

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
 FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019  
 (Amounts expressed in thousand of United States dollars - ThUS\$)

	Other reserves				Total other reserves	Retained earnings	Equity attributable to the owners of the Parent	Non-controlling interests	Total equity
	Share capital	Translation reserve	Cash flow hedging reserve	Other reserves					
	ThUS\$	ThUS\$	ThUS\$	ThUS\$					
Balance as of January 1, 2020	12,168	-	8,909	275	9,184	3,800	25,152	10	25,162
Increase from changes in accounting policies	-	-	-	-	-	-	-	-	-
Increase due to correction of errors	-	-	-	-	-	-	-	-	-
<b>Restated initial balance</b>	<b>12,168</b>	<b>-</b>	<b>8,909</b>	<b>275</b>	<b>9,184</b>	<b>3,800</b>	<b>25,152</b>	<b>10</b>	<b>25,162</b>
Changes in equity									
Comprehensive income									
Gain	-	-	-	-	-	9,663	9,663	1	9,664
Other comprehensive income	-	-	(10,743)	-	(10,743)	-	(10,743)	-	(10,743)
<b>Comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(10,743)</b>	<b>-</b>	<b>(10,743)</b>	<b>9,663</b>	<b>(1,080)</b>	<b>1</b>	<b>(1,079)</b>
Share issue	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-
Increase (decrease) for transfers and other changes	(11,168)	-	-	-	-	148	(11,020)	-	(11,020)
Total changes in equity	(11,168)	-	(10,743)	-	(10,743)	9,811	(12,100)	1	(12,099)
<b>Closing balance as of December 31, 2020</b>	<b>1,000</b>	<b>-</b>	<b>(1,834)</b>	<b>275</b>	<b>(1,559)</b>	<b>13,611</b>	<b>13,052</b>	<b>11</b>	<b>13,063</b>

	Other reserves				Total other reserves	Retained earnings (losses)	Equity attributable to the owners of the Parent	Non-controlling interests	Total equity
	Share capital	Translation reserve	Cash flow hedging reserve	Other reserves					
	ThUS\$	ThUS\$	ThUS\$	ThUS\$					
Balance as of January 1, 2019	77,269	-	(1,047)	-	(1,047)	(5,019)	71,203	13	71,216
Increase from changes in accounting policies	-	-	-	-	-	-	-	-	-
Increase due to correction of errors	-	-	-	-	-	-	-	-	-
<b>Restated initial balance</b>	<b>77,269</b>	<b>-</b>	<b>(1,047)</b>	<b>-</b>	<b>(1,047)</b>	<b>(5,019)</b>	<b>71,203</b>	<b>13</b>	<b>71,216</b>
Changes in equity									
Comprehensive income									
Gain	-	-	-	-	-	8,819	8,819	1	8,820
Other comprehensive income	-	-	9,956	275	10,231	-	10,231	-	10,231
<b>Comprehensive income</b>	<b>-</b>	<b>-</b>	<b>9,956</b>	<b>275</b>	<b>10,231</b>	<b>8,819</b>	<b>19,050</b>	<b>1</b>	<b>19,051</b>
Share issue	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-
Increase (decrease) for transfers and other changes	(65,101)	-	-	-	-	-	(65,101)	(4)	(65,105)
Total changes in equity	(65,101)	-	9,956	275	10,231	8,819	(46,051)	(3)	(46,054)
<b>Closing balance as of December 31, 2019</b>	<b>12,168</b>	<b>-</b>	<b>8,909</b>	<b>275</b>	<b>9,184</b>	<b>3,800</b>	<b>25,152</b>	<b>10</b>	<b>25,162</b>

See the accompanying notes to the consolidated financial statements.

**CELEO REDES OPERACIÓN CHILE S.A. AND SUBSIDIARIES**  
**Taxpayer ID: 76.187.228 – 1**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the years ended December 31, 2020 and 2019.

**1. REPORTING ENTITY**

Celeo Redes Operación Chile S.A. (hereinafter the "Company") is a closely-held corporation incorporated on November 23, 2011 (formerly Celeo Redes Chile Limitada), via public deed granted at the Santiago's Notarial Office of Mr. Eduardo Avello Concha under record No.24.549 of 2011. Via public deed dated October 28, 2016 (under record No.12270-2016), the Company's partners modified its by-laws, transforming it into a closely-held shareholders' corporation, changing its former business name. An authorized excerpt of the aforementioned deed was listed in the Trade Registry of Santiago in 2016, under page 80.751 No.43.587, and published in the Official Gazette on November 5, 2016.

The Company is registered with the Securities Register of the Financial Market Commission (formerly the Chilean Superintendence of Securities and Insurance) under No. 1.144.

The Company's registered address is located at Avenida Apoquindo 4501, piso 19, oficina 1902, Las Condes, Santiago.

The Company is an investment and investment income entity, processes data and activities related to databases, business advisory, management advisory and other business activities.

The Company is engaged in making investment in all types of movable and immovable property tangible and intangible assets, including the acquisition of all types of commercial paper and, in general, all types of securities and investment instruments and the management of such investments and their results. For compliance with its line of business, the Company will be able to incorporate other companies or enter the ownership of such entities, provide bookkeeping and advisory, human resource, administrative services, prepare and review budgets and all other advisory or services related to business administration. The design, construction, performance, operation and/or investment in infrastructure and projects for the public or private works concession, the provision of supplementary services through its involvement in proposals, tender processes, direct contracts and concessions of public works either directly or through other companies where it has ownership interest; the independent involvement or jointly or associated with other Chilean or foreign natural persons or legal entities in domestic or international tender processes for public works as requested by the Ministry of Energy or Ministry of Public Works in Chile through any contract, including those within a tender process through the Public Works or City-Hall concession systems involving direct or deferred payment; the survey, fostering and performance of all acts and contracts or businesses related to the construction, improvement, maintenance, repair, new customization and transformation of infrastructure for the generation, distribution or transmission of electric energy or electric easements, as well as public and private works, and civil works and engineering and construction studies, either acting on its own or on behalf of others, either related or not to electricity; the direct or indirect acquisition, administration, operation, trading and sale of all types of immovable property; the provision of all types of services and advisory with respect to matters and businesses directly or indirectly related to electric energy, being able to provide advisory, forecast, plan, organize, direct and administer all types of works and any other legal business as determined by the Company's partners.

The subsidiary Alto Jahuel Transmisora de Energía S.A. (AJTE) communicated to the National Electric Coordinator (CEN), which groups the former CDEC-SIC and CDEC-SING that its operations commenced on September 26, 2015 at 12:17 hrs. Starting from such date, the Company has the right to charge VATT [Transmission Section Annual Amount] for a period of 240 calendar months (20 years), in accordance with its indexation formula, which would be a part of the fees for the project. Such fee will be composed of a fixed annual portion of revenues of US\$ 18,634,940, and a variable portion that will depend on the amount of the "toll charge" from consumers or generators transmitting energy through its transmission and distribution of electric capacity lines.

## 1. REPORTING ENTITY, (continued)

The subsidiary Alto Jahuel Transmisora de Energía S.A. communicated to the CEN, that its production operations for the trunk expansion works established in Decree No. 310 of the SIC "Ancoa - Alto Jahuel 2x500 kV line: Second Circuit Cabling" commenced on January 16, 2016. Starting from such date, the Company has the right to charge the VATT [Transmission Section Annual Amount] associated with these facilities. The amount will be recalculated every four years by the Chilean Energy Commission through a valuation study at market price of the domestic transmission system (former trunk) facilities. For the first period (2016-2019), the VATT is calculated in accordance with the resulting Investment Value from this expansion project's tender process, and the Operation, Maintenance and Management Costs (COMA, for its Spanish acronym), established by Chilean Ministry of Energy through Decree No. 13T as of April 24, 2015. According to the methodology used by the CEN, the VATT for the first period amounts to US\$ 11,446,608, which is indexed on a monthly basis as established in the aforementioned Decree.

On December 24, 2017, at 12:37 pm, after the end of the related construction and testing period, the project Charrúa commenced its operations, which is managed by the subsidiary Charrúa Transmisora de Energía S.A.; (CHATE). Accordingly, such facilities are operating and available to provide energy to the National Power System.

The commencement of operating and revenue recognition phase, in accordance with the Charrúa Transmisora de Energía S.A. project's Bidding terms (Decree No.587 of August 2012), the payment of VATT (Transmission Section Annual Amount) and its indexation formula, will be the fees for the Project for a 240-month period (20 years), which started on December 24, 2017, the date of communication to the CEN by the Company of the project's commissioning. The Company was awarded the project offering the amount of US\$16,949,000, and, accordingly, must receive the sum equivalent in Chilean pesos for the remuneration period. In addition, it will receive variable revenue depending on the "toll" to be charged to the consumers or generators transmitting energy through the Company's transmission and distribution of electric capacity lines.

On January 15, 2019, upon completion of the process of construction and related tests on the stage of the project associated with the 2x220 New Line between Diego de Almagro and Cumbres, and installation of 1x175 MVA 500/220 kV auto-transformer bank in the Cumbres Substation, the project operations began, enabling the use of facilities, which are operating and available for the National Power System.

At the Extraordinary Shareholders' Meeting held on June 10, 2019, the shareholders agreed to transfer the shares the Company maintains in the subsidiary Diego de Almagro Transmisora de Energía S.A. to its Parent Celeo Redes Chile Ltda. in order to pay the capital decrease approved in such meeting. Such transfer was formalized on July 22, 2019.

Accordingly, starting from that date, the Company has ceased consolidating the assets, liabilities, income and expenses of subsidiary Diego de Almagro Transmisora de Energía S.A.

Subsequently, on July 24, 2019, the Parent Celeo Redes Chile Ltda. transferred all the shares it owned in subsidiary Diego de Almagro Transmisora de Energía S.A. to its subsidiary CRC Transmisión SpA.

The Spanish Company Celeo Redes S.L. is an entity in the Elecnor Group, which is a Spanish group of companies engaged in the engineering, development and construction of infrastructure projects, renewable energy and new technologies, is the ultimate Parent of the Company.



## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1) Accounting period

The consolidated financial statements cover the following periods:

- Consolidated statements of financial position as of December 31, 2020 and 2019.
- Consolidated statements of comprehensive income by function as of December 31, 2020 and 2019.
- Consolidated statements of comprehensive income as of December 31, 2020 and 2019.
- Consolidated statements of changes in equity as of December 31, 2020 and 2019.
- Consolidated statements of cash flows - direct method as of December 31, 2020 and 2019.

### 2.2) Basis of preparation

The consolidated financial statements as of December 31, 2020 and 2019, have been prepared in conformity with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and have been authorized for issue by its Board of Directors on March 25, 2021.

The translation of these financial statements is provided as a free translation from the Spanish language original, which is the official and binding version. Such translation has been made solely for the convenience of non-Spanish readers.

### 2.3) Responsibility for the information

The information contained in these financial statements is the responsibility of Company's Management, who expressly state that all the policies and criteria included in International Financial Reporting Standards ("IFRS") as issued by International Accounting standards Board ("IASB"), have been applied.

### 2.4) Functional and presentation currency

The functional and presentation currency relates to the currency of the primary economic environment in which the Company operates. Transactions denominated in a currency other than the functional currency are converted using the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities expressed in currencies other than the functional currency are retranslated using the exchange rates prevailing at the closing date. Retranslation gains and losses are recognized in foreign currency translation differences in profit or loss.

In accordance with the Company's Management's analysis of the primary and secondary factors of IAS 21, the Company's functional and presentation currency is United States dollar.

### 2.5) Basis of translation

Assets and liabilities in currencies other than U.S. dollar, which is the Company's functional and presentation currency, are translated to the functional currency using the exchange rates prevailing at the reporting date. Revenue and expenses in a currency other than the functional currency are translated using the exchange rate existing at the date of the related transaction. Foreign currency translation differences generated are recognized in foreign currency translation differences in profit or loss.

## 2. SIGNIFICANT ACCOUNTING POLICIES, (continued)

### 2.5) Basis of translation, (continued)

The Chilean peso exchange rate per US\$1.00 as reported by the Central Bank of Chile is as follows:

Basis of translation	12.31.2020	12.31.2019
	ThUS\$	ThUS\$
Currency US\$	1.00000	1.00000
Chilean pesos (Ch\$)	0.00141	0.00137
Unidad de Fomento (UF)	40.88942	38.51709

### 2.6) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Parent and its subsidiaries, including all of their assets, liabilities, revenue, expenses and cash flows after making the necessary adjustments and eliminating all transactions conducted between the consolidating companies.

In accordance with IFRS 10, subsidiaries refer to all entities on which Celeo Redes Operación Chile S.A. has control. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. An investor has power over an investee when the investor has existing rights that give it the current ability to direct the relevant activities, i.e., the activities that significantly affect the investee's returns. In general, the Company's power over its subsidiary arises from holding the majority of the voting rights provided by the subsidiary's equity instruments.

The subsidiary's financial statements have been prepared at the same reporting date of the Parent Company and consistent accounting policies have been applied considering the specific nature of each line of business.

All intercompany transactions and balances have been eliminated on consolidation.

The consolidated financial statements include the amounts of the following subsidiaries:

Taxpayer ID	Company's name	Functional currency	12.31.2020			12.31.2019
			Direct %	Indirect %	Total %	Total %
76.100.121 – 3	Alto Jahuel Transmisora de Energía S.A.	U.S. dollar	99.99	-	99.99	99.99
76.260.825 – 1	Charrúa Transmisora de Energía S.A.	U.S. dollar	99.99	-	99.99	99.99

**2. SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**2.7) Property, plant and equipment**

Items of property, plant and equipment are measured at their costs net of accumulated depreciation and any impairment losses. In addition to the price paid for the acquisition of each item of property, plant and equipment, cost also includes, in each case, the following concepts:

**2.7.1** Capitalized costs: Any other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

**2.7.2** Capitalized finance costs: Finance costs accrued during the construction period that are directly attributable to the acquisition, construction or production of qualifying assets, which refer to those that require a substantial period of time before being ready for their intended use, are capitalized. The interest rate used is the rate of the specific financing or, if no such financing exists, the average financing rate of the Company making the investment.

**2.7.3** Assets under construction: Assets under construction are measured at historical cost. They will be transferred to plant and equipment after the end of the test period, from which date their depreciation commences.

Assets under construction include the following concepts accrued solely during the construction period:

- (a) Finance costs related to external financing that are directly attributable to constructions of a specific or generic nature.
- (b) Operating expenses that are directly attributable to construction.

**2.7.4** Depreciation: Items of property, plant and equipment, net of their residual value are depreciated by allocating, on a straight-line basis, the cost of the different items comprising it in the estimated useful life years that comprise the period in which the Company expects to use them. The useful lives of items of property, plant and equipment and residual values are reviewed on an annual basis.

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

The useful life periods used to determine the depreciation of the main classes of assets are as follows:

Class	Useful life (years)
Transmission lines	50
Substations	40
Machinery and equipment	7

## 2. SIGNIFICANT ACCOUNTING POLICIES, (continued)

### 2.8) Intangible assets other than goodwill

Intangible assets are composed of electric easements and IT applications. They are recognized in accounting at acquisition cost, net of their accumulated amortization, as applicable.

**2.8.1.** Electric easements: These do not have defined useful lives and; accordingly, are not subject to amortization. However, indefinite useful lives are subject to review each year in which information is presented to determine whether the consideration of the indefinite useful life continues to be applicable. These assets are subject to annual impairment testing.

