



CELEO REDES OPERACIÓN CHILE S.A. AND SUBSIDIARIES

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the period ended
September 30, 2023

Contents:

- **Interim Consolidated Financial Statements**
- **Explanatory Notes to the Interim Consolidated Financial Statements**

ThUS\$: Thousands of United States dollars

CELEO REDES OPERACIÓN CHILE S.A. AND SUBSIDIARIES
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CONTENTS

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION ASSETS.....	5
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION LIABILITIES.....	6
CONSOLIDATED STATEMENTS OF INCOME BY FUNCTION	7
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME	8
CONSOLIDATED STATEMENTS OF CASH FLOWS - DIRECT METHOD.....	9
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY	10
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS.....	11
1. REPORTING ENTITY	11
1. REPORTING ENTITY, (continued).....	12
2. SIGNIFICANT ACCOUNTING POLICIES.....	13
2.1) Accounting period	13
2.2) Basis of preparation	13
2.3) Responsibility for the information	13
2.4) Functional and presentation currency	13
2.5) Basis of translation	13
2.5) Basis of translation, (continued)	14
2.6) Basis of consolidation.....	14
2.7) Property, plant and equipment	15
2.8) Intangible assets other than goodwill	16
2.9) Impairment of non-current assets	16
2.10) Income tax and deferred taxes	16
2.11) Financial assets and financial liabilities, current and non-current.....	19
2.12) Other short-term and long-term provisions.....	19
2.13) Financial instruments	20
2.14) Classification of balances as current and non-current.....	21
2.15) Financial information by operating segment.....	21
2.16) Derivative financial instruments.....	22
2.17) Revenue recognition.....	22
2.18) Use of estimates.....	23
2.19) Dividend Policy	23
2.20) Statement of cash flows.....	24
2.21) Disclosures on the adoption of new and revised IFRSs	25

3.	FINANCIAL RISK MANAGEMENT.....	32
3.1)	Currency and interest rate risk	32
3.2)	Credit risk	34
3.3)	Liquidity risk	36
3.4)	Sensitivity analysis.....	37
4.	CASH AND CASH EQUIVALENTS.....	38
4.1)	Investments in mutual funds deposits as of September 30, 2023	39
4.2)	Investments in mutual funds deposits as of December 31, 2022	39
5.	OTHER NON-FINANCIAL ASSETS.....	39
6.	TRADE AND OTHER RECEIVABLES	40
6.1)	Detail of the caption.....	40
6.2)	Portfolio composition.....	40
7.	CURRENT TAX ASSETS AND LIABILITIES.....	41
8.	FINANCIAL INSTRUMENTS.....	41
8.1)	Classification of financial instruments by category	41
8.2)	Fair value hierarchy	42
9.	INCOME TAX AND DEFERRED TAXES.....	43
9.1)	Income tax benefit	43
9.2)	Deferred tax assets and liabilities	43
9.3)	Reconciliation of tax results	43
9.4)	Taxes recognized in equity	43
10.	INTANGIBLE ASSETS OTHER THAN GOODWILL	44
11.	PROPERTY, PLANT AND EQUIPMENT	45
11.1)	Movements in property, plant and equipment.....	46
11.2)	Detail of depreciation for the year:.....	47
11.3)	Assets pledged as collateral	47
12.	OTHER FINANCIAL LIABILITIES, CURRENT AND NON-CURRENT	48
12.1)	Reconciliation of cash flows in financial liabilities.....	48
12.2)	Obligations to the public (bonds).....	49
12.3)	Hedging liabilities	51
12.4)	Compliance with Covenants.....	53
13.	TRADE AND OTHER PAYABLES.....	55
13.1)	Current suppliers.....	55
13.2)	Past due amounts for trade payables	56

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14.	RECEIVABLES DUE FROM AND PAYABLES DUE TO RELATED PARTIES, CURRENT AND NON-CURRENT ...	56
14.1)	Transactions with related parties.....	57
14.2)	Payments to the Board of Directors.....	57
15.	PAID-IN CAPITAL AND RESERVES.....	58
15.1)	Capital issued and paid.....	58
15.2)	Distribution of ownership interest.....	58
15.3)	Other reserves.....	58
15.4)	Profit distribution.....	58
15.5)	Capital management.....	59
16.	NON-CONTROLLING INTERESTS.....	60
17.	REVENUE.....	60
18.	COST OF SALES.....	61
19.	DETAIL OF SIGNIFICANT RESULTS.....	61
19.1)	Administrative expenses.....	61
19.2)	Finance income and finance costs.....	62
19.3)	Foreign currency translation differences.....	62
19.4)	Gain (loss) on inflation-adjusted units.....	62
20.	COMMITMENTS AND CONTINGENCIES.....	62
20.1	Commitments.....	62
20.2	Lawsuits and Contingencies.....	63
I.	AJTE lawsuits:.....	63
II.	CHATE Lawsuits:.....	64
20.3	Other matters.....	65
20.4	2020-2023 Valuation.....	65
20.5	Guarantees issued.....	66
21.	SANCTIONS.....	66
22.	ENVIRONMENT.....	66
23.	SUBSEQUENT EVENTS.....	66

INTERIM CONSOLIDATED CLASSIFIED STATEMENTS OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2023 AND DECEMBER 31, 2022
(In thousands of United States dollars – ThUS\$)

Assets	Note No.	09.30.2023 ThUS\$	12.31.2022 ThUS\$
Current Assets			
Cash and cash equivalents	4	31,861	43,079
Other non-financial assets, current	5	172	128
Trade and other receivables, current	6	5,096	3,096
Receivables due from related parties, current	14	1,618	215
Current tax assets	7	1,384	1,487
Total current assets		<u>40,131</u>	<u>48,005</u>
Non-current assets			
Other non-financial assets, non-current	5	1,096	1,822
Receivables due from related parties, non-current	14	121,776	110,086
Intangible assets other than goodwill	10	81,233	80,262
Property, plant and equipment	11	347,591	351,214
Total non-current assets		<u>551,696</u>	<u>543,384</u>
Total assets		<u>591,827</u>	<u>591,389</u>

See the accompanying notes to the Interim Consolidated Financial Statements.

INTERIM CONSOLIDATED CLASSIFIED STATEMENTS OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2023 AND DECEMBER 31, 2022
(In thousands of United States dollars – ThUS\$)

	Note No.	09.30.2023 Thus\$	12.31.2022 Thus\$
Liabilities			
Current liabilities			
Other financial liabilities, current	12	21,294	15,813
Trade and other payables	13	15,364	18,521
Other short-term provisions		489	427
Total current liabilities		<u>37,147</u>	<u>34,761</u>
Non-current liabilities			
Other financial liabilities, non-current	12	513,975	521,654
Other long-term provisions		1,771	-
Deferred tax liabilities	9.2	18,286	15,039
Total non-current liabilities		<u>534,032</u>	<u>536,693</u>
Total liabilities		<u>571,179</u>	<u>571,454</u>
Equity			
Paid-in capital	15.1	1,000	1,000
Retained earnings/(accumulated deficit)		20,460	20,744
Other reserves	15.3	(824)	(1,821)
Equity attributable to owners of the Parent		<u>20,636</u>	<u>19,923</u>
Non-controlling interests	16	12	12
Total equity		<u>20,648</u>	<u>19,935</u>
Total Liabilities and Equity		<u>591,827</u>	<u>591,389</u>

See the accompanying notes to the Interim Consolidated Financial Statements.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022
(In thousands of United States dollars – ThUS\$)

	Note No.	09.30.2023 ThUS\$	09.30.2022 ThUS\$
Statement of profit or loss			
Profit (loss)			
Revenue	17	35,096	34,945
Costs of Sales	18	(6,949)	(6,473)
Gross profit		<u>28,147</u>	<u>28,472</u>
Administrative expenses	19.1	(2,129)	(2,027)
Other gains (losses)		-	-
Profit (loss) from operating activities		<u>26,018</u>	<u>26,445</u>
Finance income	19.2	4,379	3,344
Finance costs	19.2	(19,491)	(19,348)
Foreign currency translation differences	19.3	(384)	(1,315)
Gain (loss) from inflation-adjusted units	19.4	49	(86)
Profit (loss) before taxes		<u>10,571</u>	<u>9,040</u>
Income tax expense, continuing operations	9.1	(2,855)	(2,441)
Profit from continuing operations		<u>7,716</u>	<u>6,599</u>
Profit for the year		<u>7,716</u>	<u>6,599</u>
Profit attributable to			
Profit attributable to owners of the Parent		7,716	6,599
Profit (loss) attributable to non-controlling interest		-	-
Profit		<u>7,716</u>	<u>6,599</u>
Earnings per share			
Basic earnings per share			
Basic earnings per share from continuing operations		0.00772	0.00660
Basic earnings per share from discontinued operations		-	-
Basic earnings per share		<u>0.00772</u>	<u>0.00660</u>
Diluted earnings per share			
Diluted earnings per share from continuing operations		0.00772	0.00660
Diluted earnings per share from discontinued operations		-	-
Diluted earnings per share		<u>0.00772</u>	<u>0.00660</u>

See the accompanying notes to the Interim Consolidated Financial Statements.