**2.8.2.** IT software licenses: These are recognized based on total acquisition and implementation costs. These costs are amortized over their estimated useful lives, which, in average, are of 6 years.

### 2.9) Impairment of non-current assets

At each closing date, Management assesses the existence of indications of a possible impairment of non-current assets. Should such indications exist, the Company calculates the recoverable amount of the asset, which is the greater of its value in use and its fair value less costs to sell. Such value in use is determined through the discount of estimated future cash flows. Impairment exists if the recoverable amount of an asset is below its net carrying amount.

As of December 31, 2020, the Company has not identified impairment of non-current assets.

### 2.10) Income tax and deferred taxes

Income tax expense comprises current and deferred taxes. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

**2.10.1.** Income tax: The Company and its subsidiaries determine the taxable basis and calculate income tax in accordance with tax legislation effective in each period.

For 2019, the current income tax rate will be 27%.

**2.10.2.** Current tax: Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects the uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

## 2. SIGNIFICANT ACCOUNTING POLICIES, (continued)

### 2.10) Income tax and deferred taxes, (continued)

**2.10.3.** Deferred taxes: Deferred taxes are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred taxes are not recognized for:

Temporary differences resulting from the initial recognition of an asset or liability in a transaction which is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit or tax loss;

Temporary differences related to investments in subsidiaries, associates and joint arrangements or the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects the uncertainty related to income taxes, if any.

Deferred taxes are measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates applicable by default at the reporting date, which are as follows: 2014: 21%, 2015: 22.5%, 2016: 24%, 2017: 25.5% and 2018: 27%.

## 2. SIGNIFICANT ACCOUNTING POLICIES, (continued)

### 2.10) Income tax and deferred taxes, (continued)

#### **Effect of the adoption of IFRIC 23**

In June 2017, the IASB issued IFRIC 23: Uncertainty over Income Tax Treatments, which clarifies how to apply the recognition and measurement requirements in IAS 12 “Income Taxes” when there is uncertainty over income tax treatments. This Interpretation addresses the following issues: applying tax treatments independently or collectively; the assumptions for taxation authorities’ examinations; determination of taxable profit or loss, tax bases, unused tax losses, unused tax credits and tax rates; and effect of changes in facts and circumstances.

Uncertainties over income tax treatments may affect both current and deferred taxes. The threshold to reflect the effects of the uncertainty is if it is probable that the taxation authority will accept an uncertain tax treatment, assuming that the taxation authority will examine amounts it has a right to examine and have full knowledge of all related information.

This Interpretation provides guidance on an entity's accounting for current and deferred tax assets and liabilities when there is uncertainty over income tax treatments. The Interpretation requires that:

- The Group identifies whether to consider each uncertain tax treatment separately or together, based on which approach better predicts the resolution of the uncertainty;
- The Group determines whether it is probable that a taxation authority will accept an uncertain tax treatment; and
- If it is not probable that the uncertain tax treatment is accepted, the Group measures the uncertainty based on the most likely amount or the expected value, which better predicts the resolution of the uncertainty.

This measurement is based on the assumption that the taxation authorities will have access to all amounts and have full knowledge of all related information when making relevant examinations.

## 2. SIGNIFICANT ACCOUNTING POLICIES, (continued)

### 2.11) Financial assets and financial liabilities, current and non-current

**2.11.1.** Financial assets, current and non-current: If the fair value of financial assets recognized in the statement of financial position cannot be derived from active markets, it is determined using valuation techniques which include the discounted cash flow model.

Changes in the assumptions with respect to those factors might affect the regular value of financial instruments.

**2.11.2.** Other financial liabilities: Loans, promissory notes and bonds payable and other financial liabilities of a similar nature are initially recognized at their fair value net of the costs incurred in the original transaction. They are subsequently valued at their amortized cost and any difference between the proceeds obtained by the Company (net of the costs necessary to obtain them) and their reimbursement value is recognized in the Statement of Income during the term of the debt using the effective interest method.

**2.11.3.** Effective interest method: The effective interest method is a method for calculating the amortized cost of a financial liability and allocating interest expense throughout the relevant period. The effective interest rate relates to the rate that exactly discounts estimated cash flows payable during the expected term of the financial liability, or if appropriate during a lower period if the associated liability has a prepayment option that it is believed to be exercised.

### 2.12) Other short-term and long-term provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources is required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Such obligation can be legal or constructive derived among other factors from regulations, contracts, customary practices or public commitments generating with third parties a legitimate expectation that the Company will assume the amount of debts.

## 2. SIGNIFICANT ACCOUNTING POLICIES, (continued)

### 2.13) Financial instruments

**2.13.1.** Classification and measurement: The Company measures its financial assets at fair value plus transaction costs.

Financial debt securities are subsequently measured at fair value through profit or loss, or at amortized cost or at fair value through other comprehensive income. The classification is based on two criteria: the Group's business model to manage assets; and whether contractual cash flows of securities represent solely payment of principal and interests on the principal amount.

The new classification and measurement of the Company's financial debt assets is as follows:

- Debt securities at amortized cost for financial assets held within the Company's business model, intended to hold financial assets to collect contractual cash flows.

This category includes trade and other receivables, and loans included in Other financial assets, non-current.

- Debt securities classified in other comprehensive income, with gain or losses recycled to profit or loss at the time of realization. Financial assets included in this category are the Group's debt securities quoted and are held within the 'hold to collect and sell' business model both to collect the contractual cash flows and sell the item.

Other financial assets are classified and subsequently measured as follows:

- Equity securities classified in other comprehensive income, without recycling gains or losses to profit or loss at the time of realization. This category only includes the equity securities that the Company is intended to hold in the foreseeable future and has chosen to classify at initial recognition or transition.
- Financial assets at fair value through profit or loss include derivative instruments and equity instruments quoted that the Group has not irrevocably elected, at initial recognition or transition, to be classified in other comprehensive income. This category also includes debt securities the cash flow characteristics of which do not comply with the nominal criterion or which are not within the business model the objective of which is to collect contractual cash flows or accumulate contractual cash flows and sell.

Accounting for the Group's financial liabilities mostly remains unchanged with respect to IAS 39. Similarly to requirements of IAS 39, IFRS 9 requires that liabilities with contingent consideration are treated as financial instruments measured at fair value through profit or loss.

In conformity with IFRS 9, embedded derivatives are not separated from a main financial asset. However, financial assets are classified according to their contractual terms and the Group's business model.

**2.13.2.** Impairment: The new standard IFRS 9 requires expected credit losses from all their debt instruments, loans and trade receivables, whether on a 12-month or lifetime basis. The Company applied a simplified model for expected losses during the life of all trade receivables.



## 2. SIGNIFICANT ACCOUNTING POLICIES, (continued)

The Company has analyzed in accordance with the current legislation applicable to the domestic electric market, where the Coordinator defines, mandates the billing and the payment, corresponding to documents prepared during the electric process according to the current tenders. The Company also analyzes where the Coordinator establishes a limited term for its payments (less than 10 days), for which it has concluded that the probability of default in the electric market is minimum.

However, the Company has defined default matrix based on the Group's historical experience of expected credit losses, adjusted by specific prospective factors for debtors and the economic environment.

For other financial assets, the expected loss is based on the expected loss of 12 months. The expected credit loss of 12 months is the portion of lifetime expected credit loss resulting from default events in a financial instrument which are possible within the 12 months subsequent to the reporting date. However, when there is a significant increase in the credit risk from the inception, the allocation is based on the lifetime expected credit loss.

**2.13.3.** Hedge accounting: Derivatives are initially recognized at their fair value on the date the derivative agreement was entered into and are subsequently remeasured at fair value. The method used to recognize the resulting gain or loss depends on whether the derivative has been designated as a hedging instrument and, if so, the nature of the item being hedged.

The Company and its subsidiaries, designate derivatives depending on their nature within the following groups:

- Fair value hedges of assets or liabilities recognized or firm commitments (fair value hedge);
- Specific risk hedges associated with an asset or liability recognized or a highly probable foreseen transaction (cash flows hedges); or
- Net investment hedges in a foreign entity or which functional currency is different from the Parent's currency (net investment hedge).

### **2.14)** Classification of balances as current and non-current

In the accompanying consolidated statement of financial position, amounts are classified according to their maturities, i.e., balances maturing in twelve months or less as current and balances maturing in periods exceeding twelve months as non-current.

### **2.15)** Operating segment reporting

The Company has determined that it does not have any operating segments as that term is defined in IFRS 8, "Operating Segments." Substantially all of the Company's customers and the Company's non-current assets are located in Chile. Therefore, no further geographic revenue and non-current asset information has been presented in these consolidated financial statements.

## 2. SIGNIFICANT ACCOUNTING POLICIES, (continued)

### 2.16) Derivative financial instruments

The Company holds derivative financial instruments to hedge its foreign currency risk and interest rate exposure.

**2.16.1** Cash flow hedges: Changes in the fair value are recognized directly in equity in the caption "Hedging reserve" to the extent that such hedge is effective. Accumulated gains or losses in such caption are transferred to profit or loss in the same year in which the hedged item affects profit or loss. When a hedged item is a non-financial asset, the amount recognized in such caption is transferred as part of the carrying amount of the asset when it is recognized. To the extent that the hedge or a portion of such hedge is not effective changes in fair value are recognized with a debit or credit to comprehensive income. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively.

When a derivative financial instrument is not designated for a relationship that qualifies as a hedge, all changes in fair value are recognized immediately with a debit or credit to comprehensive income.

### 2.17) Revenue recognition

The legal framework that governs the Chilean power transmission is regulated by the DFL No. 4/2006, which sets the coordinated and systematized Revised Text of Statutory Decree No. 1 on Mining of 1982, General Law of Electric Services (DFL(M) No. 1/82) and its subsequent amendments that includes:

- Law 19.940, enacted on March 13, 2004,
- Law 20.018, enacted on May 19, 2005,
- Law 20.257 (Power Generation with Non-conventional Renewable Energy Sources), enacted in April 2008, and
- Law 20.936, enacted on July 20, 2016.

These laws are complemented by the General Law of Electricity Services of 1997 (Supreme Decree No. 327/97 of the Chilean Ministry of Mining) and its appropriate amendments, and by the Technical Security and Service Quality Standard (R.M.EXTA No. 40 as of May 16, 2005) and its subsequent amendments.

The Company and its subsidiaries' accrued revenue relates to the commercialization of electric transmission capacity from the Company's facilities. The Company mainly identifies a single type of existing contracts with customers, which is regulated. Revenue of this type of contract is subject to regulated fees in the respective Award Decrees issued by Chilean Ministry of Energy.

The main portion of revenue generated from the use of the Company's facilities, which is subject to a regulated fee, includes two components: I) the investment value annuity (AVI), plus II) COMA (Operation, Maintenance and Management Costs) which is the required cost to operate, maintain and manage the corresponding facilities.

Revenue subject to regulated fees is recognized and invoiced on a monthly basis using the values resulting from the application of the provisions in the Award Decrees and the effective legal framework related to fee indexation. The recognized accrued revenue for each month corresponds to the transmission service rendered but not billed during that month.

The Company has considered all current regulations for the market in which it operates, and has analyzed the particular circumstances based on current concessions and its methodology for contracts with customers.

## 2. SIGNIFICANT ACCOUNTING POLICIES, (continued)

As a result of this analysis, Management has determined that subsidiaries' contracts with customers for the Energy transmission service, should comply with the performance obligation of actual energy transmission performed in a determined period and reported by the CEN; therefore, revenue from the electric transmission of the Company's facilities is recognized based on the effective billing for the transmission period, as well as including an energy transmission estimate to be billed supplied until year-end.

### 2.18) Use of estimates

Below, we show the main future assumptions made and other underlying sources of uncertainties in estimates at the reporting date that could have a significant effect on future financial statements:

**2.18.1. Property, plant and equipment:** The accounting treatment of items of property, plant and equipment considers making estimates to determine the useful lives used and the calculation of their depreciation and residual values.

The determination of useful lives requires making estimates with respect to the expected evolution in technology and the alternative uses of assets. The assumptions with respect to the technological framework and its development in the future imply making a judgment.

Although these estimates have been made based on the best information available at the reporting date, it is possible that future events may require adjustments in following periods (increases or decreases), which would be applied prospectively, recognizing the effects of changes in estimates in future financial statements.

**2.18.2. Deferred taxes:** The Company assesses the recovery of the deferred tax assets based on estimates of attributable future tax results. Such recovery finally depends on the Company's ability to generate taxable income throughout the period where the deferred tax assets are deductible.

**2.18.3. Financial instruments:** The accounting treatment of changes in fair values of hedging instruments recorded by the Company.

### 2.19) Dividend policy

**2.19.1. Minimum dividend:** Celeo Redes Operación Chile S.A is a closely-held corporation and its dividend distribution policy was established by its by-laws on October 28, 2016 in accordance with Article No.78 of the Chilean Public Company Act establishes that, except otherwise unanimously agreed in at the related shareholders meeting, shareholders' corporations must annually distribute as cash dividend to their shareholders, at pro rata of their interests or in the proportional amount established by the Company's by-laws, in the event preference shares exist, at least 30% of net profit for each year, except if the Company has to absorb accumulated losses from prior years.

**2.19.2. Provisional or final dividends:** In accordance with the Company's by-laws, the dividend distribution policy establishes the following: "The Shareholders' meeting could only agree on the distribution of dividends if no accumulated losses have been recognized from previous fiscal years. Dividends distributed exceeding the minimum stated above, may be freely charged by shareholders to the previous fiscal year profit, or to social funds that are able to be distributed as dividends. Only shareholders registered in the shareholders' registry the fifth day prior to the date in which dividends are paid are entitled to receive such dividends."

## 2. SIGNIFICANT ACCOUNTING POLICIES, (continued)

### 2.20) Statement of cash flows

For the preparation of the statement of cash flows, the Company uses the following definitions:

- 2.20.1.** Cash and cash equivalents: Include cash on hand and bank current accounts, term deposits in credit institutions and other short-term low risk investments with original maturities of less than three months.
  
- 2.20.2.** Operating activities: are the principal revenue-producing activities usually conducted by the Company and other activities that are not investing or financing activities.
  
- 2.20.3.** Investing activities: Correspond to acquisition, disposal or sale activities by other means of non-current assets and other investments not included in cash and cash equivalents.
  
- 2.20.4.** Financing activities: Financing activities are activities that result in changes in the size and composition of the contributed equity and borrowings of the entity.

## 2. SIGNIFICANT ACCOUNTING POLICIES, (continued)

### 2.21) Disclosures on the adoption of new and revised IFRSs

The following standards, interpretations and amendments to standards which are mandatory for periods beginning on January 1, 2020.

#### Amendments to IFRS

Amendments to References to the Conceptual Framework for Financial Reporting.

Definition of a Business (Modifications to IFRS 3).

Definition of Material (Amendments to IAS 1 and IAS 8).

Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7).

Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)

The following accounting pronouncement is effective for periods beginning on June 1, 2020 with early adoption permitted:

COVID-19-Related Rent Concessions (Amendments to IFRS 16)

#### **Accounting pronouncements issued but not yet effective**

The following accounting pronouncements issued are effective for periods beginning on or after January 1, 2021, and have not been applied in the preparation of these consolidated financial statements. The Group intends to adopt the applicable accounting pronouncements on their respective application dates but not early.

<b>New IFRS</b>	<b>Mandatory for</b>
IFRS 17 <i>Insurance Contracts</i>	Annual periods beginning on or after January 1, 2023. This date includes the exemption of insurance companies from the application of IFRS 9, to allow them to implement IFRS 9 and IFRS 17 at the same time. Early adoption is permitted for entities that apply IFRS 9 and IFRS 15 on or before that date.
Amendments to IFRS	
Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)	Annual periods beginning on or after January 1, 2022, applicable to contracts existing at the application date. Early adoption is permitted
Annual improvements to IFRS Standards 2018-2020	Annual periods beginning on or after January 1, 2022. Early adoption is permitted
Property, Plant and Equipment – Proceeds before Intended Use (Amendments to IAS 16)	Annual periods beginning on or after January 1, 2022. Early adoption is permitted
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	Annual periods beginning on or after January 1, 2023. Early adoption is permitted.
Sales or Contributions of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Effective date deferred indefinitely.
References to the Conceptual Framework (Amendments to IFRS 3)	Annual periods beginning on or after January 1, 2022. Early adoption is permitted.
Interest Rate Benchmark Reform—Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	Annual periods beginning on or after January 1, 2021. Early adoption is permitted.

Accounting pronouncements issued but not yet effective are not expected to have a significant impact on the consolidated financial statements of the Group

## 2. SIGNIFICANT ACCOUNTING POLICIES, (continued)

### 2.21) Disclosures on the adoption of new and revised IFRSs, (continued)

#### **Effective accounting pronouncements**

##### Amendments to IFRS

#### **Amendments to references to the Conceptual Framework for Financial Reporting**

The International Accounting Standards Board (the Board) issued in March 2018 amendment to the Conceptual Framework for Financial Reporting (revised). The Conceptual Framework is mainly useful as a tool for the Board to develop standards and helps the IFRS Interpretations Committee in their interpretations. It does not eliminate the requirements in individual IFRS.

Main changes to the principles contained in the Conceptual Framework have implications on how and when assets and liabilities are recognized and derecognized in the financial statements.

Certain concepts in the Conceptual Framework amended are fully new, as the "practical ability" approach to liabilities. The main changes include:

- New 'bundles of rights' approach to assets: A physical object may be 'sliced and diced' from an accounting perspective. For example, in certain circumstances, an entity would recognize as an asset a right to use an aircraft, rather than an aircraft itself. The challenge will be determining to what extent an asset can be split into different rights and the impact on the recognition and derecognition.
- New "practical ability" approach to for recognizing liabilities: The old recognition thresholds are gone - a liability will be recognized if a company has no practical ability to avoid it. This may bring some liabilities on the balance sheet earlier than at present. However, if uncertainty exists as to the existence and measurement of a low probability of outflows of resources, then this may result in no or delayed recognition in some cases. The challenge will be determining which future actions/costs a company has no 'practical capacity' to avoid.
- New control-based approach to derecognition: An entity will take a balance off balance sheet when it loses control over all or a part of it - i.e., the focus is no longer on the transfer of risks and rewards. The challenge will be determining what to do if an entity retains certain rights after the transfer.

The Company has assessed the impact of this amendment and determined it has had no significant effects on its consolidated financial statements.

#### **Definition of Business (Modifications to IFRS 3)**

In October 2018, the International Accounting Standards Board issued narrow-scope amendments to IFRS 3 Business Combinations to enhance the definition of a business and help companies determine whether an acquisition made is of a business or a group of assets.

The amendments include an election to use a concentration test. This is a simplified assessment that results in an asset acquisition if substantially all of the fair value of the gross assets is concentrated in a single identifiable asset or a group of similar identifiable assets. If a preparer chooses not to apply the concentration test, or the test is failed, then the assessment focuses on the existence of a substantive process.

## 2. SIGNIFICANT ACCOUNTING POLICIES, (continued)

### 2.21) Disclosures on the adoption of new and revised IFRSs, (continued)

The amendments clarify the definition of a business, with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or as an acquisition of an asset. The amendments:

- Clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- Remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs;
- Add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- Narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs; and
- Add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

The Company has assessed the impact of this amendment and determined it has had no significant effects on its consolidated financial statements.

#### **Definition of Material (Amendments to IAS 1 and IAS 8)**

In October 2018, the International Accounting Standards (IASB), revised its definition of material. Now it is aligned through the International Financial Reporting Standards and the Conceptual Framework. The new definition establishes that "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The Board has promoted the incorporation of "obscuring information" in the definition, in addition to the existing references of "omitting" and "misstating." Additionally, the Board expanded the threshold of "could influence" to "could reasonably be expected to influence". The Board also eliminated the definition of omissions and misstatements under IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The Company has assessed the impact of this amendment and determined it has had no significant effects on its consolidated financial statements.

#### **Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)**

In September 2019, the International Accounting Standards Board issued amendments to IFRS 9, IAS 39 and IFRS 7 to address uncertainties related to the reforms in progress of the interbank offered rates (IBOR).

The amendments address aspects that affect the financial information in the period prior to the IBOR reform and are applicable to the hedging transactions directly affected by uncertainties related to the IBOR reform. As a part of the main amendments, the entities affected by the IBOR reform will consider the following:

## 2. SIGNIFICANT ACCOUNTING POLICIES, (continued)

### 2.21) Disclosures on the adoption of new and revised IFRSs, (continued)

- They will assume the interest rate benchmark on which the hedged cash flows are based is not modified as a result of the IBOR reform when assessing whether future cash flows are highly probable. In addition, for discontinued hedges, the same assumption is applied to determine whether the hedged cash flows are expected to occur.
- They will assess whether the economic relationship between the hedged item and hedging instrument exists based on the assumptions that the interest rate benchmark on which the hedged item and hedging instrument are based is not modified as a result of the IBOR reform.
- They will not interrupt a hedging transaction during the uncertainty period that arises from the IBOR reform solely because the actual hedging results are outside the range of 80-125 percent.
- They will apply the identifiable separately criterion only at the beginning of the hedging relationship. A similar exception is also provided for hedged components where the redesignation takes place frequently, i.e. macro-hedges.

The Company has assessed the impact of this amendment and determined it has had no significant effects on its consolidated financial statements.

#### **Term of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)**

In June 2020, the International Accounting Standards Board (IASB) extended the expiration date of the temporary exemption for the application of IFRS 9 Financial Instruments, to annual periods beginning on or after 1 January 2023.

The Company has assessed the impact of this amendment and determined it has had no significant effects on its consolidated financial statements.

#### **Accounting pronouncements effective as of June 1, 2020**

##### **COVID-19-Related Rent Concessions (Amendment to IFRS 16)**

In May 2020, the International Accounting Standards Board (the Board) issued the amendment to IFRS 16 *Leases* that allows lessees not to assess whether, which are a direct consequence of the effects of COVID-19 and meet a number of conditions, are lease modifications.

Amendments include an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19. A lessee that applies the practical expedient is not required to assess whether the rent concessions are lease modifications, and to account for them together with the other considerations established in the guidance. The resulting accounting will depend on the details of the rent concession. For example, if the concession is in the form of a one-time reduction in rent, then it will be accounted for as a variable lease payment and recognized in the statement of income.

The practical expedient can be adopted only for rent concessions if they are a direct consequence of COVID-19 and meet all of the following conditions:

- The revised consideration is substantially the same or less than the original consideration;
- any reduction in lease payments relates to payments originally due on or before June 30, 2021; and
- no other substantive changes have been made to the terms of the lease.

The Company has assessed the impact of this amendment and determined it has had no significant effects on its consolidated financial statements.



## 2. SIGNIFICANT ACCOUNTING POLICIES, (continued)

### 2.21) Disclosures on the adoption of new and revised IFRSs, (continued)

#### **Accounting pronouncements issued but not yet effective**

##### **New IFRS**

##### **IFRS 17 Insurance Contracts**

Issued on May 18, 2017, this Standard requires that insurance liabilities are measured at current compliance values and provides a more consistent approach for presenting and measuring all insurance contracts. Such requirements are designed to provide a consistent principle-based accounting treatment.

In March 2020, the International Accounting Standards Board (the Board) decided to defer the effective date of IFRS 17 to January 1, 2023. Early adoption is permitted if IFRS 9 and IFRS 15 have been adopted. The Board also decided to extend the temporary exemption to IFRS 9 granted to insurers who meet specified criteria, through January 1, 2023.

The Company has assessed the estimated impact of the application of this amendment, and has determined that it will have no significant effects on its consolidated financial statements.

##### **Amendments to IFRSs**

##### ***Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)***

In order to clarify the types of costs a company includes as fulfillment costs when assessing whether a contract is onerous, in May 2020, the International Accounting Standards Board (the Board) issued the amendment to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. As a result of this amendment, entities that currently apply the "incremental cost" approach will be required to recognize larger provisions and an increased number of onerous contracts.

The amendment clarifies that the cost of fulfilling a contract includes the following:

- the incremental costs, e.g.: direct labor and materials; and
- allocations of other direct costs, e.g.: the allocation of a depreciation expense of an item of property, plant and equipment used in fulfilling the contract.

At the date of initial application, the accumulated effect of performing this amendment to IAS 37 is recognized in the opening balances as an adjustment to retained earnings or any other item in equity, as appropriate.

Management has not determined the potential impact of the application of this amendment.

##### **Annual improvements to IFRS Standards 2018-2020**

As part of the process of making non-urgent but necessary changes to the IFRS standards, the International Accounting Standards Board (the Board) issued Annual improvements to IFRS Standards 2018-2020.

The amendments include:

- **IFRS 1 First-time Adoption of International Financial Reporting Standards**: This amendment simplifies the initial adoption of IFRS 1 for a subsidiary that becomes a first-time adopter of IFRS Standards later than its Parent – i.e. if a subsidiary adopts IFRS Standards later than its Parent and applies IFRS 1.D16(a), then a subsidiary may elect to measure cumulative translation effects for all foreign operations considering the amounts included in the Parent's consolidated financial statements, based on the Parent's date of transition to IFRS.

## 2. SIGNIFICANT ACCOUNTING POLICIES, (continued)

### 2.21) Disclosures on the adoption of new and revised IFRSs, (continued)

- IFRS 9 *Financial Instruments*. This amendment clarifies that – for the purpose of performing the ‘10 per cent test’ for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf.
- IFRS 16, *Leases*. The amendment removes the illustration of payments from the lessor relating to leasehold improvements. As currently drafted, this example is not clear as to why such payments are not a lease incentive. The amendments will help remove the potential for confusion in identifying lease incentives in a common real estate fact pattern.
- IAS 41 *Agriculture*. This amendment removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in IAS 41 with those in IFRS 13 *Fair Value Measurement*.

Management has not determined the potential impact of applying this amendment.

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

In order to provide guidance on the accounting for sales and costs that entities can generate in the process of making an item of Property, plant and equipment available for its intended use, the International Accounting Standards Board (the Board) issued in May 2020 the amendment to IAS 16.

Under the amendments, proceeds from the sale of the assets obtained in the process in which an item of property, plant and equipment is available for use should be recognized in profit or loss, together with the costs of producing those items. IAS 2 *Inventories* should be applied in identifying and measuring these items.

Companies will therefore need to distinguish between:

- costs associated with producing and selling items before the item of property, plant and equipment is available for use; and
- costs associated with making the item of property, plant and equipment available for its intended use.

Management has not determined the potential impact of the application of this amendment.

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

The International Accounting Standards Board amended IAS 1 *Presentation of Financial Statements* to foster consistent application and clarify the requirements to determine whether a liability is current or non-current. As a result of such amendment, entities are required to review their loan contracts to determine whether their classification will change.

The amendments include:

- Right to defer settlement must have substance: under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for, at least, twelve months after the end of the reporting period. As part of its amendments, the IASB has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period.

## 2. SIGNIFICANT ACCOUNTING POLICIES, (continued)

### 2.21) Disclosures on the adoption of new and revised IFRSs, (continued)

- Classification of revolving credit facilities may change: entities classify a liability as non-current if they have a right to defer its settlement for at least twelve months after the end of the reporting period. The IASB has now clarified that a right to defer exists only if the company complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date.
- Liabilities with equity-settlement features: the amendments state that settlement of a liability includes transferring an entity's own equity instruments to the counterparty. The amendments clarify how a company classifies a liability that includes a counterparty conversion option, which could be recognized as either equity or a liability separately from the liability component foreseen in IAS 32 *Financial Instruments: Presentation*.

The amendment is effective retrospectively for annual periods beginning on or after January 1, 2023. Early adoption is permitted. However, companies will consider including disclosures in conformity with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* in their next annual financial statements.

Management has not determined the potential impact of applying this amendment.

### **Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)**

On September 11, 2014, the IASB issued this amendment that requires that when transferring subsidiaries to an associate or joint venture, the total gain should be recognized when assets transferred meet the definition of a "business" in accordance with IFRS 3, *Business Combinations*. This amendment establishes strong pressure on the definition of a "business" for recognition in profit or loss. Also, it introduces new and unexpected recognition for transactions that consider partial maintenance in assets that are not businesses.

The effective application of this amendment has been deferred indefinitely.

Management has not determined the potential impact of applying this amendment.

### **References to the Conceptual Framework (Amendments to IFRS 3)**

In May 2020, the International Accounting Standards Board (the Board), issued References to the Conceptual Framework, Amendments to IFRS 3 Business Combinations. The amendment replaces the reference made to an older version of the Conceptual Framework for Financial Reporting with a reference to the last version issued in March 2018. In addition, the Board included an exception for the requirement that entities refer to the Conceptual Framework in determining what constitutes an asset or a liability. This exception indicates that, for certain types of contingent assets and liabilities, the entity applying IFRS 3 should refer to IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Management has not determined the potential impact of applying this amendment.

## 2. SIGNIFICANT ACCOUNTING POLICIES, (continued)

### 2.21) Disclosures on the adoption of new and revised IFRSs, (continued)

#### **Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) Phase 2**

In August 2020, the International Accounting Standards Board issued amendments which supplement the amendments issued in 2019 (Interest Rate Benchmark Reform – Phase 1) and focus on the effects such amendments may have on the financial reporting when a interest rate benchmark is replaced by other.

Amendments of this Phase 2 address matters that may affect the financial reporting during the reform of an interest rate benchmark, including effects on contractual changes in cash flows or hedging relationships, that may exist when replacing the interest rate benchmark with an equivalent rate. As part of the main amendments, the Board considered the following amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance Contracts and IFRS 16 Leases:

- changes in the basis to determine contractual cash flows related to financial assets, financial liabilities and lease liabilities;
- hedge accounting; and
- disclosures

Management has not determined the potential impact of the application of this amendment.

### 3. FINANCIAL RISK MANAGEMENT

#### 3.1) Currency and interest rate risk

Interest rate risk: The Company's assets, at consolidated level, are mainly composed of property, plant and equipment (lines and power transmission substations) and intangible assets (electric easements).

Obligations related to financing correspond mainly to long-term liabilities at fixed rate, reflected in the bond issuance that Celeo Redes Operación Chile S.A. performed during May 2017 for ThUS\$603,500 at 30 years. The detail by currency of such issuance is as follows: (i) Bond issuance denominated in US dollars for ThUS\$379,000 at a fixed annual rate of 5.2% (ii) bond issuance denominated in UF, performed in the local market, for UF 5,410,500 at a fixed annual rate of 3.35%. The aforementioned debt is recognized in the balance sheet at its amortized cost at the effective rate.

The interest rate risk management, which allow reducing the impact on profit or loss of such fluctuations, is performed by establishing the rate of bonds payable, which eliminates the volatility of financial expenses associated with the Company's long term debt.