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022
(In thousands of United States dollars – ThUS\$)

	<u>09.30.2023</u> ThUS\$	<u>09.30.2022</u> ThUS\$
Profit for the year	7,716	9,040
Components of other comprehensive income that will not be reclassified to profit or loss, before taxes		
Other comprehensive income, before taxes, profit (loss) from investments in equity securities	-	-
Total other comprehensive income that will not be reclassified to profit or loss for the year, before taxes	-	-
Components of other comprehensive income that will be reclassified to profit or loss, before taxes		
Gain (loss) from foreign currency translation		
Gain (loss) from foreign currency translation difference, before taxes	-	-
Other comprehensive income before taxes and foreign currency translation	-	-
Cash flow hedges		
Gain (loss) from cash flow hedges, before taxes	1,366	2,834
Adjustments for reclassification to cash flow hedges, before taxes	-	-
Other comprehensive income, before taxes and cash flow hedges	1,366	2,834
Total other comprehensive income that will be reclassified to profit or loss for the period, before taxes	1,366	2,834
Other components of other comprehensive income, before taxes	1,366	2,834
Income taxes related to components of other comprehensive income that will be reclassified to profit or loss		
Income tax related to cash flow hedges in other comprehensive income	(369)	(765)
Accumulated income taxes related to components of other comprehensive income that will be reclassified	(369)	(765)
Other comprehensive (loss) income	997	2,069
Total comprehensive (loss) income	8,713	11,109
Comprehensive (loss) income attributable to		
Owners of the Parent	8,713	11,109
Non-controlling interests	-	-
Comprehensive (loss) income	8,713	11,109

See the accompanying notes to the Interim Consolidated Financial Statements.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS- DIRECT METHOD
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022
(In thousands of United States dollars – ThUS\$)

		9.30.2023	9.30.2022
		ThUS\$	ThUS\$
Statement of cash flows			
Cash flows from (used in) operating activities			
Types of charges due to operating activities			
Cash receipts from sales of goods and rendering		50,664	57,689
Other cash receipts from operating activities		55	
Types of payments			
Payments to suppliers of goods and services		(21,320)	(10,844)
Other cash payments for operating activities		(6,741)	(7,581)
Dividends paid		-	-
Interests paid		885	(128)
Interest received, classified as operating activities		-	35
Income taxes paid (reimbursed), classified as operating activities		-	-
Net cash flow used in operating activities		23,543	39,171
Cash flows from (used in) financing activities			
Loans granted to related parties	14.1	(9,500)	(2,559)
Acquisition of property and equipment		-	-
Acquisition of intangible assets		(245)	-
Cash receipts from related parties		-	-
Interest received		-	-
Other cash receipts (payments)		-	-
Net cash flows used in investing activities		(9,745)	(2,559)
Cash flows from (used in) financing activities			
Related party financing	14.1	2,228	-
Repayment of related party financing		-	-
Dividends paid	15	(6,229)	(6,500)
Interests paid	12.1	(12,743)	(12,592)
Paid-in loan capital (outflows)	12.1	(7,964)	(6,248)
Net cash from (used in) financing activities		(24,708)	(25,340)
Net increase (decrease) in cash and cash equivalents before the effect of exchange rate fluctuations on cash held		(10,910)	11,272
Effect of movements in exchange rates on cash and cash equivalents			
Effect of movements in exchange rates on cash and cash equivalents		(308)	(1,409)
Net increase (decrease) in cash and cash equivalents		(11,218)	9,863
Cash and cash equivalents at beginning of period		43,079	37,751
Cash and cash equivalents at end of period		31,861	47,614

See the accompanying notes to the Interim Consolidated Financial Statements.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022
(In thousands of United States dollars – ThUS\$)

	Other reserves					Retained earnings	Equity attributable to the owners of the Parent	Non-controlling interests	Total equity
	Share capital	Translation reserve	Cash flow hedge reserves	Other miscellaneous reserves	Total other reserves				
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$				
Opening balance as of January 1, 2023	1,000	-	(2,096)	275	(1,821)	20,744	19,923	12	19,935
Increase (decrease) from changes in accounting policies	-	-	-	-	-	-	-	-	-
Increase (decrease) due to correction of errors	-	-	-	-	-	-	-	-	-
Interim dividends per share	-	-	-	-	-	(8,000)	(8,000)	-	(8,000)
Restated initial balance	1,000	-	(2,096)	275	(1,821)	12,744	11,923	12	11,935
Changes in equity									
Comprehensive income									
Profit (loss)	-	-	-	-	-	7,716	7,716	-	7,716
Other comprehensive income	-	-	997	-	997	-	997	-	997
Comprehensive income (loss)	-	-	997	-	997	7,716	8,713	-	8,713
Share issue									
Dividends	-	-	-	-	-	-	-	-	-
Increase (decrease) for other distributions to the owners	-	-	-	-	-	-	-	-	-
Total changes in equity	-	-	997	-	997	7,716	8,713	-	8,713
Closing balance as of September 30, 2023	1,000	-	(1,099)	275	(824)	20,460	20,636	12	20,648

	Other reserves					Retained earnings	Equity attributable to the owners of the Parent	Non-controlling interests	Total equity
	Share capital	Translation reserve	Cash flow hedge reserves	Other miscellaneous reserves	Total other reserves				
	Thus\$	Thus\$	Thus\$	Thus\$	Thus\$				
Opening balance as of January 1, 2022	1,000	-	13,079	275	13,354	18,821	33,175	12	33,187
Increase (decrease) from changes in accounting policies	-	-	-	-	-	-	-	-	-
Increase (decrease) due to correction of errors	-	-	-	-	-	-	-	-	-
Interim dividends per share	-	-	-	-	-	-	-	-	-
Restated initial balance	1,000	-	13,079	275	13,354	18,821	33,175	12	33,187
Changes in equity									
Comprehensive income									
Profit (loss)	-	-	-	-	-	6,599	6,599	-	6,599
Other comprehensive income	-	-	2,069	-	2,069	-	2,069	-	2,069
Comprehensive income (loss)	-	-	2,069	-	2,069	6,599	8,668	-	8,668
Share issue									
Dividends	-	-	-	-	-	(6,500)	(6,500)	-	(6,500)
Increase (decrease) for other distributions to the owners	-	-	-	-	-	-	-	-	-
Total changes in equity	-	-	2,069	-	2,069	99	2,168	-	2,168
Closing balance as of September 30, 2022	1,000	-	15,148	275	15,423	18,920	35,343	12	35,355

See the accompanying notes to the Interim Consolidated Financial Statements.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the periods ended September 30, 2023 and the year ended December 31, 2022.

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 under No. 1.144 with the Securities Register of the Financial Market Commission (former Superintendence of Securities and Insurance of Chile).

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 CEN, the VATT for the first period amounts to US\$ 11,446,608, which is indexed on a monthly basis as per 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.

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

These Interim Consolidated Financial Statements cover the following periods:

- Consolidated Statements Of Financial Position as of September 30, 2023 and December 31, 2022.
- Interim Consolidated Statements of Income as of September 30, 2023 and 2022.
- Interim Consolidated Statements of Comprehensive Income as of September 30, 2023 and 2022.
- Interim Consolidated Statements of Changes in Equity as of September 30, 2023 and 2022.
- Interim Consolidated Statements of Cash Flows - Direct method as of September 30, 2023 and 2022.

2.2) Basis of preparation

The Interim Consolidated Financial Statements as of September 30, 2023 and 2022 have been prepared in conformity with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and were authorized for issue by the Board of Directors at the meeting held on November 29, 2023.

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 Interim Consolidated Financial Statements is the responsibility of Company's Management, which expressly states the full and unreserved application of all the policies and criteria included in International Financial Reporting Standards ("IFRS") as issued by International Accounting Standards Board ("IASB").

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, net in profit or loss for the year.