Accordingly, we maintain a sufficient amount of our investments in U.S. dollar and Chilean peso in order to face all financial and operational obligations which payment is arranged in any currency in which we hold our debts (U.S. dollar and UF), our cash management procedure allows hedging exchange rate fluctuations, purchasing and selling currencies depending on our needs in each currency.

Currency risk: In general, the exposure to currency risk is due to the following:

- a) Performing several transactions in U.S. dollars for significant amounts (construction agreements, imports, funds in restricted accounts, etc.). In the business, the U.S. dollar is the operating currency.
- b) Holding a debt denominated in bonds in U.S. dollars and UF.
- c) Annual income is a fixed amount payable in twelve equal payments and denominated in U.S. dollars. This amount is collected in Chilean peso on a monthly basis.
- d) Receivables are denominated in Chilean pesos; however, they are recognized in the ledgers against the dollar value on a monthly basis.
- e) In order to actively manage and mitigate the implied exchange rate risk in cash conversion cycle, a procedure is performed by the treasury department to minimize the risk.

The aforementioned procedure comprises the following actions:

- a. Total monthly revenue is billed in Chilean peso to each client for its amount in U.S. dollars.
- b. The exchange rate from U.S. dollar to Chilean pesos used to bill "n" monthly income is the weighted average exchange rate in the "n-1" month.
- c. As of June 30, 2019, the weighted average term to collect 93.4% of monthly billed revenue is 15 days. Additionally, the underlying term of currency risk exposure is 20 days, which is applicable from the 1st day of "n" month, until the effective day of payment. This short and limited time ensures that most of the current revenue (Chilean pesos) is effectively collected during the "n" month, thus assisting in recognizing the exposure during the intra-month term.
- f) As the cash (Chilean pesos) is collected during the "n" month, it is gradually used to make payments and provisions in the normal course of business, in accordance with a strict priority order that includes prioritizing payments or provisions in U.S. dollars / UF, as defined in the bond issuance agreements denominated in U.S. dollars / UF.

### 3. FINANCIAL RISK MANAGEMENT, (continued)

#### 3.1) Currency and interest rate risk, (continued)

As a result of the treasury policy and activities of Celeo Redes Operación Chile S.A. and subsidiaries, the fluctuations in the value of the Chilean peso against the U.S. dollar would have no significant effect on the cost of the obligations denominated in U.S. dollar related to the debt servicing.

Other activities to mitigate this risk include:

- a) Designing debt structure and policies for financial risk containment: Prior to assuming debt a technical and economic analysis is performed to determine the optimal combination of currency, type, interest rate and term repayment formula, which together minimize such risks and generate a natural hedge.
- b) Monitoring risks and significant variables: Throughout the concession construction and operating period, the Company's policy is to regularly monitor the status of the critical financial variables.
- c) Adopting the U.S. dollar as the functional currency: Foreign currency translation differences tend to naturally mitigate if the functional currency is the most appropriate for the Company's financial and operating reality. Indeed, 100% of revenues are denominated in U.S. dollars and a significant portion of construction and operating costs are also denominated in U.S. dollars.

#### 3.2) Credit risk

A credit risk source exists associated with receivables from customers in the domestic transmission system. At consolidated level, operating income is from a customer portfolio that includes some of the most important domestic power generation companies. Accordingly, Alto Jahuel Transmisora de Energía S.A. and Charrúa Transmisora de Energía S.A. (as of June 2020, they are operating) have a solid customer basis.

The stock of receivables generated during the normal course of business is characterized by a short-term collecting process, while is duly regulated by Supreme Decree No. 23T issued by Chilean Ministry of Energy in 2015, which establishes defined terms for the billing and payment of such debts. The latter generates during a weighted average collection period of 15 days, 93% of total monthly income is collected. This explains the non-accumulation of unpaid receivables.

### 3. FINANCIAL RISK MANAGEMENT, (continued)

#### 3.2) Credit risk, (continued)

Notwithstanding the foregoing, the Group revenues are highly concentrated in the following main customers:

Main customers as of December 31, 2020	Billing in ThUS\$	Representation %
Enel Distribución Chile S.A.	7,277	14.79%
Colbún S.A.	6,614	13.45%
Compañía General de Electricidad S.A.	6,351	12.91%
Enel Generación Chile S.A.	5,221	10.61%
Aes Gener S.A.	4,373	8.89%
Other customers	19,350	39.35%
<b>Total billing for 2020</b>	<b>49,186</b>	<b>100.00%</b>
Concentration % for the 5 main customers	<b>60.65%</b>	

  

Main customers as of December 31, 2019	Billing in ThUS\$	Representation %
Enel Generación Chile S.A.	14,904	29.81%
Colbún S.A.	12,767	25.54%
Enel Distribución Chile S.A.	3,899	7.80%
Compañía General de Electricidad S.A.	3,532	7.06%
Aes Gener S.A.	1,900	3.80%
Other costumers	12,995	25.99%
<b>Total billing for 2019</b>	<b>49,997</b>	<b>100.00%</b>
Concentration % for the 5 main customers	<b>74.01%</b>	

These five customers, including their related companies, will substantially generate the largest part of revenue of Alto Jahuel and Charrúa. Therefore, a relevant change in their financial situation or operating income, may have a negative impact on the Company (note that these customers have a long history of credit solvency).

Another way to mitigate the credit risk relates to the fact that our revenue stream is guaranteed by law; therefore, if a counterparty is unable to pay, all other guarantors must cover the unpaid amount. This means the risk is enclosed in a robust regulatory framework.

Regarding our credit risk associated with financial assets (term deposits, fixed income investment funds and reverse repurchase agreements), the treasury policy establishes diversification and credit qualification guidance to distribute and minimize the counterparty risk. Additionally, note that permitted investments are duly defined in bond issuance agreements denominated in U.S. dollars and inflation-adjusted units.

### 3. FINANCIAL RISK MANAGEMENT, (continued)

#### 3.3) Liquidity risk

The Company's finance management policy is supported by the maintenance of appropriate debt levels against its level of operations, equity and assets, such management policy is expressed in the Company's ability to satisfy any cash requirement or the payment of any obligation at its maturity.

At the reporting date, the Company has complied with 100% of its obligations within the agreed terms. Liquidity risk has been mitigated by the issue of debt through long-term bonds (30 years).

The ability to generate cash for financing, through bond issuance and transactions in capital market, have allowed the increase of investments in PPE and industrial operations in the recent years. Currently, the Company has an adequate position to face future debt maturities, and planned and ongoing investments commitments.

As part of the liquidity risk mitigation strategy, the Company performs monthly cash deposits in accounts held in different banks, in order to comply with its financial obligations on a semiannual basis. As of December 31, 2019, this caption amounted to the two subsequent partial payments due, which are provisioned to ensure the payment of the corresponding installments at the closest payment date to the bondholders.

The success of these processes confirms the Company's ability to access several financing sources, both in the local and international markets.

The current COVID-19 pandemic has not affected the Company's liquidity and nor it has committed any future cash flows because of such contingency.

The following table summarizes the conditions and characteristics associated with our financial debt as of December 31, 2020 and the year ended December 31, 2019:

As of 12.31.2020	Celeo Redes Operación Chile S.A. ThUS\$		TOTAL ThUS\$
	Bond Issuance US\$	Bond Issuance UF	
Principal owed	352,270	207,558	559,828
Accrued interest paid	2,811	161	2,972
Nominal rate	5.20%	3.35%	
Commissions	0.47%		
Effect on the rate	-	-0.25%	
Actual rate	5.67%	3.10%	

As of 12.31.2019	Celeo Redes Operación Chile S.A. ThUS\$		TOTAL ThUS\$
	Bond Issuance US\$	Bond Issuance UF	
Principal owed	354,059	199,217	553,276
Accrued interest paid	2,813	1,697	4,510
Nominal rate	5.20%	3.35%	
Commissions	0.47%		
Effect on the rate	-	-0.25%	
Actual rate	5.67%	3.10%	



### 3. FINANCIAL RISK MANAGEMENT, (continued)

#### 3.4) Sensitivity analysis

A reasonable increase (decrease) in the value of U.S. dollar (US\$) compared to the value of Chilean peso (Ch\$), would have affected the measurement of assets and liabilities subject to foreign currency translation, affecting equity and profit or loss in the amounts shown below.

As of December 31, 2020 and 2019, assets and liabilities sensitive to changes in exchange rates are detailed as follows:

<u>Sensitive assets</u>	12.31.2020	12.31.2019
	ThUS\$	ThUS\$
Cash and cash equivalents	15,724	15,944
Trade and other receivables, current	9,266	8,215
<b>Total sensitive assets</b>	<b>24,990</b>	<b>24,159</b>
<u>Sensitive liabilities</u>		
Trade and other payables	7,076	3,049
Other financial liabilities, current	8,500	7,510
Other financial liabilities, non-current	199,219	193,404
<b>Total sensitive liabilities</b>	<b>214,795</b>	<b>203,963</b>

We have conducted a sensitivity analysis considering a 10% decrease in the value of the U.S. dollar compared to the amount in Chilean pesos.

<u>Sensitivity analysis as of 12.31.2020</u>	ThUS\$	Effect on profit or loss 2020	
		-10%	10%
<b>Exchange rate sensitivity</b>	<b>710.95</b>	<b>639.86</b>	<b>782.05</b>
<u>Sensitive assets</u>			
Cash and cash equivalents	15,724	1,747	(1,429)
Trade and other receivables, current	9,266	1,030	(842)
<b>Total sensitive assets</b>	<b>24,990</b>	<b>2,777</b>	<b>(2,271)</b>
<u>Sensitive liabilities</u>			
Trade and other payables	7,076	(786)	643
Other financial liabilities, current	8,500	(944)	773
Other financial liabilities, non-current	199,219	(22,135)	18,111
<b>Total sensitive liabilities</b>	<b>214,795</b>	<b>(23,865)</b>	<b>19,527</b>
<b>Effect on (loss) profit, net</b>		<b>(21,088)</b>	<b>17,256</b>

### 3. FINANCIAL RISK MANAGEMENT, (continued)

#### 3.4) Sensitivity analysis, (continued)

Sensitivity analysis as of 12.31.2019	ThUS\$	Effect on profit or loss 2019	
		-10%	10%
<b>Exchange rate sensitivity</b>	<b>748.74</b>	<b>673.87</b>	<b>823.61</b>
<u>Sensitive assets</u>			
Cash and cash equivalents	15,944	1,772	(1,449)
Trade and other receivables, current	8,215	913	(747)
<b>Total sensitive assets</b>	<b>24,159</b>	<b>2,685</b>	<b>(2,196)</b>
<u>Sensitive liabilities</u>			
Trade and other payables	3,049	(339)	277
Other financial liabilities, current	7,510	(834)	683
Other financial liabilities, non-current	193,404	(21,489)	17,582
<b>Total sensitive liabilities</b>	<b>203,963</b>	<b>(22,662)</b>	<b>18,542</b>
<b>Effect on (loss) profit, net</b>		<b>(19,977)</b>	<b>16,346</b>

#### 4. CASH AND CASH EQUIVALENTS

Balances of cash and cash equivalents presented in the consolidated statement of financial position are the same presented in the Consolidated statement of cash flows.

As of December 31, 2020 and 2019, this caption is composed of the following:

Cash and cash equivalents	12.31.2020	12.31.2019
	ThUS\$	ThUS\$
Cash in banks	23,557	14,459
Short-term fund deposits, classified as cash equivalents	11,937	13,648
<b>Total</b>	<b>35,494</b>	<b>28,107</b>

Detail of cash and cash equivalents by currency	Currency	12.31.2020	12.31.2019
		ThUS\$	ThUS\$
Amount of cash and cash equivalents	Ch\$	15,724	15,944
Amount of cash and cash equivalents	US\$	19,770	12,163
<b>Total</b>		<b>35,494</b>	<b>28,107</b>

Cash and cash equivalents have no restrictions for their use.

#### 4. CASH AND CASH EQUIVALENTS, (continued)

##### 4.1) Investments in mutual funds deposits as of December 31, 2020

As of December 31, 2020, the detail of investments in mutual fund deposits (debt securities and low risk) is as follows:

Entity	Instrument	Currency	Value of deposit ThUS\$	No. of deposits	12.31.2020 ThUS\$
J.P.Morgan	JPM US Dollar Liquidity LVNAV Premier	US\$	0.0010	11,937,183.48	11,937
<b>Total</b>					<b>11,937</b>

##### 4.2) Investments in mutual funds deposits as of December 31, 2019

As of December 31, 2019, the detail of investments in mutual fund deposits (debt securities) is as follows:

Entity	Instrument	Currency	Value of deposit ThUS\$	No. of deposits	12.31.2019 ThUS\$
J.P.Morgan	JPM US Dollar Liquidity LVNAV Premier	US\$	0.0010	13,452,183.48	13,452
Banco Chile	Money Market A		0.0897	1,270.86	114
Scotiabank	Monetario Nominal		0.0015	54,893.78	82
<b>Total</b>					<b>13,648</b>

#### 5. OTHER NON-FINANCIAL ASSETS

As of December 31, 2020 and 2019, this caption is composed of the following:

##### Other non-financial assets, current

	<u>12.31.2020</u>	<u>12.31.2019</u>
	ThUS\$	ThUS\$
Prepaid insurance policies	107	-
<b>Total</b>	<b>107</b>	<b>-</b>

##### Other non-financial assets, non-current

	<u>12.31.2020</u>	<u>12.31.2019</u>
	ThUS\$	ThUS\$
Prepaid electric easement compensation	2,041	1,921
<b>Total</b>	<b>2,041</b>	<b>1,921</b>

Relates to expenditure made to acquire Electric Easements, which through the present date have not been recorded.

## 6. TRADE AND OTHER RECEIVABLES

The balances of trade and other receivables relate to transactions within the Company's line of business.

### 6.1) Detail

As of December 31, 2020 and 2019, this caption comprises the following:

	12.31.2020			12.31.2019		
	Assets before impairment	Impairment of trade receivables	Trade receivable assets, net	Assets before impairment	Impairment of trade receivables	Trade receivable assets, net
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Trade receivables	9,056	-	9,056	8,213	-	8,213
Other receivables	5	-	5	138	-	138
Advance payment to suppliers, domestic	50	-	50	(82)	-	(82)
Recoverable value-added tax (1)	155	-	155	(54)	-	(54)
<b>Total trade receivables, current</b>	<b>9,266</b>	<b>-</b>	<b>9,266</b>	<b>8,215</b>	<b>-</b>	<b>8,215</b>
<b>Total trade receivables, non-current</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total trade receivables</b>	<b>9,266</b>	<b>-</b>	<b>9,266</b>	<b>8,215</b>	<b>-</b>	<b>8,215</b>

(1) Value-added Tax generated in the operations of subsidiaries Charrúa Transmisora de Energía S.A. and Alto Jahuel Transmisora de Energía S.A.

Trade receivables are classified as loans and receivables and, therefore, measured at amortized cost. Such portfolio is unsecured and the average credit period on sale for the Company and its subsidiaries is less than 30 days. There is no surcharge for interests on trade receivables for the first 30 days after the maturity date of each billing.

### 6.2) Portfolio composition

						12.31.2020
	Current	31-60 days	61-90-days	91-120 days	> 120 days	Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Non-renegotiated portfolio, gross	8,422	634	-	-	-	9,056
Impairment portfolio	-	-	-	-	-	-
<b>Total portfolio as of December 31, 2020</b>	<b>8,422</b>	<b>634</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,056</b>

  

						12.31.2019
	Current	31-60 days	61-90-days	91-120 days	> 120 days	Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Non-renegotiated portfolio, gross	8,213	-	-	-	-	8,213
Impairment portfolio	-	-	-	-	-	-
<b>Total portfolio as of December 31, 2019</b>	<b>8,213</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,213</b>

IFRS 9 requires that the Company records the expected credit losses of all its debt securities, loans and trade receivables, either on a 12 month-basis or lifetime basis.

The Company has conducted an analysis in accordance with the current applicable legislation for the domestic electric market, concluding that the historical probability of bad debt in the electric market is minimal, therefore, for the years ended December 31, 2020 and 2019, the allowance for doubtful accounts amounted to ThUS\$0.-

## 7. CURRENT TAX ASSETS AND LIABILITIES

As of December 31, 2020 and 2019, the detail of current tax assets and liabilities is as follows:

	12.31.2020	12.31.2019
	ThUS\$	ThUS\$
Current tax assets		
Monthly provisional income tax payment	565	-
<b>Total current tax assets</b>	<b>565</b>	<b>-</b>
Current tax liabilities		
Income taxes or taxes on the Company's profit	-	2,601
(-) Monthly provisional income tax payments	-	-
<b>Total current tax liabilities</b>	<b>-</b>	<b>2,601</b>

## 8. OTHER NON-CURRENT FINANCIAL ASSETS

As of December 31, 2020 and 2019, this caption is composed of the following:

	Non-current	
	12.31.2020	12.31.2019
	ThUS\$	ThUS\$
Other financial assets		
Performance bond (note 21.3)	-	384
<b>Total other financial assets</b>	<b>-</b>	<b>384</b>

## 9. FINANCIAL INSTRUMENTS

### 9.1) Classification of financial instruments by category

Notes 2.11 and 2.13, detail the significant accounting policies and methods implemented (including recognition criteria, basis of measurement and the basis used for recognizing revenue and expenses) for each type of financial asset, financial liability and equity instrument.

The following table details the accounting policies that have been applied to the categories:

As of December 31, 2020

Assets	Measured at	At fair value	Total
	amortized cost	through profit or loss	
	ThUS\$	ThUS\$	ThUS\$
Cash and cash equivalents	23,557	11,937	35,494
Trade and other receivables, current	9,266	-	9,266
Receivables due from related parties, current	3,397	-	3,397
Receivables due from related parties, non-current	98,327	-	98,327
<b>Total</b>	<b>134,547</b>	<b>11,937</b>	<b>146,484</b>

Liabilities	Measured at	At fair value	Total
	amortized cost	through profit or loss	
	ThUS\$	ThUS\$	ThUS\$
Other financial liabilities, current	13,745	-	13,745
Other financial liabilities, non-current	549,055	-	549,055
Trade and other payables	7,076	-	7,076
Payables due to related parties, current	442	-	442
<b>Total</b>	<b>570,318</b>	<b>-</b>	<b>570,318</b>

## 9. FINANCIAL INSTRUMENTS, (continued)

### 9.1) Classification of financial instruments by category, (continued)

As of December 31, 2019

Assets	Measured at amortized cost	At fair value through profit or loss	Total
	ThUS\$	ThUS\$	ThUS\$
Cash and cash equivalents	14,459	13,648	28,107
Trade and other receivables, current	8,215	-	8,215
Receivables due from related parties, current	3,398	-	3,398
Receivables due from related parties, non-current	107,832	-	107,832
<b>Total</b>	<b>133,904</b>	<b>13,648</b>	<b>147,552</b>

Liabilities	Measured at amortized cost	At fair value through profit or loss	Total
	ThUS\$	ThUS\$	ThUS\$
Other financial liabilities, current	12,112	-	12,112
Other financial liabilities, non-current	545,674	-	545,674
Trade and other payables	3,049	-	3,049
Payables due to related parties, current	222	-	222
<b>Total</b>	<b>561,057</b>	<b>-</b>	<b>561,057</b>

The Company has considered that the rates at which it holds its financial instruments have no significant difference with the conditions the Company may obtain as of December 31, 2020; accordingly, it has been established that the fair value of its financial instruments is equivalent to their recognized amount, i.e. their effective rate is equivalent to their nominal rate.

### 9.2) Fair value hierarchy.

Financial instruments that have been recorded at fair value as of December 31, 2020 and 2019, have been measured based on the methodologies contained in IFRS 9. Such methodologies applied for each class of financial instrument are classified based on its hierarchy as follows:

- Level I: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level II: Inputs other than quoted prices included in Level I that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level III: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As of December 31, 2020 and 2019, the Company holds assets related to current financial investments considered as "Cash and Cash Equivalents", which are measured at Fair Value, as Level II instruments.

## 10. INCOME TAX AND DEFERRED TAXES

### 10.1) Income tax benefit

Income tax expense	12.31.2020	12.31.2019
	ThUS\$	ThUS\$
Current tax expense	(3,973)	(3,154)
Adjustment to prior-period current tax	-	-
<b>Total current tax expense, net</b>	<b>(3,973)</b>	<b>(3,154)</b>
Tax benefit related to the generation and reversal of temporary differences	(98)	(3,732)
<b>Total deferred tax expense, net</b>	<b>(98)</b>	<b>(3,732)</b>
<b>Income tax expense</b>	<b>(4,071)</b>	<b>(6,886)</b>

### 10.2) Deferred tax assets and liabilities

Deferred tax assets recognized related to:	Opening balance as of 01.01.2019 ThUS\$	Recognized in profit or loss for the year ThUS\$	Other ThUS\$	Opening balance as of 01.01.2020 ThUS\$	Recognized in profit or loss for the year ThUS\$	Other ThUS\$	Closing balance as of 12.31.2020 ThUS\$
Tax losses	33,753	1,635	(135)	35,253	19,941	149	55,343
<b>Total deferred tax assets</b>	<b>33,753</b>	<b>1,635</b>	<b>(135)</b>	<b>35,253</b>	<b>19,941</b>	<b>149</b>	<b>55,343</b>

Deferred tax liabilities recognized related to:	Opening balance as of 01.01.2019 ThUS\$	Recognized in profit or loss for the year ThUS\$	Other ThUS\$	Opening balance as of 01.01.2020 ThUS\$	Recognized in profit or loss for the year ThUS\$	Other ThUS\$	Closing balance as of 12.31.2020 ThUS\$
Depreciation	39,970	5,367	-	45,337	20,039	-	65,376
Provisions (or accruals)	41	-	(41)	-	-	-	-
<b>Total deferred tax liabilities</b>	<b>40,011</b>	<b>5,367</b>	<b>(41)</b>	<b>45,337</b>	<b>20,039</b>	<b>-</b>	<b>65,376</b>
<b>Total deferred taxes, net</b>	<b>(6,258)</b>	<b>(3,732)</b>	<b>(94)</b>	<b>(10,084)</b>	<b>(98)</b>	<b>149</b>	<b>(10,033)</b>

### 10.3) Reconciliation of tax results

Reconciliation of income tax using the legal rate to the income tax expense using the effective rate	%	Balances as of 12.31.2020 ThUS\$	%	Balances as of 12.31.2019 ThUS\$
Profit before income tax		13,735		15,706
Tax expense using the legal rate	27.0%	(3,708)	27.0%	(4,241)
Plus (less):				
Effect of deferred taxes for the year	2.6%	(363)	16.8%	(2,645)
<b>Total adjustments to tax expense using the legal rate</b>	<b>2.6%</b>	<b>(363)</b>	<b>16.8%</b>	<b>(2,645)</b>
<b>Total expense using the effective rate</b>	<b>29.6%</b>	<b>(4,071)</b>	<b>43.8%</b>	<b>(6,886)</b>

### 10.4) Taxes recognized in hedge reserve in equity

During the year, the Parent Celeo Redes Operación Chile S.A. has recognized current taxes in hedge reserve in equity associated with the current hedge accounting (see Note 13.3) for ThUS\$3,973 for the year ended December 31, 2020.

## 11. INTANGIBLE ASSETS OTHER THAN GOODWILL

As of December 31, 2020 and 2019, this caption comprises the following:

<u>Classes of intangible assets, net</u>	<u>12.31.2020</u>	<u>12.31.2019</u>
	ThUS\$	ThUS\$
Electric easements	80,115	78,408
Licenses and software	7	23
<b>Total</b>	<b>80,122</b>	<b>78,431</b>

<u>Classes of intangible assets, gross</u>	<u>12.31.2020</u>	<u>12.31.2019</u>
	ThUS\$	ThUS\$
Electric easements	80,115	78,408
Licenses and software	110	110
<b>Total</b>	<b>80,225</b>	<b>78,518</b>

<u>Accumulated amortization and impairment, intangible assets</u>	<u>12.31.2020</u>	<u>12.31.2019</u>
	ThUS\$	ThUS\$
Licenses and software	(103)	(87)
<b>Total</b>	<b>(103)</b>	<b>(87)</b>

There are no intangible assets other than goodwill with restriction or which are used as debt guarantees.

As of December 31, 2020 and 2019, this caption comprises the following:

### Movements as of December 31, 2020

	<u>Electric easements</u>	<u>Licenses and software</u>	<u>Total</u>
	ThUS\$	ThUS\$	ThUS\$
<b>Opening balances, net as of 01.01.2020</b>	78,408	23	<b>78,431</b>
Additions	1,707	-	<b>1,707</b>
Amortization for the year (a)	-	(16)	<b>(16)</b>
Total movements	<b>1,707</b>	<b>(16)</b>	<b>1,691</b>
<b>Closing balance, net as of 12.31.2020</b>	<b>80,115</b>	<b>7</b>	<b>80,122</b>

### Movements as of December 31, 2019

	<u>Electric easements</u>	<u>Licenses and software</u>	<u>Total</u>
	ThUS\$	ThUS\$	ThUS\$
<b>Opening balances, net as of 01.01.2019</b>	78,408	41	<b>78,449</b>
Additions	-	1	<b>1</b>
Amortization for the year (a)	-	(19)	<b>(19)</b>
Total movements	-	<b>(18)</b>	<b>(18)</b>
<b>Closing balance, net as of 12.31.2019</b>	<b>78,408</b>	<b>23</b>	<b>78,431</b>

(a) The amortization of these assets is recognized in Administrative expenses, in the consolidated statement of comprehensive income.

Intangible assets relate to perpetual electric easements, which are recognized at historical cost net of impairment losses, and are not subject to amortization but to an annual impairment test. As of December 31, 2020, this assessment determined that there is no impairment in the aforementioned easements.



## 12. PROPERTY, PLANT AND EQUIPMENT

This caption comprises the following:

<b>Property, plant and equipment, net</b>	<b>12.31.2020</b>	<b>12.31.2019</b>
	<b>ThUS\$</b>	<b>ThUS\$</b>
Land	193	193
Machinery	363,901	370,422
Computer equipment	1	1
<b>Total</b>	<b>364,095</b>	<b>370,616</b>

  

<b>Property, plant and equipment, gross</b>	<b>12.31.2020</b>	<b>12.31.2019</b>
	<b>ThUS\$</b>	<b>ThUS\$</b>
Land	193	193
Machinery	392,141	392,141
Vehicles	33	33
Computer equipment	13	13
<b>Total</b>	<b>392,380</b>	<b>392,380</b>

  

<b>Accumulated depreciation and impairment of property, plant and equipment</b>	<b>12.31.2020</b>	<b>12.31.2019</b>
	<b>ThUS\$</b>	<b>ThUS\$</b>
Machinery	(28,240)	(21,719)
Vehicles	(33)	(33)
Computer equipment	(12)	(12)
<b>Total</b>	<b>(28,285)</b>	<b>(21,764)</b>

## 12. PROPERTY, PLANT AND EQUIPMENT, (continued)

### 12.1) Movements in property, plant and equipment

As of December 31, 2020 and 2019, this caption comprises the following:

#### Movements as of December 31, 2020

	Land	Assets under construction	Machinery	Computer equipment	Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
<b>Opening balance, net as of 01.01.2020</b>	<b>193</b>	-	<b>370,422</b>	<b>1</b>	<b>370,616</b>
Additions	-	-	-	-	-
Depreciation for the period	-	-	(6,521)	-	(6,521)
Other increases	-	-	-	-	-
<b>Total movements</b>	<b>-</b>	<b>-</b>	<b>(6,521)</b>	<b>-</b>	<b>(6,521)</b>
<b>Closing balance, net as of 12.31.2020</b>	<b>193</b>	<b>-</b>	<b>363,901</b>	<b>1</b>	<b>364,095</b>

#### Movements as of December 31, 2019

	Land	Assets under construction	Machinery	Computer equipment	Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
<b>Opening balance, net as of 01.01.2019</b>	<b>193</b>	<b>57,205</b>	<b>376,939</b>	<b>2</b>	<b>434,339</b>
Additions	-	31,860	-	-	31,860
Depreciation for the period	-	-	(6,517)	(1)	(6,518)
Reclassifications (1)	-	(89,065)	89,065	-	-
Other increases (decreases) (2)	-	-	(89,065)	-	(89,065)
<b>Total movements</b>	<b>-</b>	<b>(57,205)</b>	<b>(6,517)</b>	<b>(1)</b>	<b>(63,723)</b>
<b>Closing balance, net as of 12.31.2019</b>	<b>193</b>	<b>-</b>	<b>370,422</b>	<b>1</b>	<b>370,616</b>

As of December 31, 2020 and 2019, no assets under a finance lease are included in property, plant and equipment.

- (1) On January 15, 2019, the Company capitalized and completed Project in progress "New 2x220 Line between Nueva Diego de Almagro - Cumbres and installation of the 1x175 MVA 500/220 kV auto-transformer bank in Cumbres Substation", associated with the subsidiary Diego de Almagro Transmisora de Energía S.A., capitalizing at such date ThUS\$88,769 in Machinery and Equipment, divided into ThUS\$39,331 as Transmission Lines, and ThUS\$49,438 as Substations.
- (2) Relates to the reclassification of Property, Plant and Equipment to the subsidiary Diego de Almagro Transmisora de Energía S.A. due to a corporate restructuring process.

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

**12.2) Detail of depreciation for the year.**

Depreciation expense	12.31.2020 ThUS\$	12.31.2019 ThUS\$
Cost of sales	6,506	6,505
Administrative expense	15	13
<b>Total depreciation</b>	<b>6,521</b>	<b>6,518</b>

**12.3) Assets pledged as collateral**

As per public deed, entitled "Pledge with no recourse", signed in May 2017 between Banco de Chile (as security trustee) and Alto Jahuel Transmisora de Energía S.A., establishes the assets comprising the First Circuit Transmission Line that will be pledged as collateral for the repayment of Bonds payable.

As per public deed, entitled "Pledge with no recourse", signed in May 2017 between Banco de Chile (as security trustee) and Alto Jahuel Transmisora de Energía S.A., establishes the assets comprising the Second Circuit Transmission Line that will be pledged as collateral for the repayment of Bonds payable.

As per public deed, entitled "Pledge with no recourse", signed in May 2017 between Banco de Chile (as security trustee) and Charrúa Transmisora de Energía S.A., establishes the assets comprising the First Circuit Transmission Line that will be pledged as collateral for the repayment of Bonds payable.

Assets classified as Machinery relate to the assets secured by Alto Jahuel Transmisora de Energía S.A. and Charrúa Transmisora de Energía S.A. securing the debt associated with bonds of ThUS\$559,828.