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 the 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	09.30.2023	12.31.2022
	ThUS\$	ThUS\$
Currency USD	1.00000	1.00000
Chilean pesos (Ch\$)	0.00112	0.00117
Inflation-adjusted unit (UF)	40.42	41.02

2.6) Basis of consolidation

The Interim 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 Interim Consolidated Financial Statements include the amounts of the following subsidiaries:

Taxpayer ID	Company's name	Functional currency	09.30.2023			12.31.2022		
			Direct %	Indirect %	Total	Direct %	Indirect %	Total %
76.100.121 - 3	Alto Jahuel Transmisora de Energía S.A.	U.S. dollar	99.99	0.01	100	99.99	0.01	100
76.260.825 - 1	Charrúa Transmisora de Energía S.A.	U.S. dollar	99.99	0.01	100	99.99	0.01	100

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 year 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 IT applications and electric easements. 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 September 30, 2023, 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 taxes: The Company and its subsidiaries determine the taxable basis and calculate income tax in accordance with tax legislation effective in each period.

For the current year 2023, 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 uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current taxes also include 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 on the initial recognition of an asset or liability in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

Temporary differences related to investments in subsidiaries, associates and joint ventures to 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.

A deferred tax asset is recognized for unused tax losses, 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 utilized. 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.

At each reporting date, an entity shall reassess the unrecognized deferred tax asset and will recognize a previously unrecognized deferred tax asset to the extent that it is probable that tax profits are available to allow the recovery of the deferred tax asset.

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.

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, to clarify the application of 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.

Uncertainty over income tax treatments may affect both current and deferred tax. The threshold to reflect the effects of the uncertainty is whether the taxation authority accepts or not 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 asset and liability under circumstances in which 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 measure is based on the fact that the tax authorities will have available for their reviews all the amounts and full knowledge of all the related information when conducting such reviews.

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: Obligations with the public 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 rate: The effective interest method is a method for calculating the amortized cost of a financial liability and allocating interest expense throughout the relevant year. 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 debt financial assets are 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 in which the derivative contract is 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) Financial information by operating segment

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 on 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' revenue relates mainly to the commercialization of electric transmission capacity from the Company's facilities and, to a lesser extent, to the commercialization of intermediate telecommunication services to provide critical infrastructure. 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 related Award Decrees issued by Chilean Ministry of Energy, except for the telecommunication services, which have fees agreed by the parties involved.

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 New standards, interpretations and amendments to standards are mandatory for annual periods beginning on January 1, 2023:

New standard

IFRS 17 Insurance Contracts (Early adoption is permitted for entities that apply IFRS 9 and IFRS 15 on or before that date).

Amendments to IFRS

Initial Application of IFRS 17 and IFRS 9 – Comparative Information (Amendments to IFRS 17).

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements).

Definition of Accounting Estimates (Amendments to IAS 8)

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

International Tax Reform Pillar Two Model Rules (Amendments to IAS 12)

Accounting pronouncements issued but not yet effective

The following accounting pronouncements issued can be applied early to annual periods beginning on or after January 1, 2024, and have not been applied in the preparation of these financial statements as of September 30, 2023. The Group intends to adopt the applicable accounting pronouncements on their respective application dates but not early.

Amendments to IFRS	Mandatory for
<i>Classification of Liabilities as Current or Non-current</i> (Amendments to IAS 1)	Annual periods beginning on or after January 1, 2024. Early adoption is permitted.
<i>Sale or Contribution of Assets between and Investor and its Associate or Joint Venture</i> (Amendments to IFRS 10 and IAS 28)	Effective date deferred indefinitely.
<i>Lease Liability on a Sale and Leaseback</i> (Amendments to IFRS 16)	Annual periods beginning on or after January 1, 2024. Early adoption is permitted.
<i>Non-current Liabilities with Covenants</i> (Amendments to IAS 1)	Annual periods beginning on or after January 1, 2024.
<i>Supplier Finance Arrangements</i> (Amendments to IAS 7 and IFRS 7)	Annual periods beginning on or after January 1, 2024.

These accounting pronouncements issued but not yet effective are not expected to have a significant impact on the Group's Interim Consolidated Financial Statements.

2. SIGNIFICANT ACCOUNTING POLICIES, (continued)

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

Current accounting pronouncements

The following pronouncements are applicable to sustainability reporting. The Group intends to adopt the applicable pronouncements on their related application dates but not early.

New Sustainability IFRS	Mandatory for
<i>IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information</i>	Annual periods beginning on or after January 1, 2024. Early adoption is permitted as long as IFRS S2 is applied.
<i>IFRS S2 Climate-related Disclosures</i>	Annual periods beginning on or after January 1, 2024. Early adoption is permitted with the joint application of IFRS S1.

These accounting pronouncements issued but not yet effective are not expected to have a significant impact on the Group's Interim 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 standard

IFRS 17 Insurance Contracts

Issued on May 18, 2017, this Standard requires that insurance obligations 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 applying this amendment and determined it will have no significant effects on its Interim Consolidated Financial Statements.

Initial Application of IFRS 17 and IFRS 9 – Comparative Information (Amendments to IFRS 17)

In December 2021, the Board issued amendments to IFRS 17 *Initial Application of IFRS 17 and IFRS 9 – Comparative Information*, in order to provide relief for operating complexities between the accounting for insurance contract liabilities and related financial assets on initial application of IFRS 17.

The amendments allow the presentation of comparative information on financial assets related to insurance contracts to be presented in a manner consistent with International Financial Reporting Standard 9 (IFRS 9) *Financial Instruments*.

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

In October 2018, the International Accounting Standards Board refined the definition of materiality so that it is easier to understand and apply. Such definition is aligned with the entire IFRS framework including the Conceptual framework. Changes to the definition of materiality complement the non-binding Statement of Practice 2 *Making Materiality Judgments* issued by the Board in 2017, which outlines a four-step procedure that can be used to assist in making materiality judgments in the preparation of financial statements.

In February 2021, the Board issued amendments to IAS 1 *Presentation of Financial Statements* and an update to Statement of Practice 2.

The amendments include the following:

- Require companies to disclose their material accounting policies rather than *significant* accounting policies;
- Clarify that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and therefore need not be disclosed;
- Clarify that not all accounting policies that relate to material transactions, other events or conditions are themselves material to the Company's financial statements.
- Amendments to Practical Statement 2 include two additional examples of the application of materiality in accounting policy disclosures.

2. SIGNIFICANT ACCOUNTING POLICIES, (continued)

2.21) Disclosures on the adoption of new and revised IFRSs

Definition of Accounting Estimates (Amendments to IAS 8)

In February 2021, the **Board** issued amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, to clarify how companies should distinguish between changes in accounting policies and changes in accounting estimates, with the main focus on the definition and clarification of accounting estimates.

Amendments clarify the relationship between accounting policies and accounting estimates, specifying that a company develops an accounting estimate to achieve the objective defined previously in an accounting policy.

The Company has assessed the estimated impact of applying this amendment and determined it will have no significant effects on its Interim Consolidated Financial Statements.

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

In May 2021, the Board issued amendments to IAS 12 *Income Taxes*, to clarify how companies should account for deferred tax in certain types of transactions where an asset and a liability are recognized, such as leases and decommissioning obligations.

Amendments reduce the scope of the exemption on initial recognition so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning obligation.

The Company has assessed the estimated impact of applying this amendment and determined it will have no significant effects on its Interim Consolidated Financial Statements.

International Tax Reform Pillar Two Model Rules (Amendments to IAS 12)

In May 2023, the Board issued amendments to IAS 12 *Income Taxes* to respond to concerns from stakeholders on possible implications of the imminent implementation of Pillar Two Model Rules of the Organisation for Economic Co-operation and Development (OECD) on income taxes.

The amendments include the following aspects:

- Introduces an exception to the requirements of IAS 12 *Income Taxes* regarding the recognition and disclosure of deferred taxes related to the implementation of the OECD Pillar Two model rules, which is effective immediately and is applied retrospectively, in accordance with the guidelines set out in IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. Likewise, it establishes that the entity must disclose that it has applied the exception indicated.
- Disclosure requirements during the period that the Pillar Two model is enacted, but not yet effective. An entity should disclose information that is known or can be reasonably estimated and that assists users of financial statements to understand the entity's exposure to income taxes that may arise from the Pillar Two model.

Disclosure requirements are applicable for annual periods beginning on or after January 1, 2024.

2. SIGNIFICANT ACCOUNTING POLICIES, (continued)

2.21) Disclosures on the adoption of new and revised IFRSs

Amendments to IFRS

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 the following:

- 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.
- 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, 2024. 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 the application of this amendment on its interim consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES, (continued)

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

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. It also introduces new and unexpected recognition for transactions that partially consider 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 the application of this amendment on its interim consolidated financial statements.

Lease Liability on a Sale and Leaseback (Amendments to IFRS 16)

In September 2022, the International Accounting Standards Board issued amendments to IFRS 16 *Leases – Lease Liability in a Sale and Leaseback*, which sets out the requirements for how an entity should account for a sale and leaseback after the date of the transaction.

While IFRS 16 includes requirements on how to account for a sale and leaseback at the date the transaction takes place, the standard does not specify how the subsequent measurement of this transaction would be. The amendments issued by the Board are additional to the requirements established in IFRS 16 for leaseback sales, which support the consistent application of the Standard.

Management has not determined the potential impact of the application of this amendment on its interim consolidated financial statements.

Non-current Liabilities with Covenants

The International Accounting Standards Board issued in October 2022 the amendment to IAS 1 Presentation of Financial Statements, in which it indicates that only covenants that a company must meet on or before the reporting date affect the classification of a liability as current or non-current.

Covenants with which the Company must comply after the reporting date (i.e., future covenants) do not affect the classification of a liability at that date. However, when non-current liabilities are subject to covenants, companies will now be required to disclose information to help users understand the risk that those liabilities may become repayable within 12 months after the reporting date.

Management has not determined the potential impact of the application of this amendment on its interim consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES, (continued)

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

I. Sustainability standard pronouncements issued but not yet effective

New Standards

IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information

On June 25, 2023, the International Sustainability Standards Board (ISSB) issued the first Sustainability Standards. IFRS S1 establishes general requirements for disclosure of sustainability-related information that is useful for key decision makers.

This Standard requires an entity to disclose information on all significant sustainability-related topics in the areas of governance, strategy, risk management, and metrics and objectives. In addition, it establishes disclosure requirements about sustainability-related risks and opportunities that could affect cash flows, access to financing or the cost of capital in the short, medium or long term.

This standard is effective for annual periods beginning on or after January 1, 2024. Early adoption is permitted, with joint application of IFRS S2 Climate-related Disclosures.

Management has not determined the potential impact of the application of this amendment on its interim consolidated financial statements.

IFRS S2 Climate-related Disclosures

On June 25, 2023, the International Sustainability Standards Board (ISSB) issued the first Sustainability Standards. IFRS S2 establishes the information that an entity must disclose about its exposure to significant Climate-related risks and opportunities, so that:

- Users of general purpose financial information can assess the effect of risks and opportunities on the entity's enterprise value.
- Understand how the entity's use of resources and related inputs, activities, outputs and results support the entity's response and strategy for managing its significant climate change-related risks and opportunities.
- Assess the entity's ability to adapt its planning, business model and operations to the risks and opportunities identified.

This standard is effective for annual periods beginning on or after January 1, 2024. Early adoption is permitted with the joint application of IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information.

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 MUS\$603.5 at 30 years. The detail by currency of such issuance is as follows: (i) Bond issuance denominated in US dollars for MUS\$379 at a fixed annual rate of 5.2% (ii) bond issuance denominated in UF for MUF 5.4 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 construction 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, our 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.

3. FINANCIAL RISK MANAGEMENT, (continued)

3.1) Currency and interest rate risk, (continued)

- c) Annual income is a fixed amount payable in twelve equal payments and denominated in U.S. dollars. This amount is collected in Chilean pesos 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 income is billed in Chilean pesos 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 31, 2022, the weighted average term to collect 92% of monthly billed income is 31 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 and provisions in U.S. dollars / UF, as defined in the bond issuance agreements denominated in U.S. dollars / UF.

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 our obligations denominated in U.S. dollars 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) Adoption of 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 accounts receivable generated during the normal course of business is characterized by a short-term collection process, which is duly regulated by Supreme Decree No. 23T issued by Chilean Ministry of Energy in 2015, which establishes terms for the billing and payment of such debts. The latter generates during a weighted average collection period of 15 days, 92% 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 revenue is highly concentrated in the following main customers:

Main customers as of September 30, 2023	Billing in ThUS\$	Representation %
Interchile S.A.	3,623	7.06%
Compañía General De Electricidad S.A.	4,142	8.08%
Enel Generación Chile S.A.	7,132	13.90%
Colbún S.A.	3,546	6.91%
Enel Distribución Chile S.A.	4,124	8.04%
Other costumers	28,726	56.00%
Total billing for 2023	51,293	100%
Concentration % for the 5 main customers	44.00%	

Main customers as of September 30, 2022	Billing in ThUS\$	Representation %
Enel Generación Chile S.A.	11,747	22.52%
Colbún S.A.	6,389	12.25%
Compañía General De Electricidad S.A.	6,134	11.76%
Enel Distribución Chile S.A.	5,378	10.31%
Aes Andes S.A	4,259	8.16%
Other costumers	18,257	35.00%
Total billing for 2022	52,164	100%
Concentration % for the 5 main customers	65.00%	

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 position 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 scheduled and ongoing investment commitments.

As part of its 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 September 30, 2023, 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 September 30, 2023 and for the year ended December 31, 2022:

As of 09.30.2023	Celeo Redes Operación Chile S.A. ThUS\$		TOTAL ThUS\$
	Bond Issuance US\$	Bond Issuance UF	
Principal owed	344,809	181,373	526,182
Accrued interest	7,570	452	2,884
Nominal rate	5.20%	3.35%	
Commissions	0.47%		
Effect on the rate	-	-0.25%	
Actual rate	5.67%	3.10%	

As of 12.31.2022	Celeo Redes Operación Chile S.A. ThUS\$		TOTAL ThUS\$
	Bond Issuance US\$	Bond Issuance UF	
Principal owed	345,106	189,412	534,518
Accrued interest	2,803	146	2,949
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 September 30, 2023 and December 31, 2022, assets and liabilities sensitive to changes in exchange rates are detailed as follows:

<u>Sensitive assets</u>	09.30.2023	12.31.2022
	ThUS\$	ThUS\$
Cash and cash equivalents	10,005	2,262
Trade and other receivables, current	5,096	3,096
Total sensitive assets	15,101	5,358

<u>Sensitive liabilities</u>		
Trade and other payables	15,364	18,521
Other financial liabilities, current	9,530	10,840
Other financial liabilities, non-current	173,363	178,718
Total sensitive liabilities	198,257	208,079

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 09.30.2023</u>	ThUS\$	Effect on profit or loss 2023	
		-10%	10%
Exchange rate sensitivity	801.66	721.49	881.83
<u>Sensitive assets</u>			
Cash and cash equivalents	10,005	1,112	(910)
Trade and other receivables, current	5,096	566	(463)
Total sensitive assets	15,101	1,678	(1,373)
<u>Sensitive liabilities</u>			
Trade and other payables	15,364	(1,707)	1,397
Other financial liabilities, current	9,530	(1,059)	866
Other financial liabilities, non-current	173,363	(19,264)	15,761
Total sensitive liabilities	198,257	(22,030)	18,024

3. FINANCIAL RISK MANAGEMENT, (continued)

3.4) Sensitivity analysis, (continued)

Sensitivity analysis as of 09.30.2023	ThUS\$	Effect on profit or loss 2023	
		-10%	10%
Exchange rate sensitivity	855.86	770.27	941.45
<u>Sensitive assets</u>			
Cash and cash equivalents	2,262	251	(206)
Trade and other receivables, current	3,096	344	(281)
Total sensitive assets	5,358	595	(487)
<u>Sensitive liabilities</u>			
Trade and other payables	18,521	(2,058)	1,684
Other financial liabilities, current	10,840	(1,205)	985
Other financial liabilities, non-current	178,718	(19,859)	16,248
Total sensitive liabilities	208,079	(23,122)	18,917

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 Statement of cash flows.

As of September 30, 2023 and December 31, 2022, this caption is composed of the following:

Cash and cash equivalents	09.30.2023	12.31.2022
	ThUS\$	ThUS\$
Cash in banks	19	19,156
Short-term deposits, classified as cash equivalents	10,835	-
Short-term mutual fund deposits , classified as cash equivalents	21,007	23,923
Total	31,861	43,079

Cash information and Currency cash equivalents	Currency	09.30.2023	12.31.2022
		ThUS\$	ThUS\$
Amount of cash and cash equivalents	Ch \$	10,005	2,262
Amount of cash and cash equivalents	US \$	21,856	40,817
Total		31,861	43,079

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 September 30, 2023

As of June 30, 2023, 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	09.30.2023 ThUS\$
J.P:Morgn	JPM US Dollar Liquidity LVNAV Premier	Dollar	0.0010	21,007,000	21,007
Total					21,007

4.2) Investments in mutual funds deposits as of December 31, 2022

As of December 31, 2022, the detail, of investments in mutual fund deposits (debt securities) is as follows:

Entity	Instrument	Currency	Value of deposit ThUS\$	No. Of deposits	12.31.2022 ThUS\$
J.P:Morgn	JPM US Dollar Liquidity LVNAV Premier	Dollar	0.0010	23,923,000	23,923
Total					23,923

5. OTHER NON-FINANCIAL ASSETS

As of September 30, 2023 and December 31, 2022, the detail of other current non-financial assets is as follows:

Other non-financial assets, current

	09.30.2023 ThUS\$	12.31.2022 ThUS\$
Prepaid insurance policies	172	128
Total	172	128

Other non-financial assets, non-current

	09.30.2023 ThUS\$	12.31.2022 ThUS\$
Prepaid electric easement compensation	1,096	1,822
Total	1,096	1,822

Corresponds to expenditure to acquire Electric easements, which through the present date have not been registered.