### 13. OTHER FINANCIAL LIABILITIES, CURRENT AND NON-CURRENT

The detail and balance of other current and non-current financial liabilities is as follows:

Other financial liabilities	Currency	12.31.2020		12.31.2019	
		Current ThUS\$	Non-current ThUS\$	Current ThUS\$	Non-current ThUS\$
Promissory notes and bonds payable - (Bonds) (a)	UF	8,500	199,219	7,510	193,404
Promissory notes and bonds payable - (Bonds) (a)	USD	5,245	349,836	4,602	352,270
<b>Obligations with the public (Bonds)</b>		<b>13,745</b>	<b>549,055</b>	<b>12,112</b>	<b>545,674</b>
<b>Total other financial liabilities</b>		<b>13,745</b>	<b>549,055</b>	<b>12,112</b>	<b>545,674</b>

(a) Relates to other financial liabilities recorded in the Parent Company Celeo Redes Operación Chile S.A.

#### 13.1) Reconciliation of cash flows in financial liabilities

The detail of the reconciliation of cash flows from other financial liabilities, current and non-current, is as follows:

Instrument	Currency	Transaction	Balance as of 01.01.2020 ThUS\$	Cash flows from (used in) financing activities		Other movements not affecting cash flows ThUS\$	Total 12.31.2020 ThUS\$
				Payment of principal ThUS\$	Payment of interests ThUS\$		
CL bond	UF	Issuance of bond	200,914	(8,962)	(6,129)	21,896	207,719
US bond	US\$	Issuance of bond	356,872	(1,789)	(19,782)	19,780	355,081
Balance as of December 31, 2020			<b>557,786</b>	<b>(10,751)</b>	<b>(25,911)</b>	<b>41,676</b>	<b>562,800</b>

Instrument	Currency	Transaction	Balance as of 01.01.2019 ThUS\$	Cash flows from (used in) financing activities		Other movements not affecting cash flows ThUS\$	Total 12.31.2019 ThUS\$
				Payment of principal ThUS\$	Payment of interests ThUS\$		
CL bond	UF	Issuance of bond	216,831	(4,618)	(6,550)	(4,749)	200,914
US bond	US\$	Issuance of bond	357,157	(1,935)	(19,888)	21,538	356,872
Balance as of December 31, 2019			<b>573,988</b>	<b>(6,553)</b>	<b>(26,438)</b>	<b>16,789</b>	<b>557,786</b>

**13. OTHER FINANCIAL LIABILITIES, CURRENT AND NON-CURRENT, (continued)**

**13.2) Promissory notes and bonds payable - (bonds)**

As of December 31, 2020 and 2019, the detail of the Company's promissory notes and bonds payable is as follows:

**As of December 31, 2020**

Country of loan	Identification	Maturity	No. of register or identification of the instrument	Currency	Periodicity of amortization	Effective interest rate	Annual nominal rate	Maturity date							Outstanding principal owed ThUS\$
								Current			Non-current				
								0 - 6 months ThUS\$	6 to 12 months ThUS\$	Total ThUS\$	1 - 2 years ThUS\$	2 - 5 years ThUS\$	Over 5 years ThUS\$	Total ThUS\$	
Chile (1)	BCELE-A	06-22-2047	856	UF U.S.	Biannual	3.10%	3.35%	3,457	5,043	<b>8,500</b>	10,338	21,847	167,034	<b>199,219</b>	<b>207,558</b>
U.S. (2)	1st series	06-22-2047	1st issuance	dollar	Biannual	5.67%	5.20%	4,056	1,189	<b>5,245</b>	3,100	13,570	333,166	<b>349,836</b>	<b>352,270</b>
<b>Total</b>								<b>7,513</b>	<b>6,232</b>	<b>13,745</b>	<b>13,438</b>	<b>35,417</b>	<b>500,200</b>	<b>549,055</b>	<b>559,828</b>

**As of December 31, 2019**

Country of loan	Identification	Maturity	No. of register or identification of the instrument	Currency	Periodicity of amortization	Effective interest rate	Annual nominal rate	Maturity date							Outstanding principal owed ThUS\$
								Current			Non-current				
								0 - 6 months ThUS\$	6 to 12 months ThUS\$	Total ThUS\$	1 - 2 years ThUS\$	2 - 5 years ThUS\$	Over 5 years ThUS\$	Total ThUS\$	
Chile (1)	BCELE-A	06-22-2047	856	UF U.S.	Biannual	3.10%	3.35%	2,985	4,525	<b>7,510</b>	9,272	24,510	159,622	<b>193,404</b>	<b>199,217</b>
U.S. (2)	1st series	06-22-2047	1st issuance	dollar	Biannual	5.67%	5.20%	3,744	858	<b>4,602</b>	2,434	16,671	333,165	<b>352,270</b>	<b>354,059</b>
<b>Total</b>								<b>6,729</b>	<b>5,383</b>	<b>12,112</b>	<b>11,706</b>	<b>41,181</b>	<b>492,787</b>	<b>545,674</b>	<b>553,276</b>

- (1) On April 7, 2017, Celeo Redes Operación Chile S.A. agreed the terms and conditions for the issuance and placement of bonds in the domestic market for UF 5,410,500 equivalent to ThUS\$223,749, with an annual nominal interest rate of 3.35% and semiannual maturities for principal owed beginning on June 22, 2018. On May 5, 2017, the Company placed the bonds on the domestic market. Such issue corresponded to the par value generating a profit of ThUS\$9,439, recognized as part of the effective rate. The issuance and placement of bonds were performed under Law No. 18,045 on Securities Market and mainly General Standard No. 30 issued by the Chilean Financial Market Commission (CMF). Finance costs directly related to the bond issuance in UF amounted to ThUS\$2,847, which will be amortized using the effective rate method during the expected life of the financial liability. In accordance with the above-mentioned standards, the bonds were recorded with the Chilean CMF under No. 856.

**13. OTHER FINANCIAL LIABILITIES, CURRENT AND NON-CURRENT, (continued)**

**13.2) Promissory notes and bonds payable - (bonds), (continued)**

- (2) On May 4, 2017, Celeo Redes Operación Chile S.A. agreed the terms and conditions for the issuance and placement of bonds in international markets totaling ThUS\$379,000, with a nominal interest rate of 5.20% and semiannual maturities of principal owed beginning on December 22, 2017. The issuance and placement of the bonds was made pursuant to regulation 144A and Regulation S of the Securities Act of 1933 of the United States of America.

Financial expenses directly related to the issuance of the bond in U.S. Dollar amounted to ThUS\$15,189, which will be amortized through the effective rate method during the financial liability's expected life.

In accordance with the above-mentioned standards, the bonds were not recorded with the Securities and Exchange Commission of United States of America (SEC). Likewise, since no public offering of the bonds was made in Chile, they were not registered with the Financial Market Commission (CMF).

On May 11, 2017 the Company placed the bonds in the international markets.

The funds received from the issue of bonds were used to prepay the financial obligations recorded by its subsidiaries Alto Jahuel Transmisora de Energía S.A. and Charrúa Transmisora de Energía S.A. as of May 11, 2017 and, as well as supporting the expenses and costs related to such financial obligations, and for financing the investments required to complete the construction of project "New Line 2x500 Kv Charrua –Ancoa: first power line laying" of the subsidiary Charrua Transmisora de Energía S.A., and the investments required to partially finance the development and construction of the project of the subsidiary Diego de Almagro Transmisora de Energía S.A. The balance would be used for other corporate purposes, such as funding all the reserve accounts, and the reinvestment in future power transmission projects by the Company or its shareholders.

Ch\$	: Chilean pesos
UF	: Unidad de Fomento
US\$	: U.S. dollars
BBVA	: Banco Bilbao Vizcaya Argentaria, Chile
CA-CIB	: Crédit Agricole Corporate and Investment Bank
ICO	: Instituto de Crédito Oficial
Sabadell	: Banco de Sabadell S.A.- Miami Branch
Estado	: Banco del Estado

### 13. OTHER FINANCIAL LIABILITIES, CURRENT AND NON-CURRENT, (continued)

#### 13.3) Hedging liabilities

As of December 31, 2020, the Company holds an economic hedge designated as a cash flow hedge, which meets the hedge accounting criteria in accordance with the provisions of IAS 39 "Financial Instruments: Recognition and Measurement".

This hedge relates to the mitigation of the currency risk exposure in promissory notes and bonds payable for bond issue denominated in UF (financial liability).

As mitigation measure, the Company established that cash flows payable of principal payments for bonds denominated in UF, should be consistent with the foreseen cash flows receivable for power transmission and toll during the term of the concession of the projects Alto Jahuel Transmisora de Energía S.A. and Charrúa Transmisora de Energía S.A., in accordance with the VATT price determined in the initial awarding. This natural offsetting is due to the strategic planning to reduce the impacts on the Group's currency exchange exposure.

Consequently, the cash flows paid for amortizing the bond debt in UF that generate a UF/US dollar exchange fluctuation, is directly related to the committed cash flows receivable in the concessions for Power Transmission and Tolls, in its UF/US dollar relationship. This results in an effective hedge at the end of December 31, 2020 of the foreseen flows of trade and other receivables, according to the analysis performed by the Company.

Gains or losses resulting from the hedging are recognized in profit or loss based on the effectiveness of the hedge and according to the nature of the hedging relationship. A hedge is considered to be highly effective when changes in fair value or in cash flows of the underlying asset directly attributable to the hedged risk are offset by the changes in the fair value or cash flows of the hedged instrument with an effectiveness within a range between 80% and 125%. Company designates its economic hedging relationship as currency risk hedge (cash flow hedging instrument).

At the beginning of the hedge, the Company documented the relationship between the hedged item and the highly probable foreseen transaction, together with its risk management goals and mitigation strategy. In addition, at the beginning of the hedge and on a continuous basis, the Company documents whether the relationship is highly effective to offset changes in the fair values or cash flows of the hedged item.

The effective portion of the exchange rate fluctuation for the exposure in UF/US dollar of the hedging relationship, is denominated and classified as cash flow hedging instruments and is deferred in equity under "Cash flow hedge." The gain or loss related to the ineffective portion, if any, is recognized immediately in profit or loss under "Foreign currency translation differences" in the statement of profit or loss. The deferred amounts in equity are recognized as profit or loss during the year, when the hedged item is recognized in profit or loss, in the same item in the statement of income that the recognized hedged item.

The hedge accounting is discontinued when the Company cancels the hedging relationship, as due to force majeure, the Company is unable to comply with the energy transmission established in the bidding, when this is finalized, prepaid or charged by holders, or no longer qualified for hedge accounting. Any gain or loss deferred in equity is maintained in equity and recognized when the foreseen transaction is finally recognized in profit or loss. When is no longer expected that a foreseen transaction occurs, the accumulated gain or loss that was deferred in equity is immediately recognized in profit or loss.

### 13. OTHER FINANCIAL LIABILITIES, CURRENT AND NON-CURRENT, (continued)

#### 13.3 Hedging liabilities, (continued)

As of December 31, 2020, the Company has recognized in its Consolidated financial statements ThUS\$10,743 net of current taxes, as lower "Cash flows Hedge Reserve" in equity, with a credit to the item "Foreign Currency Exchange Differences" in the Consolidated Statements of Profit or Loss by Function.

As of June 30, 2017, the subsidiaries Alto Jahuel Transmisora de Energía S.A. and Charrúa Transmisora de Energía S.A., maintaining the risk management policy, had entered into derivative contracts that will hedge fluctuations in interest and exchange rates to which the financial debt is exposed. The Company has designated these derivatives as hedging instruments under the caption "other financial assets and other financial liabilities."

In order to directly mitigate the debt financial risk associated with the interest rate and exchange rate fluctuations of the debt, the Company has entered into a number of derivative instruments specifically designed to stop most of the possible negative effects generated from extraordinary fluctuations in interest rates and financing currencies. Accordingly, the current hedging strategy is intended to decrease and reduce the impact of such fluctuations on the total financial cost burden and foreign currency translation differences that are not naturally offset by the financial debt structure or the structure of income.

Because the objective of the hedge of Alto Jahuel Transmisora de Energía S.A. is being hedged against cash flow variability, attributable to the risk of fluctuations in different interest rates to which the debt structure is exposed (interest rates of LIBOR at 180, TAB at 180 and ICP), and to convert the debt assumed in nominal Chilean pesos to fixed rate UF, the Company establishes that the type of hedge is a cash flow hedge.

The purpose of the CCS type hedge is to protect the Company against the cash flow fluctuations, attributable to the risk of fluctuations in the ICP interest rate and in the UF - Chilean Peso exchange rate. This is because the debt structure obtained contains a Tranche in Chilean pesos and the target debt structure of such tranche is denominated in UF. This directly affects the valuation of the financial liabilities of Alto Jahuel Transmisora de Energía. Such fluctuations could affect profit or loss, generating significant variations in the Company's cash flows. Accordingly, the Company has established the use of cash flow hedges.

The purpose of the IRS type hedge is to establish a floating interest rate, in this case, Libor 180 and Tab 180 rates, which are both part of the risk to which the Syndicated Loan is exposed both in its Tranche denominated in UF and in its Tranche denominated in U.S. dollars, to hedge the Company against such fluctuations and avoiding the significant variances in rates that may have an impact on the Company's cash flows.

Because of the debt features, Charrúa Transmisora de Energía S.A. engages a hedging contract that involves fixing an interest rate of 70% from the debt through IRS type (Interest Rate Swap) derivative contracts. The conditions for such instrument are as follows:

The risk is mitigated through IRS derivative contracts through exchange of the LIBOR 30 rate for the loan withdrawal periods and LIBOR 180 rate for the repayment period, in exchange for the 2.606% fixed rate to protect itself and avoid significant variations in such rates that could impact the Company's cash flows.

The funds obtained from the issue of bonds were used to pay / prepay short and long term financial obligations of subsidiaries Alto Jahuel Transmisora de Energía S.A. and Charrúa Transmisora de Energía S.A., and also used to pay expenses and costs related to such financial obligations.

The subsidiaries Alto Jahuel Transmisora de Energía S.A. and Charrúa Transmisora de Energía S.A. recognized in profit or loss the breakage cost of derivatives related to the previous financing structure.



### 13. OTHER FINANCIAL LIABILITIES, CURRENT AND NON-CURRENT, (continued)

#### 13.4) Compliance with covenants

The main financial guarantees established in the currently effective bond contracts, issued during May 2017, for a period of 30 years (denominated in UF and US dollars) include the following financial requirements:

Debt Service Coverage Ratio (DSCR): shall mean, for each date of determination, the ratio of: (a) Free Cash Flow and (b) the sum of capital payments, interests, additional amounts (if any) and any other payable under the Financing Covenants (excluding any hedge agreement), for each case for the calculation period of the DSCR.

Free cash flow: Shall mean, in respect of any period calculation period of DSCR, the resulting surplus of: (a) Revenue of such period's projects, minus (b) the sum of all Operating Costs during the same period.

Project revenues: Shall mean, in respect of any period of calculation, the sum, computed without duplication, of all cash revenue received by the Issuer and its Restricted Subsidiaries during such period, including revenue received from:

- (a) Revenue received from the operation of the projects and any restricted subsidiary,
- (b) All revenue and dividends actually received by the Issuer from the subsidiary Diego de Almagro Transmisora de Energia S.A. and deposited in Project Accounts included as part of the Collateral,
- (c) Interest income and other income from Permitted Investments,
- (d) VAT Reimbursements,
- (e) Net amounts received under any hedging agreements,
- (f) Any delay in starting or business interruption insurance,
- (g) Any liquidated damages arising from delays and any other amounts relating to claims under Project Documents, and
- (h) Rental, use or other revenues received in connection with the Fiber Optic Cables (including all revenue received in respect of each Fiber Optic Contract); provided that the proceeds of (1) any sale of equity interests in the Issuer and (2) any Indebtedness for borrowed money will be excluded from the calculation of Project Revenues; and provided, further, that clauses (f), (g) and (h) of this definition shall not be included in Project Revenues in the calculation of any projected Debt Service Coverage Ratio. References to "Project Revenues" in the provisions to this definition shall be deemed to include references to Fixed Project Revenues and Resettable Project Revenues and references to "Debt Service Coverage Ratio" in the provisions to this definition shall be deemed to include references to Fixed Debt Service Coverage Ratio and Resettable Debt Service Coverage Ratio.