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 of the caption

As of September 30, 2023 and December 31, 2022, this caption comprises the following:

	09.30.2023			12.31.2022		
	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	4,649	-	4,649	4,649	(2,264)	2,385
Other receivables	16	-	16	7	-	7
Advance payments to suppliers , domestic	85	-	85	1	-	1
Recoverable valued-added tax (1)	346	-	346	703	-	703
Total trade receivables, current	5,096	-	5,096	5,360	(2,264)	3,096
Total trade receivables, non-current	-	-	-	-	-	-
Total trade receivables	5,096	-	5,096	5,360	(2,264)	3,096

- (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

	09.30.2023					Total ThUS\$
	Current ThUS\$	31-60 days ThUS\$	61-90-days ThUS\$	91-120 days ThUS\$	> 120 days ThUS\$	
Non-renegotiated portfolio, gross	4,324	325	4,649	-	-	4,649
Impairment portfolio	-	-	-	-	-	-
Total portfolio as of September 30, 2023	4,324	325	4,649	-	-	4,649

	12.31.2022					Total ThUS\$
	Current ThUS\$	31-60 days ThUS\$	61-90-days ThUS\$	91-120 days ThUS\$	> 120 days ThUS\$	
Non-renegotiated portfolio, gross	2,218	167	2,385	-	-	2,385
Impairment portfolio	-	-	-	-	-	-
Total portfolio as of December 31, 2022	2,218	167	2,385	-	-	2,385

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, for which it has concluded that the historical probability of bad debt in the electric market is minimal, which for the periods ended September 30, 2023 and December 31, 2022, amounted to ThUS\$0.

Impairment of trade receivables	Balance as of	
	09.30.2023 ThUS\$	12.31.2022 ThUS\$
Opening balance	(2,264)	(2,264)
Derecognition of impaired financial assets	-	-
Constitution of new provisions	-	-
Total	(2,264)	(2,264)

7. CURRENT TAX ASSETS AND LIABILITIES

As of September 30, 2023 and December 31, 2022, the detail of current tax assets and liabilities is as follows:

Current tax assets	09.30.2023	12.31.2022
	ThUS\$	ThUS\$
Monthly provisional income tax payment	1,384	1,487
Total	1,384	1,487

8. FINANCIAL INSTRUMENTS

8.1) 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 September 30, 2023

Assets	09.30.2023		
	Measured at amortized cost	At fair value through profit or loss	Total
	ThUS\$	ThUS\$	ThUS\$
Cash and cash equivalents	10,854	21,007	31,861
Trade and other receivables, current	5,096	-	5,096
Receivables due from related parties , current	1,618	-	1,618
Receivables due from related parties , non-current	121,776	-	121,776
Total	139,344	21,007	160,351

Liabilities	09.30.2023		
	Measured at amortized cost	At fair value through profit or loss	Total
	ThUS\$	ThUS\$	ThUS\$
Other financial liabilities, current	21,294	-	21,294
Other financial liabilities, non-current	513,975	-	513,975
Trade and other payables	15,364	-	15,364
Total	550,633	-	550,633

8. FINANCIAL INSTRUMENTS (continued)

8.1) Classification of financial instruments by category, (continued)

As of December 31, 2022:

Assets	Measured at amortized cost	At fair value through profit or loss	Total
	ThUS\$	ThUS\$	ThUS\$
Cash and cash equivalents	19,156	23,923	43,079
Trade and other receivables, current	3,096	-	3,096
Receivables due from related parties , current	215	-	215
Receivables due from related parties , non-current	110,086	-	110,086
Total	132,553	23,923	156,476

Liabilities	Measured at amortized cost	At fair value through profit or loss	Total
	ThUS\$	ThUS\$	ThUS\$
Other financial liabilities, current	15,813	-	15,813
Other financial liabilities, non-current	521,654	-	521,654
Trade and other payables	18,521	-	18,521
Total	555,988	-	555,988

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 September 30, 2023 and December 31, 2022; 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.

8.2) Fair value hierarchy

Financial instruments that have been recorded at fair value as of September 30, 2023 and December 31, 2022, 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 1 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 September 30, 2023 and December 31, 2022, 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.

9. INCOME TAX AND DEFERRED TAXES

9.1) Income tax benefit

Income tax benefit (expense)	09.30.2023		09.30.2022		07.01.2023		07.01.2022	
	ThUS\$		ThUS\$		ThUS\$		ThUS\$	
Current tax expense	-	91	-	91	-	91	-	91
Adjustment to prior-period current tax	-	-	-	-	-	-	-	-
Total current tax (expense) income, net	-	91	-	91	-	91	-	91
Tax benefit related to the generation and reversal of temporary differences	(2,855)	(2,532)	(625)	(2,255)	(625)	(2,255)	(625)	(2,255)
Total deferred tax benefit, net	(2,855)	(2,532)	(625)	(2,255)	(625)	(2,255)	(625)	(2,255)
Income tax benefit	(2,855)	(2,441)	(625)	(2,164)	(625)	(2,164)	(625)	(2,164)

9.2) Deferred tax assets and liabilities

Related to:	Balance as of 01.01.2022	Translation adjustment	Recognized in profit or loss for the year	Recognized in other comprehensive income	Balance as of 01.01.2023	Translated adjustment	Recognized in profit or loss for the year	Recognized in other comprehensive income	Closing balance as of 09.30.2023
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Tax losses	52,578	-	2,401	5,612	60,591	-	(3,958)	(369)	56,264
Total deferred tax assets	52,578	-	2,401	5,612	60,591	-	(3,958)	(369)	56,264
Related to:	Balance as of 01.01.2022	Translation adjustment	Recognized in profit or loss for the year	Recognized in other comprehensive income	Balance as of 01.01.2023	Translated adjustment	Recognized in profit or loss for the year	Recognized in other comprehensive income	Closing balance as of 09.30.2023
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Depreciation	70,463	-	5,485	-	75,948	23	(1,103)	-	74,868
Provisions	-	(318)	-	-	(318)	-	-	-	(318)
Total activos por impuestos diferidos	70,463	(318)	5,485	-	75,630	23	(1,103)	-	74,550
Total expense using the effective rate	(17,885)	318	(3,084)	5,612	(15,039)	(23)	(2,855)	(369)	(18,286)

9.3) Reconciliation of tax results

Reconciliation of income tax expense using the legal tax rate to the income tax expense using the effective rate

	%	Balances as of	
		09.30.2023	09.30.2022
		ThUS\$	ThUS\$
Profit before income tax		10,571	9,040
Tax expense using the legal rate	27%	2,855	2,441
Plus (less):			
Increase (decrease) to income tax	0%	-	-
Effect of deferred taxes for the year			
Total adjustments to tax expense using the legal rate	0%	-	-
Total expense using the effective rate	27%	2,855	2,441

9.4) Taxes recognized in equity

During the period, 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 12.3) for ThUS\$369 as of September 30, 2023.

10. INTANGIBLE ASSETS OTHER THAN GOODWILL

The detail of intangible assets is as follows:

<u>Classes of intangible assets, net</u>	<u>09.30.2023</u>	<u>12.31.2022</u>
	ThUS\$	ThUS\$
Electric easements	81,233	80,262
Licenses and software	-	-
Total	81,233	80,262
<u>Classes of intangible assets, gross</u>	<u>09.30.2023</u>	<u>12.31.2022</u>
	ThUS\$	ThUS\$
Electric easements	81,233	80,262
Licenses and software	105	105
Total	81,338	80,367
<u>Accumulated amortization and impairment, intangible assets</u>	<u>09.30.2023</u>	<u>12.31.2022</u>
	ThUS\$	ThUS\$
Electric easements	-	-
Licenses and software	(105)	(105)
Total	(105)	(105)

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

As of September 30, 2023 and December 31, 2022, the detail of and movements in intangible assets are as follows:

Movements as of September 30, 2023

	<u>Electric easements</u>	<u>Licenses and software</u>	<u>Total</u>
	ThUS\$	ThUS\$	ThUS\$
Opening balance as of 01.01.2023	80,262	-	80,262
Additions	971	-	971
Amortization for the year (a)	-	-	-
Total movements	971	-	971
Closing balance, net, as of 09.30.2023	81,233	-	81,233

Movements as of December 31, 2022

	<u>Electric easements</u>	<u>Licenses and software</u>	<u>Total</u>
	ThUS\$	ThUS\$	ThUS\$
Opening balance as of 01.01.2022	80,225	2	80,227
Additions	37	-	37
Amortization for the year (a)	-	(2)	(2)
Total movements	37	-	35
Closing balance, net, as of 12.31.2022	80,262	-	80,262

(a) The amortization of these assets is recognized in Administrative expenses, in the 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 September 30, 2023, this assessment determined that there is no impairment in the aforementioned easements.

11. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment comprise the following:

Property, plant and equipment, net	09.30.2023	12.31.2022
	ThUS\$	ThUS\$
Land	193	193
Assets under construction	1,419	163
Machinery	345,979	350,858
Total	347,591	351,214

Property, plant and equipment, gross	09.30.2023	12.31.2022
	ThUS\$	ThUS\$
Land	193	193
Assets under construction	1,419	163
Machinery	392,079	392,079
Total	393,691	392,435

Accumulated depreciation and impairment of property, plant and equipment	09.30.2023	12.31.2022
	ThUS\$	ThUS\$
Machinery	(46,100)	(41,221)
Total	(46,100)	(41,221)

11. PROPERTY, PLANT AND EQUIPMENT, (continued)

11.1) Movements in property, plant and equipment

Movements recorded in Property, Plant and Equipment as of September 30, 2023 and December 31, 2022 are detailed as follows:

Movements as of September 30, 2023

	<u>Land</u>	<u>Assets under construction</u>	<u>Machinery</u>	<u>Total</u>
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Opening balance as of 01.01.2023	193	163	350,858	351,214
Acquisitions	-	1,256	-	1,256
Depreciation for the period	-	-	(4,879)	(4,879)
Other increases (decreases)	-	-	-	-
Total movements	-	1,256	(4,879)	(3,623)
Net closing balance as of 09.30.2023	193	1,419	345,979	347,591

Movements as of December 31, 2022

	<u>Land</u>	<u>Assets under construction</u>	<u>Machinery</u>	<u>Total</u>
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Opening balance as of 01.01.2022	193	-	357,382	357,575
Acquisitions	-	163	-	163
Depreciation for the period	-	-	(6,524)	(6,524)
Total movements	-	163	(6,524)	(6,361)
Closing balance as of 12.31.2022	193	163	350,858	351,214

As of September 30, 2023 and December 31, 2022, no assets under lease are included in property, plant and equipment.

11. PROPERTY, PLANT AND EQUIPMENT, (continued)

11.2) Detail of depreciation for the year:

Depreciation expense	09.30.2023	09.30.2022
	ThUS\$	ThUS\$
Cost of sales	3,623	4,897
Administrative expense	1,256	2
Total depreciation	4,879	4,899

11.3) Assets pledged as collateral

As per public deed, entitled "Pledge with no recourse", entered into 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", entered into 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", entered into 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\$526,922.

12. 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	09.30.2023		12.31.2022	
		Current ThUS\$	Non-current ThUS\$	Current ThUS\$	Non-current ThUS\$
Promissory notes and bonds payable (Bonds) (a)	UF	9,530	173,363	10,840	178,718
Promissory notes and bonds payable (Bonds) (a)	USD	11,764	340,612	4,973	342,936
Promissory notes and bonds payable (Bonds)		21,294	513,975	15,813	521,654
Total other financial liabilities		21,294	513,975	15,813	521,654

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

12.1) 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 01.01.2023 ThUS\$	Cash flows from (used in) financing activities		Other movements not affecting cash flows ThUS\$	Total 09.30.2023 ThUS\$
				Payment of principal ThUS\$	Payment of interest ThUS\$		
CL Bond	UF	Issuance of bond	189,558	(6,038)	(3,044)	2,417	182,893
US Bond	US\$	Issuance of bond	347,909	(1,926)	(9,699)	16,092	352,376
Balance as of September 30, 2023			537,467	(7,964)	(12,743)	18,509	535,269

Instrument	Currency	Transaction	Balance as of 01.01.2022 MUS\$	Cash flows from (used in) financing activities		Other movements not affecting cash flows MUS\$	Total 09.30.2022 MUS\$
				Payment of principal MUS\$	Payment of interest MUS\$		
Bono CL	UF	Issuance of bond	178,815	(4,675)	(2,806)	(2,337)	168,997
Bono USA	US\$	Issuance of bond	351,034	(1,573)	(9,786)	16,288	355,963
Balance as of December 31, 2022			529,849	(6,248)	(12,592)	13,951	524,960

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

12.2) Obligations to the public (bonds)

As of September 30, 2023 and December 31, 2022, the detail of the Company's promissory notes and bonds payable is as follows:

As of September 30, 2023

Country of loan	Identification	Maturity	No. of register or identification of the instrument	Currency	Periodicity of amortization	Effective interest rate	Annual nominal rate	Maturities							Outstanding principal owed ThUS\$
								Current			Non-current				
								Up to 6 months ThUS\$	6 to 12 months ThUS\$	Total ThUS\$	1 to 2 years ThUS\$	2 to 5 years ThUS\$	Over 5 years ThUS\$	Total ThUS\$	
Chile (1)	BCELE-A	6/22/2047	856	UF U.S. dollar	Biannual	3.10%	3.35%	6,819	2,711	9,530	5,614	17,909	149,840	173,363	181,374
U.S.A. (2)	1ra seire	6/22/2047	1st issuance	U.S. dollar	Biannual	5.67	5.20%	9,460	2,304	11,764	5,213	21,171	314,228	340,612	344,809
Total								16,279	5,015	21,294	10,827	39,080	464,068	513,975	526,183

As of December 31, 2022

Country of loan	Identification	Maturity	No. of register or identification of the instrument	Currency	Periodicity of amortization	Effective interest rate	Annual nominal rate	Maturities							Outstanding principal owed ThUS\$
								Current			Non-current				
								Up to 6 months ThUS\$	6 to 12 months ThUS\$	Total ThUS\$	1 to 2 years ThUS\$	2 to 5 years ThUS\$	Over 5 years ThUS\$	Total ThUS\$	
Chile (1)	BCELE-A	6/22/2047	856	UF U.S. dollar	Semestral	3.10%	3.35%	5,461	5,379	10,840	5,527	17,631	155,560	178,718	189,412
U.S.A. (2)	1ra seire	6/22/2047	1st issuance	U.S. dollar	Semestral	5.67%	5.20%	3,082	1,891	4,973	4,540	18,339	320,057	342,936	345,106
Total								8,543	7,270	15,813	10,067	35,970	475,617	521,654	534,518

- (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 the 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 under No. 856 with the CMF.

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

12.2) 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 an annual 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.

Finance costs directly related to the bond issuance in U.S. dollar amounted to ThUS\$15,189, 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 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 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 Charrúa –Ancoa: first power line laying" of the subsidiary Charrúa 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
Status	: Banco del Estado

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

12.3) Hedging liabilities

The Company maintains as of September 30, 2023, an economic hedge, denominated as a cash flow hedge, which meets the hedge accounting criteria in accordance with the provisions of IFRS 9 "Financial Instruments."

This hedge is related 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., Charrúa Transmisora de Energía S.A. and Diego de Almagro Transmisora de Energía S.A., in accordance with the price including value-added tax 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/U.S. dollar exchange fluctuation, is directly related to the committed cash flows receivable in the concessions for Power Transmission and Tolls, in its UF/U.S. dollar relationship. This results in an effective hedging as of September 30, 2023 of the expected 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%. The 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/U.S. 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 in the item "exchange rate difference" in the statement of income. 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.

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

12.3) Hedging liabilities, (continued)

As of September 30, 2023, the Company has recognized an amount of ThUS\$997 net of current taxes as lower "Cash flow hedge reserve" in equity, with credit to the item "Foreign currency exchange differences" in the Interim Consolidated Statement of Income by Function.

As of September 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 hedging objective of Alto Jahuel Transmisora de Energía S.A. was protecting against cash flows variability, attributable to the risk of fluctuations in different interest rates to which debt structure is exposed (LIBOR 180 interest rate, TAB 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 cash flow.

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.

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

12.4) Compliance with Covenants

The main financial guarantees issued in May 2017, for a period of 30 years (denominated in UF and US\$) and established in current debt bond agreements related to capital requirements are:

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 revenue: 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 Revenue" 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

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

12.4) 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 period ended September 30, 2023.