Operating costs: Shall mean, for any period, the sum, computed without duplication, of all costs and expenses paid or reimbursed by the Issuer and its Restricted Subsidiaries during such period (or, in the case of any future period, projected to be paid or payable during such period) in connection with the ownership, operation, maintenance and administration of the Projects, including, without limiting the generality of the foregoing:

- (a) Costs and fees of operating and administering the Projects and of maintaining it in good repair and operating condition;
- (b) Costs of insurance;
- (c) Taxes and royalties;
- (d) Costs of utilities, supplies and other services acquired or used in connection with the operation and maintenance of the Projects;
- (e) Costs and fees attendant to obtaining and maintaining in effect any Governmental Approvals relating to the Projects;
- (f) Costs attendant to obtaining and maintaining performance bonds; and

**13. OTHER FINANCIAL LIABILITIES, CURRENT AND NON-CURRENT, (continued)**

**13.4) Compliance with covenants, (continued)**

- (g) Legal, accounting and other professional fees attendant to any of the foregoing (including any fees, expenses and other amounts payable to the Indenture Trustee, Collateral Agents, Rating Agencies or any agent, consultant or advisor engaged in connection with any Secured Obligation Document); provided that, for the avoidance of doubt, no Debt Service or other amounts payable pursuant to any Financing Document or in connection with any Secured Obligations (except, in each case, to the extent they are paid to an Authorized Agent or any agent acting for any Senior Secured Party to pay for fees or charges or reimbursement for expenses or losses pursuant to a Financing Document or other written agreement), no Project Costs and no Restricted Payments (as defined in accordance with provisions as otherwise provided pursuant to Section 2.3) will constitute an Operating Cost.

The following table details the compliance with the DSCR for the calculation of the aforementioned covenant for the year ended December 31, 2020.

<b>(a) Free cash flow</b>	<b>ThUS\$</b>
Income from operations of projects and any restricted subsidiary	49,186
Interest income on allowed investments	2,990
<b>Project revenue [a1]</b>	<b>52,176</b>
Costs and fees of operating and administering the Project	(5,223)
Cost of insurance	(315)
Taxes and franchises	(2,601)
Costs attendant to professional services, legal and commissions associated with bond issuance	(37)
<b>Operating costs [a2]</b>	<b>(8,176)</b>
<b>Free cash flow [a1-a2]</b>	<b>44,000</b>
<b>(b) Debt expenses</b>	
Interests related to promissory notes and bonds payable for bond issue (*)	37,355
<b>Debt expense</b>	<b>37,355</b>

$$\text{DSCR} = \frac{\text{Free cash flow}}{\text{Debt expense}} = \frac{44,000}{37,355} = 1.18 \text{ X}$$

(\*) Relates to accrued interest and repayment of principal owed for the twelve-month period beginning immediately after July 1, 2019.

As of December 31, 2020, the Company complies with the DSCR, since it exceeds the factor required by the contract, which is higher than or equal to 1.15x for making restricted payments. However, because of the current value of 1.24x the Company could not assume additional debt as the amount is lower than 1.25x, all of this based on the criteria provided in the bond issuance contracts.

#### 14. TRADE AND OTHER PAYABLES

This caption comprises the following:

	<b>12.31.2020</b>	<b>12.31.2019</b>
	<b>ThUS\$</b>	<b>ThUS\$</b>
Domestic suppliers	4,548	2,922
Management of easements pending formalization	22	21
Value-added tax fiscal debit (1)	1,669	105
<b>Total trade payables</b>	<b>6,239</b>	<b>3,048</b>
Withholdings payable	837	1
Other payables	-	-
<b>Total</b>	<b>7,076</b>	<b>3,049</b>

(1) VAT fiscal credit corresponding to the subsidiary Alto Jahuel Transmisora de Energía S.A. and Charrúa Transmisora de Energía S.A.

As of December 31, 2020 and 2019, for payments to suppliers, the average payment period is 30 days and as such, fair value does not significantly differ from its carrying amount.

#### 14.1) Current suppliers

Type of supplier	Amounts per payment term						12.31.2020 ThUS\$	Average payment period (days)
	Up to 30 days	31-60	61-90	91-120	121-365	366 and thereafter		
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$		
Adjustment of annual transmission value by tranche (VATT)	4,548	-	-	-	-	-	4,548	30
Services	2,528	-	-	-	-	-	2,528	30
<b>Total</b>	<b>7,076</b>	-	-	-	-	-	<b>7,076</b>	

Type of supplier	Amounts per payment term						12.31.2019 ThUS\$	Average payment period (days)
	Up to 30 days	31-60	61-90	91-120	121-365	366 and thereafter		
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$		
Adjustment of annual transmission value by tranche (VATT)	2,922	-	-	-	-	-	2,922	30
Services	127	-	-	-	-	-	127	30
<b>Total</b>	<b>3,049</b>	-	-	-	-	-	<b>3,049</b>	

#### 14. TRADE AND OTHER PAYABLES, (continued)

##### 14.2) Past due amounts for trade payables

Type of supplier	Amounts per past due days						12.31.2020
	Up to 30 days	31-60	61-90	91-120	121-180	181 and thereafter	
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Services	-	5	-	-	-	-	5
<b>Total ThUS\$</b>	-	<b>5</b>	-	-	-	-	<b>5</b>

  

Type of supplier	Amounts per past due days						12.31.2019
	Up to 30 days	31-60	61-90	91-120	121-180	181 and thereafter	
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Services	-	3	-	-	-	-	3
<b>Total ThUS\$</b>	-	<b>3</b>	-	-	-	-	<b>3</b>

#### 15. RECEIVABLES DUE FROM AND PAYABLES DUE TO RELATED PARTIES, CURRENT AND NON-CURRENT

Operating transactions with related parties are generally charged/paid immediately or on a 30-day basis and are not subject to any special conditions. These transactions are in conformity with Title XVI of Law No.18.046 for Shareholders' Corporations.

Balances of trade receivables due from and payables due to related parties relate to the Company's line of business. As of December 31, 2020 and 2019, this caption comprises the following:

##### Receivables due from related parties

Company	Taxpayer ID	Relationship	Term	Country	Transaction	Total current		Total non-current	
						12.31.2020	12.31.2019	12.31.2020	12.31.2019
						ThUS\$	ThUS\$	ThUS\$	ThUS\$
Diego de Almagro Transmisora de Energia S.A.	76.536.654-2	Subsidiary	3 months	Chile	Loan (1)	34	164	-	-
Celeo Redes Chile Ltda.	76.613.942-6	Parent	6 months	Chile	Loan (1)	3,238	3,102	98,327	107,832
Celeo Redes Energia SPA	76.466.822-7	Common shareholder	6 months	Chile	Recovery of expenses	125	119	-	-
CRC Transmisión SpA	76.899.848-5	Common owner	6 months	Chile	Recovery of expenses	-	13	-	-
<b>Total</b>						<b>3,397</b>	<b>3,398</b>	<b>98,327</b>	<b>107,832</b>

##### Payables due to related parties

Company	Taxpayer ID	Relationship	Term	Country	Transaction	Total current		Total non-current	
						12.31.2020	12.31.2019	12.31.2020	12.31.2019
						ThUS\$	ThUS\$	ThUS\$	ThUS\$
Celeo Redes Chile Ltda.	76.613.942-6	Parent	6 months	Chile	Billing receivable	185	169	-	-
Elecnor Chile S.A.	96.791.730-3	Common shareholder	6 months	Chile	Construction contract	257	53	-	-
<b>Total</b>						<b>442</b>	<b>222</b>	<b>-</b>	<b>-</b>

- (1) Due to the nature of the transaction, the interest rate does not apply for current receivables due from and payables due to related parties. For non-current receivables, the interest rate is 4.16%, whereas for non-current payables, the interest rate is 6.5%, both with a term of 5 years.

Balances with the Group's associates in Spain are recognized in Euros, whereas balances with the Group's associates in Chile are recognized in United States dollars.

## 15. RECEIVABLES DUE FROM AND PAYABLES DUE TO RELATED PARTIES, (continued)

### 15.1) Transactions with related parties

Taxpayer ID	Company	Country	Relationship	Transaction	12-31-2020	Effect on profit or	12-31-2019	Effect on profit or
					ThUS\$	loss (debit) / credit 2020 ThUS\$	ThUS\$	loss (debit) / credit 2019 ThUS\$
76.613.942-6	Celeo Redes Chile Limitada	Chile	The Group's Parent in Chile	Dividend paid	-	-	(17,317)	-
76.613.942-6	Celeo Redes Chile Limitada	Chile	The Group's Parent in Chile	Interest on loan	4,454	4,454	5,943	5,943
76.613.942-6	Celeo Redes Chile Limitada	Chile	The Group's Parent in Chile	Administration service payable	(91)	(91)	(26)	(26)
96.791.730 - 3	Elecnor Chile S.A.	Chile	Parent's Subsidiary	Recovery of expenses	35	35	-	-
76.613.942-6	Celeo Redes Chile Limitada	Chile	The Group's Parent in Chile	Administration service payable	(912)	(912)	(1,002)	(1,002)
76.613.942-6	Celeo Redes Chile Limitada	Chile	The Group's Parent in Chile	Operating management contract	(1,127)	(1,127)	(1,239)	(1,239)
76.613.942-6	Celeo Redes Chile Limitada	Chile	The Group's Parent in Chile	Administrative management contract	(1,224)	(1,224)	(1,345)	(1,345)
76.613.942-6	Celeo Redes Chile Limitada	Chile	The Group's Parent in Chile	Operating management contract	(1,701)	(1,701)	(1,972)	(1,972)
76.613.942-6	Celeo Redes Chile Limitada	Chile	The Group's Parent in Chile	Loans from related parties	2,814	-	-	-
96.791.730-3	Elecnor Chile S.A.	Chile	Parent's Subsidiary	Construction contract	-	-	(19,745)	10
76.613.942-6	Celeo Redes Chile Limitada	Chile	The Group's Parent in Chile	Decrease in paid-in capital	(11,168)	-	(65,101)	-

There are no guarantees given or received for transactions with related parties.

There are neither doubtful accounts related to balances pending payment that require provision nor expenses recognized for such concept.

All transactions were performed under the market terms and conditions.

### 15.2) Payments to the Board of Directors

In accordance with the Company's by-laws, the members of the Board do not receive any remunerations, benefits or fees for the functions performed. The Company is managed by its Parent.

## 16. PAID-IN CAPITAL AND RESERVES

As of December 31, 2020 and 2019, the total share capital and paid-in capital is as follows:

### 16.1) Capital issued and paid

Paid-in capital	Share capital ThUS\$	Paid-in capital ThUS\$
Opening balance of equity as of 01.01.2019	77,269	77,269
Capital decrease (1)	(25,001)	(25,001)
Capital decrease (2)	(40,100)	(40,100)
<b>Total equity as of December 31, 2019</b>	<b>12,168</b>	<b>12,168</b>
Opening balance of equity as of 01.01.2020	12,168	12,168
Capital decrease (3)	(11,168)	(11,168)
<b>Total equity as of December 31, 2020</b>	<b>1,000</b>	<b>1,000</b>

- (1) At the Extraordinary Shareholders' Meeting held on June 10, 2019, the shareholders agreed to decrease share capital by ThUS\$25,001, without amending the current ownership or number of shares in which share capital is currently divided into. Such decrease was formalized through the transfer of all the shares owned by the Parent Celeo Redes Chile Ltda. to the subsidiary Diego de Almagro Transmisora de Energía S.A.; the shares were transferred on July 22, 2019.
- (2) On December 13, 2019, the Company reduced its capital by ThUS\$40,100 in order to pay the debt payable to its Parent Celeo Redes Chile Ltda.
- (3) On October 29, 2020, at the Extraordinary Shareholders' Meeting a share capital decrease amounting ThUS\$11,168 was agreed, without modifying the current ownership interest or the number of shares into which the share capital is divided. This decrease was made by paying the intercompany debt to the Parent.

### 16.2) Distribution of ownership interest

As of December 31, 2020 and 2019, the distribution of ownership interest is as follows:

Partners	No. of Shares 12.31.2020	No. of Shares 12.31.2019	Ownership interest	
			12.31.2020 %	12.31.2019 %
Celeo Redes SL	1	1	0.01	0.01
Celeo Redes Chile Ltda.	999.999.998	999.999.998	99.99	99.99
<b>Total ownership interest</b>	<b>999.999.999</b>	<b>999.999.999</b>	<b>100.00</b>	<b>100.00</b>

As of December 31, 2020, the Company's capital amounts to US\$1,000,000 divided into 999,999,999 nominative, ordinary, same-series shares with no par value of the same amount.

### 16.3) Other reserves

Other reserves comprise the following:

	12.31.2020 ThUS\$	12.31.2019 ThUS\$
Accumulated hedging effects and other reserves		
Opening balance	9,184	(1,047)
Hedging effects for the year (1)	(10,743)	9,956
Other reserves	-	275
<b>Total other reserves</b>	<b>(1,559)</b>	<b>9,184</b>

- (1) Corresponds to its classification as cash flow hedges for the debt denominated in UF (see note 13.2).

**16. PAID-IN CAPITAL AND RESERVES, (continued)**

**16.4) Profit distribution**

The dividend policy currently established is, if profits are obtained and is previously approved at the Shareholders' Meeting, to annually distribute to the shareholders an amount not lower than 30% of net profit available for distribution at each year end.

As established by the Chilean Financial Market Commission in its Circular No.1945 dated September 29, 2009, the Company's Board of Directors decided, in order to calculate its net profit available for distribution referred to in Article 78 of Law 18.046, to establish as adjustment policy, excluding the profit or loss for the year (item Profit (loss) attributable to owners of the Parent) the concepts mentioned in the paragraphs below.

- a) Unrealized gains or losses due to the application of paragraphs 34, 42, 39 and 58 of IFRS 3 (Revised), referred to the Business Combinations, are reimbursed to net profit when realized, i.e., when the shareholder rights or interest that generate it are disposed of the Company.
- b) The effects of deferred taxes associated with the above-mentioned concept will be the same as the item originating them.
- c) Gain or loss resulting from depreciation/amortization for the year.

As mentioned in the preceding paragraphs, the net distributable profit is determined annually, and shareholders verify the calculation method in each ordinary shareholders' meeting held for this purpose.

As of December 31, 2020 and 2019, the net distributable profit is as follows:

	<u>12.31.2020</u>	<u>12.31.2019</u>
	ThUS\$	ThUS\$
<b>Profit (loss) attributable to owners of the Parent</b>	<b>9,663</b>	<b>8,819</b>
<u>Adjustments per policy:</u>		
Depreciation and amortization for the year	6,536	6,537
<b>Net distributable profit for the year</b>	<b>16,199</b>	<b>15,356</b>

For the year ended December 31, 2019, at the Ordinary Shareholders' Meeting held on April 30, 2020, the shareholders unanimously agreed not to distribute dividends for the profit for distribution determined for the year.