(a) Free Cash Flow	ThUS\$
Revenues received from the operation of the projects and any restricted subsidiary	49,318
Interest income from permitted investments	2,731
Other revenue related to optical fiber	3,404
Project revenue [a1]	55,453
Costs and fees of operating and administering the projects	4,937
Costs of insurance	367
Taxes and royalties	0
Costs related to professional and legal services and commissions associated with bond issuance	6
Operating costs [a2]	5,310
Free cash flow [a1 – a2]	50,143
(b) Debt expenses	
Promissory notes and bonds payable for bond issue (*)	40,564
Debt expenses	40,564

$$\text{DSCR} = \frac{\text{Free Cash Flow}}{\text{Debt Expenses}}$$

$$\text{DSCR} = \frac{50,143}{40,564} = 1,24 \text{ x}$$

(*) Relates to accrued interest and repayment of principal owed for the twelve-month period beginning immediately after June 30, 2022.

As of September 30, 2023, the Company meets the effective DSCR, because it exceeds the factor required by the contract, which is higher than or equal to 1.15x for making restricted payments, and higher than or equal to 1.25x for assuming additional debt, all of this based on the criteria provided in bonds issuance contracts.

13. TRADE AND OTHER PAYABLES

This caption comprises the following:

	09.30.2023	12.31.2022
	ThUS\$	ThUS\$
Domestic suppliers	14,888	16,960
Value-added tax fiscal debit	476	1,561
Total trade payables	15,364	18,521
Withholdings payable	-	-
Total	15,364	18,521

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

As of September 30, 2023 and December 31, 2022, for payments to suppliers, the average payment period is 30 days and as such, fair value does not significantly differ from its carrying amount.

13.1) Current suppliers

Type of supplier	Amounts per payment terms						09.30.2023 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)	14,888	-	-	-	-	-	14,888	30
Services	476	-	-	-	-	-	476	30
Total	15,364	-	-	-	-	-	15,364	

Type of supplier	Amounts per payment terms						12.31.2022 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)	16,960	-	-	-	-	-	16,960	30
Services	1,561	-	-	-	-	-	1,561	30
Total	18,521	-	-	-	-	-	18,521	

13. TRADE AND OTHER PAYABLES, (continued)

13.2) Past due amounts for trade payables

Type of supplier	Amounts per past due days						09.30.2023	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\$	ThUS\$		
Services	-	-	-	-	-	-	-	30
Total	-	-	-	-	-	-	-	

Type of supplier	Amounts per past due days						12.31.2022	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\$	ThUS\$		
Services	-	3	-	-	-	-	3	30
Total	-	3	-	-	-	-	3	

14. 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 Public Companies.

Balances of trade receivables due from and payables due to related parties relate to the Company's line of business. As of September 30, 2023 and December 31, 2022, this caption comprises the following:

Receivables due from related parties

Company	Taxpayer ID	Relationship	Term	Country	Transaction	Total current		Total non-current	
						09.30.2023	12.31.2022	09.30.2023	12.31.2022
Celeo Redes Chile Ltda.	76.613.942-6	Parent	6 months	Chile	Loan (1)	1,618	215	121,776	110,086
Total						1,618	215	121,776	110,086

Payables due to related parties

Company	Taxpayer ID	Relationship	Term	Country	Transaction	Total current		Total non-current	
						09.30.2023	12.30.2022	09.30.2023	12.31.2022
Celeo Redes Chile Ltda.	76.613.942-6	Parent	6 months	Chile	Billing receivable	-	-	-	-
Elecnor Chile S.A	96.791.730-3	Common shareholder	6 months	Chile	Construction contract	-	-	-	-
Total						-	-	-	-

- (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.

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

14.1) Transactions with related parties

Taxpayer ID	Company	Country	Relationship	Transaction	09.30.2023 ThUS\$	Effect on profit or loss (debit) / credit 2023 ThUS\$	09.30.2023 ThUS\$	Effect on profit or loss (debit) / credit 2022 ThUS\$
76.613.942-6	Celeo Redes Chile Ltda.	Chile	Parent of the group in Chile	Interest on loan	3,477	3,477	4,486	4,486
76.613.942-6	Celeo Redes Chile Ltda.	Chile	Parent of the group in Chile	Administrative management service	(900)	(900)	(609)	(609)
76.613.942-6	Celeo Redes Chile Ltda.	Chile	Parent of the group in Chile	Administrative management service	(671)	(671)	(453)	(453)
76.613.942-6	Celeo Redes Chile Ltda.	Chile	Parent of the group in Chile	Operating management contract	(83)	(83)	(56)	(56)
76.613.942-6	Celeo Redes Chile Ltda.	Chile	Parent of the group in Chile	Operating management contract	(1,251)	(1,251)	(1,460)	(1,460)
76.613.942-6	Celeo Redes Chile Ltda.	Chile	Parent of the group in Chile	Operating management contract	(829)	(829)	(965)	(965)
76.613.942-6	Celeo Redes Chile Ltda.	Chile	Parent of the group in Chile	Loans granted to related parties	(9,500)	(9,500)	(53)	(53)
76.613.942-6	Celeo Redes Chile Ltda.	Chile	Parent of the group in Chile	Loans granted to related parties	2,228	2,228	-	-

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 are performed under the market terms and conditions.

14.2) 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.

15. PAID-IN CAPITAL AND RESERVES

As of September 30, 2023 and December 31, 2022, total subscribed and fully paid capital is composed of the following:

15.1) Capital issued and paid

Capital issued and paid

Paid-in capital	Share capital	Paid-in capital
	ThUS\$	ThUS\$
Opening balance as of 01.01.2022	1,000	12,168
Total equity as of December 31, 2022	1,000	1,000
Opening balance as of 01.01.2023	1,000	1,000
Total equity as of September 30, 2023	1,000	1,000

15.2) Distribution of ownership interest

As of September 30, 2023 and December 31, 2022, the distribution of ownership interest is as follows:

Partners	No. of Shares	No. of Shares	Ownership	
	30.09.2023	31.12.2022	09.30.2023	12.31.2022
			%	%
Celeo Redes SL	1	1	0.01	0.01
Celeo Redes Chile Ltda.	999,999,998	999,999,998	99.99	99.99
Total ownership interest	999,999,999	999,999,999	100.00	100.00

As of September 30, 2023, 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.

15.3) Other reserves

Other reserves comprise the following:

	09.30.2023	12.31.2022
Accumulated hedging effects and other reserves	ThUS\$	ThUS\$
Opening balance	(1,821)	13,354
Hedging effects for the year (1)	997	(15,175)
Other reserves	-	-
Total other reserves	(824)	(1,821)

(1) Corresponds to its classification as cash flow hedges for the debt denominated in UF (see note 12.3).

15.4) 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.

15. PAID-IN CAPITAL AND RESERVES, (continued)

- 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 indicated in the preceding paragraphs, the net distributable profit is determined annually, and the shareholders verify the calculation method in each ordinary shareholders' meeting held for these purposes.

For the period ended September 30, 2023 and the year ended December 31, 2022, the net distributable profit was as follows:

	09.30.2023	12.31.2022
	ThUS\$	ThUS\$
Profit (loss) attributable to owners of the Parent	7,716	8,423
Adjustments per policy		
Depreciation and amortization for the period	4,879	6,523
Net distributable profit for the period	12,595	14,946

On July 24, 2023, the shareholders at the shareholders' meeting approved the distribution of interim dividends of ThUS\$ 6,229 with a debit to net profit for 2022.

15.5) 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 September 30, 2023 and December 31, 2022, capital comprises issued, subscribed and paid-in capital.

16. NON-CONTROLLING INTERESTS

As of September 30, 2023 and December 31, 2022, the detail of the effects resulting from third-party interest in equity and profit or loss for the period, is as follows:

Company	Minority shareholder	09.30.2023				
		Equity of the subsidiary ThUS\$	Profit or loss of the subsidiary ThUS\$	Minority interest %	Non-controlling interest ThUS\$	Share of profit (pérdids) ThUS\$
Charrúa Transmisora de Energía S.A.	Elecnor S.A.	31,274	2,645	0.01%	3	-
Alto Jahuel Transmisora de Energía S.A.	Elecnor S.A.	74,792	5,418	0.01%	9	-
Total		106,066	8,063		12	-

Company	Minority shareholder	12.31.2022				
		Equity of the subsidiary ThUS\$	Profit or loss of the subsidiary ThUS\$	Minority interest %	Non-controlling interest ThUS\$	Share of profit (pérdids) ThUS\$
Charrúa Transmisora de Energía S.A.	Elecnor S.A.	28,406	3,699	0.01%	3	-
Alto Jahuel Transmisora de Energía S.A.	Elecnor S.A.	69,619	3,584	0.01%	9	-
Total		98,025	7,283		12	-

17. REVENUE

As of September 30, 2023 and 2022, the detail of revenue is as follows:

	09.30.2023 ThUS\$	09.30.2022 ThUS\$
Toll and transmission revenue	35,096	34,945
Revenue from fiber optics	-	-
Total	35,096	34,945

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

Type of revenue	09.30.2023 ThUS\$	09.30.2022 ThUS\$
Regulated customers	35,096	34,945
Domestic revenue	35,096	34,945
Goods transferred at a point in time	-	-
Transmission services provided throughout time	35,096	34,945

18. COST OF SALES

As of September 30, 2023 and 2022, this caption comprises the following:

	09.30.2023	09.30.2022
	ThUS\$	ThUS\$
Third party maintenance and operating costs	-	(14)
Operating and maintenance costs from related companies	(2,080)	(1,563)
Depreciation for the period, O&M cost	-	(27)
Depreciation for the period, transmission line cost 2nd C	(2,418)	(2,418)
Depreciation for the period, transmission substation cost 2nd C	(2,451)	(2,451)
Total	(6,949)	(6,473)

19. DETAIL OF SIGNIFICANT RESULTS

As of September 30, 2023 and 2022, this caption comprises the following:

19.1) Administrative expenses

Administrative expenses are detailed as follows:

	09.30.2023	09.30.2022
	ThUS\$	ThUS\$
Advisory expenses and fees	(8)	(24)
Depreciation and amortization	(10)	(4)
Service and rental expenses	(99)	(312)
Related party service expenses	(1,571)	(1,461)
Other administrative expenses	(441)	(226)
Total	(2,129)	(2,027)

19. DETAIL OF SIGNIFICANT RESULTS, (continued)

19.2) Finance income and finance costs

As of September 30, 2023 and 2022, this caption is detailed as follows:

Finance income	09.30.2023	09.30.2022
	ThUS\$	ThUS\$
Interests on loans granted to related parties	3,476	3,373
Interests on financial investments	903	(29)
Total	4,379	3,344

Finance costs recognized in profit or loss	09.30.2023	09.30.2022
	ThUS\$	ThUS\$
Interests from bond issuance obligation	(19,486)	(19,344)
Bank expenses and commissions	(5)	(4)
Total	(19,491)	(19,348)

19.3) Foreign currency translation differences

As of September 30, 2023 and 2022, the detail of foreign currency translation differences is as follows:

Foreign currency translation difference by line item	09.30.2023	09.30.2022
	ThUS\$	ThUS\$
Cash and cash equivalents	461	(1,808)
Trade and other receivables	(1,032)	1,168
Current tax assets	(84)	(413)
Other financial assets, non-current	(4)	
Current tax liabilities	758	
Trade and other payables	(512)	188
Payables due to related parties, current	(2)	(19)
Other financial liabilities, non-current	31	(431)
Total	(384)	(1,315)

19.4) Gain (loss) on inflation-adjusted units

As of September 30, 2023 and 2022, this caption comprises the following:

Detail by line item	09.30.2023	09.30.2022
	ThUS\$	ThUS\$
Other financial assets, non-current	49	-
Other financial liabilities, current	-	(86)
Total	49	(86)

20. COMMITMENTS AND CONTINGENCIES

20.1 Commitments

The Company and its subsidiaries have not entered into other commitments during the period ended September 30, 2023 and 2022.

20. COMMITMENTS AND CONTINGENCIES, (continued)

20.2 Lawsuits and Contingencies

As of September 30, 2023 and 2022, Celeo Redes Operación Chile S.A. records no lawsuits or contingencies.

As of June 30, 2023, there are lawsuits filed against Alto Jahuel Transmisora de Energía S.A. (AJTE) and Charrúa Transmisora de Energía S.A. (CHTE) for Easements the effects of which Management considers these contingencies do not have a significant impact, based on the reports from its legal advisors and, accordingly, they have not been accrued in these financial statements.

The lawsuits are as follows:

I. AJTE lawsuits:

Plaintiff	Matter	Response AJTE	Initial appraisal amount	Probability	Damage amount
1) Sara Pérez Gonzales et al. vs. AJTE	Compliant for easement appraisal	N/A	Ch\$ 116,740,690	Possible	Not yet determined
2) Eusebio Ruiz	Recovery	Requests the rejection of the complaint on the grounds there are no arguments for such complaint	N/A	Remote	Not yet determined

1) Pérez Gonzales et. al. vs. 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, and such judgment was confirmed by the Court of Appeals.

AJTE filed an appeal on cassation in form and substance with the Supreme Court, on 12.12.2022. The Supreme Court rejected this appeal.

The case is currently in the compliance stage, pending the court's determination of the amount of compensation payable.

2) Eusebio Ruiz vs. 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 Line x 500 kV: 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.

20. COMMITMENTS AND CONTINGENCIES, (continued)

20.2 Lawsuits and contingencies (Continued)

The lawsuit was filed on October 18, 2017, and is currently in the compliance stage.

- On March 7, 2022, the Court issued a judgment accepting the claim. AJTE filed an appeal on cassation in form and substance with the Court of Appeals, which, on January 9, 2023, rejected the appeal on cassation and confirmed the final judgment of March 2022, forcing the restitution of a smaller area of the disputed surface.
- On January 26, 2023, AJTE filed an appeal on cassation in form and substance against the judgment issued by the Court of Appeals of Rancagua. This appeal is still being processed.
- On March 13, 2023, AJTE filed an exception to the compliance with the judgment, which is still being processed, as the portion of land in dispute is a public use national asset (riverbed).

II. CHATE Lawsuits:

Plaintiff	Matter	Status	Response CHATE	Amount Initial appraisal amount	Probability	Damage amount
1)Becker Hermanos Ltda. vs. CHATE	Complaint of Indemnity amount	Not noticed	N/A	Ch\$ \$235,218,800	Remote	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 the rejection of the complaint on the grounds there are no arguments for such complaint	N/A	Remote	Not yet determined
3) Soto vs. Chate	Action to recover possession	Deliberation stage	N/A	N/A	Remote	Not yet determined

1) Becker Hermanos Ltda. vs. 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.

On December 16, 2021, the plaintiff requested that the case be reopened to perform the notification of the lawsuit. On April 20, 2022, the 4th Civil Court of Santiago returned the letter rogatory with a negative outcome.

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.

On November 6, 2020, the Court ordered the file of the case. On December 23, 2021, the plaintiff requested that the case be reopened. On September 13, 2022, the 1st Civil Court of Puente Alto returned the letter rogatory without processing.

20. COMMITMENTS AND CONTINGENCIES, (continued)

20.2 Lawsuits and contingencies (Continued)

3) Soto vs. Chate

Relates to action filed for the possession recovery 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 replied to the lawsuit on October 18, 2020. On June 24, 2021, CHATE requested the abandonment of the proceeding, which was rejected on October 19, 2021. CHATE filed an appeal against this decision, requesting that the judgment under appeal be revoked and that the proceeding be abandoned. On January 6, 2023, the Court of Appeals confirmed the resolution of October 19, 2021.

20.3 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 2020, 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 2020 financial statements.

In relation to the paragraphs commented above for this year 2022 the companies have been explaining the reasons to apply paragraph b) of the opinion No.4-2020 of the panel of experts for the term established in this sense with its relationship with the generating companies in the replacement of the VATT.

20.4 2020-2023 Valuation

On March 25, 2022, the National Energy Commission issued the rectified Final Technical Report on the Valuation of the Transmission Systems facilities for the four-year period 2020-2023. This valuation determined the new VATT for the Expansion Works defined in Decree No.310 of the SIC "Ancoa – Alto Jahuel 2x500 kV Line: Second circuit cabling", which commenced business operations on January 16, 2016.

20. COMMITMENTS AND CONTINGENCIES, (continued)

20.4 2020-2023 Valuation (continued)

This report establishes that the new VATT for such asset is US\$9,597,380 and refers to December 2017. Accordingly, such amount must be indexed regularly to obtain the related VATT for each month. This new VATT will be applicable from January 2020 through December 2023 and should be indexed on a monthly basis by the National Electric Coordinator.

20.5 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 have not issued any guarantee.

21. 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.

22. 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 September 30, 2023, the subsidiary Charrúa Transmisora de Energía S.A. has not made any investment expenditure associated with forestry conservation and maintenance for its facilities.

During 2023 and 2022, 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.

23. SUBSEQUENT EVENTS

Between October 1, 2023, and the date of issuance of these Interim Consolidated Financial Statements, there have been no subsequent events that might significantly affect the Company's financial position or profit or loss as of September 30, 2023.