For the year ended as of December 31, 2020, the Board of Directors has not proposed distributing the net profit for the year, waiting for the shareholders' meeting resolution.

**16.5) Capital management**

The Company manages its capital to ensure the project is performed and to continue as a going concern by mitigating exchange risks and maximizing the partners' return through an appropriate balance between debt and capital.

As of December 31, 2020 and 2019, equity comprises issued, subscribed and paid-in capital.

## 17. NON-CONTROLLING INTERESTS

As of December 31, 2020 and 2019, the detail of the effects resulting from third-party interest in equity and profit or loss, is as follows:

		12.31.2020				
Company	Minority shareholder	Equity of the subsidiary ThUS\$	Profit or loss of the subsidiary ThUS\$	Minority interest %	Non-controlling interest ThUS\$	Share of profit (loss) ThUS\$
Charrúa Transmisora de Energía S.A.	Elecnor S.A.	27,111	2,678	0.01%	3	-
Alto Jahuel Transmisora de Energía S.A.	Elecnor S.A.	70,152	7,389	0.01%	8	1
<b>Total</b>		<b>97,263</b>	<b>10,067</b>		<b>11</b>	<b>1</b>

		12.31.2019				
Company	Minority shareholder	Equity of the subsidiary ThUS\$	Profit or loss of the subsidiary ThUS\$	Minority interest %	Non-controlling interest ThUS\$	Share of profit (loss) ThUS\$
Charrúa Transmisora de Energía S.A.	Elecnor S.A.	27,545	2,995	0.01%	3	-
Alto Jahuel Transmisora de Energía S.A.	Elecnor S.A.	74,132	7,255	0.01%	7	1
<b>Total</b>		<b>101,677</b>	<b>10,250</b>		<b>10</b>	<b>1</b>

## 18. REVENUE

As of December 31, 2020 and 2019, this caption comprises the following:

	12.31.2020 ThUS\$	12.31.2019 ThUS\$
Toll and transmission revenue	49,186	49,997
Operating service and management	-	-
<b>Total</b>	<b>49,186</b>	<b>49,997</b>

Revenue recognized is mainly composed of power transmission services generated by the subsidiary Alto Jahuel Transmisora de Energía S.A., Charrúa Transmisora de Energía S.A. Both companies are currently fully operating and there is no consideration pending delivery.

Type of revenue	12.31.2020 ThUS\$	12.31.2019 ThUS\$
Regulated customers	49,186	49,997
Domestic revenue	49,186	49,997
Transferred goods at a point in time	-	-
Transmission services provided over time	49,186	49,997



## 19. COST OF SALES

As of December 31, 2020 and 2019, this caption comprises the following:

	<u>12.31.2020</u>	<u>12.31.2019</u>
	ThUS\$	ThUS\$
Third party maintenance and operating costs	(52)	(110)
Depreciation for the year transmission line 2nd C	(3,665)	(3,665)
Depreciation for the year transmission substation cost 2nd C	(2,841)	(2,840)
Operating and maintenance costs from related companies	(2,937)	(3,211)
<b>Total</b>	<b>(9,495)</b>	<b>(9,826)</b>

## 20. DETAIL OF SIGNIFICANT RESULTS

As of December 31, 2020 and 2019, this caption comprises the following:

### 20.1) Administrative expenses

Administrative expenses are detailed as follows:

	<u>12.31.2020</u>	<u>12.31.2019</u>
	ThUS\$	ThUS\$
Advisory expenses and fees	(84)	-
Depreciation and amortization	(30)	(32)
Services and rental expenses	(172)	(471)
Related party services expenses	(2,124)	(2,347)
Other administrative expenses	(268)	(17)
<b>Total</b>	<b>(2,678)</b>	<b>(2,867)</b>

### 20.2) Other expenses

Other expenses are detailed as follows:

	<u>12.31.2020</u>	<u>12.31.2019</u>
	ThUS\$	ThUS\$
New projects development	(1)	(2)
Other expenses by function	170	(196)
<b>Total</b>	<b>169</b>	<b>(198)</b>

**20. DETAIL OF SIGNIFICANT RESULTS, (continued)**

**20.3) Finance income and finance costs**

As of December 31, 2020 and 2019, this caption is detailed as follows:

<b>Finance income</b>	<b>12.31.2020</b>	<b>12.31.2019</b>
	<b>ThUS\$</b>	<b>ThUS\$</b>
Interests on related parties loans	4,479	5,943
Interests on financial investments	138	556
<b>Total</b>	<b>4,617</b>	<b>6,499</b>

<b>Finance costs recognized in profit or loss</b>	<b>12.31.2020</b>	<b>12.31.2019</b>
	<b>ThUS\$</b>	<b>ThUS\$</b>
Interest on bank loans	(632)	(7)
Interests from promissory notes and bonds payable for bond issue	(25,694)	(26,523)
Bank expenses and commissions	(1,194)	(853)
<b>Total</b>	<b>(27,520)</b>	<b>(27,383)</b>

**20.4) Foreign currency translation differences**

As of December 31, 2020 and 2019, the caption comprises the following:

<b>Foreign currency translation difference</b>	<b>12.31.2020</b>	<b>12.31.2019</b>
	<b>ThUS\$</b>	<b>ThUS\$</b>
Cash and cash equivalent	400	(400)
Trade and other receivables	323	(874)
Receivables due from related parties, current	(86)	(229)
Current tax assets	100	(73)
Other financial assets, non-current	(384)	393
Other non-financial assets, non-current	(129)	437
Other financial liabilities, current	(605)	636
Trade and other payables	(351)	(244)
Payables due to related parties, current	(78)	(164)
Other financial liabilities, non-current	274	-
<b>Total</b>	<b>(536)</b>	<b>(518)</b>

**20. DETAIL OF SIGNIFICANT RESULTS, (continued)**

**20.5) Gain (loss) on income-adjusted units**

As of December 31, 2020 and 2019, this caption comprises the following:

<b>Detail</b>	<b><u>12.31.2020</u></b> <b>ThUS\$</b>	<b><u>12.31.2019</u></b> <b>ThUS\$</b>
Cash and cash equivalents	2	8
Trade and other receivables	-	1
Other financial assets, non-current	(10)	(6)
Other financial liabilities, current	-	(1)
<b>Total</b>	<b><u>(8)</u></b>	<b><u>2</u></b>

**21. COMMITMENTS AND CONTINGENCIES**

**21.1) Commitments**

The Company and its subsidiaries have not entered into other engagements during the year ended December 31, 2020.

**21.2) Lawsuits and Contingencies**

As of December 31, 2020, Celeo Redes Operación Chile S.A. records no lawsuits or contingencies.

As of December 31, 2020, there are lawsuits filed against Alto Jahuel Transmisora de Energía S.A. (AJTE) and Charrúa Transmisora de Energía S.A. (CHTE) for Easements. Based on the reports of its legal advisors, Management considers these contingencies do not have a significant impact and, therefore, they have not been accrued in these financial statements.

The lawsuits are as follows:

21. COMMITMENTS AND CONTINGENCIES, (continued)

21.2) Lawsuits and contingencies, (continued)

I. AJTE Lawsuits:

Plaintiff	Matter	Response AJTE	Initial appraisal amount	Probability	Damage amount
1) Eneros Mondaca et al. vs. AJTE	Claim related to easement appraisal	Request by AJTE of maintaining / reducing the amount appraised by the Appraisal Commission	Ch\$ 87,488,338	Possible	Not yet determined
2) Sara Pérez Gonzales et al. vs. AJTE	Claim related to easement appraisal	N/A	Ch\$ 116,740,690	Possible	Not yet determined
3) Inversiones Santa Sofía vs. Ajte	Easement contract termination	Requests the rejection of the claim on the grounds there are no arguments for such complaint	N/A	Possible	Not yet determined
4) Eusebio Ruiz	Recovery	Requests the rejection of the claim on the grounds there are no arguments for such complaint	N/A	Possible	Not yet determined

1) Eneros Mondaca/AJTE

Relates to the filing of a short trial of compliant of electric easements appraisal against the appraisal commissions which set the value to be compensated by AJTE related to the levy to be charged on the plaintiff's land, for the construction of the "Ancoa Alto Jahuel Line 2 x 500 kV: First Circuit."

The lawsuit was filed on June 10, 2014, and through the present date the final first instance judgment has been issued partially accepting the lawsuit, against which AJTE has filed an appeal that was partially accepted by the Court of Appeals, significantly reducing the amount payable by AJTE. The case is currently being reviewed at the Supreme Court, where an appeal in cassation in the form and substance filed by AJTE is pending. Such appeal was filed to revoke the judgment issued by the Court of Appeals, only with respect to the judgment ordering AJTE to pay Ch\$80 million (equivalent to approximately THUS\$100).

2) Pérez González et al. /AJTE

Relates to the filing of a short trial of compliant of electric easements appraisal against the appraisal commissions which set the value to be compensated by AJTE related to the levy to be charged on the plaintiff's land, for the construction of the "Ancoa Alto Jahuel Line 2 x 500 kV: First Circuit." On December 10, 2019, the judgment was issued partially accepting the lawsuit, the judgment was noticed to AJTE at the end of March. An appeal was filed by AJTE against the judgment, which is pending resolution by the Court of Appeals.

3) Inversiones Santa Sofía/AJTE- Easement Contract termination

Relates to the filing of an ordinary course action to terminate an electric easement contract, entered into in relation to the construction of "Ancoa Alto Jahuel 2 x 500 kV: First Circuit", based on the alleged non-compliance by AJTE for not painting of green certain structures in the land, which for the Company is not an essential obligation of the contract; therefore, it should be dismissed by the court.

**21. COMMITMENTS AND CONTINGENCIES, (continued)**

**21.2) Lawsuits and contingencies, (continued)**

The demand was presented on April 2, 2015, and on December 28, 2018, the judge completely rejected the demand, which is being appealed by the plaintiffs.

4) Eusebio Ruiz con AJTE- Recovery

Related to the filing of an ordinary course action to recover the plaintiff's land, which is levied with electric easements to allow the construction of the "Ancoa Alto Jahuel 2 x 500 Line: First Circuit." It is based on the premise that AJTE would allegedly have no rights to exercise easement in the land, and therefore requests that AJTE restores the Land portion the line is currently crossing.

The demand was filed on October 18, 2017, and is currently in the evidentiary stage.

Through the present date, there is no other background information or events related to claims and assessments both confirmed and unconfirmed that may represent any relevant contingency or may have any unfavorable outcome.

II. CHATE Lawsuits:

<b>Plaintiff</b>	<b>Matter</b>	<b>Status</b>	<b>Response CHATE</b>	<b>Amount Initial Appraisal Amount</b>	<b>Probability</b>	<b>Damage amount</b>
1) Becker Hermanos Ltda/CHATE	Complaint of Indemnity amount	Not noticed	N/A	Ch\$ \$235,218,800	Possible	Not yet determined
2) Rubilar vs. CHATE et al	Annulment of easement contract and action for recovery	Claim Notice to the other defendants is pending	Requests that the claim be rejected due to lack of legal grounds	N/A	Possible	Not yet determined
3) Soto vs. AJTE	Action to recover possession	Not noticed	N/A	N/A	Possible	Not yet determined

1) Becker Hermanos Ltda/CHATE

Relates to the filing of a short trial of complaint for electric easement appraisals against appraisal commissions which set the value to be compensated by CHATE related to the levy to be charged on the plaintiff's land, for the construction of the "Ancoa Alto Jahuel New Line 2 x 500 kV: First Circuit Cabling."

The claim was filed on May 26, 2017, it has not been yet notified to Charrúa Transmisora de Energía S.A., and on May 2, 2018, the Court ruled the closing of the case.

## 21. COMMITMENTS AND CONTINGENCIES, (continued)

### 21.2) Lawsuits and contingencies, (continued)

#### 2) Rubilar vs. CHATE et al

Relates to an action filed for the nullity of an easement contract, the non-opposability in subsidy, and claim against CHATE et al, based on the fact that the easement contract entered into by CHATE was signed without attendance of the plaintiff, despite the fact that the plaintiff was acting as the beneficial owner of the land.

The claim was filed on July 19, 2019 and CHATE has already been notified; however, notification to the other defendants is pending.

#### 3) Soto vs. CHATE

Filing of an action to recover possession based on the alleged abusive actions by CHATE as a result of the execution of the works by Elecnor, which under its orders, allegedly deprived the plaintiff of the possession of the property. Accordingly, the plaintiff requests to recover possession of the portion of the property of which the plaintiff was allegedly deprived.

The claim was filed on December 4, 2019 and CHATE has not been notified.

### 21.3) Other matters

On May 20, 2020, the 2019 Toll Settlement Report ("IRA") issued by the National Electric Coordinator was published ordering the Company to pay to the generating companies under the Transmission Equivalent Charge mechanism established in the transitory article 25 of the New Transmission Law (Law No. 20.936), an adjustment of approximately US\$20 million. Management objected such adjustment alleging errors in the basis used for the calculation and the breach of the right of the transmission companies to fully receive the Transmission Annual Amount by Tranche applicable to each subsidiary, which resulted in the presentation of a discrepancy with the Panel of Experts of the domestic electric market.

Subsequent to a detailed analysis, the Panel of Experts by means of its Opinion No. 4 of 2020, issued in August of this year, ordered the National Electric Coordinator to prepare a new report on the adjustment of tolls for 2019, partially accepting that proposed by the Company, and providing instructions for the new IRA 2019 report to establish the payment by the dissenting transmission companies to the generating companies, only of the amounts which the latter have actually discounted to their end customers, because of having adopted the Transmission Equivalent Charge mechanism referred to above, which should be accredited in the process of preparing the new IRA 2019 report.

The opinion also considers that the amounts which have not been discounted by the generating companies to the end customers related to the Transmission Equivalent Charge, will be refunded by the transmission companies as they collect the one-time charges established by Resolution No. 229 issued the National Energy Commission.

Accordingly, the Company has analyzed the effects of this situation and, in November 2020, it received the first instruction letter issued by the National Electric Coordinator, as required by Resolution No. 4 of the Panel of Experts in letter (A), and recognized such effects on its financial statements.

## **21. COMMITMENTS AND CONTINGENCIES, (continued)**

### **21.4) Guarantees issued**

Represents a possible contingent liability only to the extent that it is possible the guarantor execute it due to the non-compliance with the construction contracts.

At the closing date of these consolidated financial statements, the Company and its subsidiaries has not issued any guarantee.

## **22. SANCTIONS**

During the reporting periods, the Parent and its subsidiaries or its Directors or Senior Executives, have not been sanctioned by the Chilean Financial Market Commission or by other regulatory agency.

## **23. ENVIRONMENT**

Both the Company and each of its subsidiaries, must comply with the environmental regulation and legislation established for companies operating in the power industry, particularly, in relation to the construction and installation of transmission lines and substations on the way.

Considering the new investment projects in progress and complying with the current legislation, the Company performs its environmental assessments through its contractor, generating environmental impact statements or environmental impact studies, which are prepared by independent external consultants.

As of December 31, 2020, for Investments, the subsidiary Charrúa Transmisora de Energía S.A. has not made any disbursements related to forestry conservation and maintenance for its project and has committed ThUS\$705 that are payable during 2020 for the same concept.

During 2020 and 2019, the Company and its subsidiaries have not made any other disbursements for environmental purposes other than those mentioned above and have no commitments related thereto.

## **24. SUBSEQUENT EVENTS**

Between January 1, 2021, and the date of issuance of these consolidated financial statements, there have been no subsequent events that might significantly affect the Company's financial position or profit or loss as of December 31, 2020.