

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

Consolidated Financial Statements
as of December 31, 2023 and 2022
and for the years then ended

(With the Independent Auditors' Report Thereon)

CELEO REDES OPERACIÓN CHILE S.A. AND SUBSIDIARIES

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

ThCh\$: Amounts expressed in thousands of Chilean pesos



Independent Auditors' Report

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

Opinion

We have audited the accompanying consolidated financial statements of Celeo Redes Operación Chile S.A. and its Subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of income, other comprehensive income, changes in equity and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Celeo Redes Operación Chile S.A. and its Subsidiaries as of December 31, 2023 and 2022, and the results of their operations and their cash flows for the years then ended in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (IASB).

Basis for the opinion

We conducted our audits in accordance with Auditing Standards Generally Accepted in Chile. Our responsibilities under those standards are further described in paragraphs under section "Auditors' Responsibilities for the Audit of the Consolidated Financial Statements" of our report. In accordance with the ethical requirements relevant to our audits of the financial statements, we are required to be independent of Celeo Redes Operación Chile S.A. and its Subsidiaries and to comply with other ethical responsibilities in accordance with such requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Management's responsibility for the consolidated financial statements

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

In preparing the consolidated financial statements, Management is responsible for assessing whether events or conditions exist, which, considered as a whole, may cast significant doubt as to Celeo Redes Operación Chile S.A. and its Subsidiaries' ability to continue as a going concern for, at least, twelve months from the reporting period, without limiting to such period.



Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high, but not absolute, level of assurance and, accordingly, does not guarantee that an audit performed in accordance with Generally Accepted Auditing Standards in Chile will always detect a material misstatement when it exists. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting a material misstatement due to error, as fraud may involve collusion, forgery, intentional omissions, concealment, misrepresentations or Management's override of controls. A material misstatement is considered material if, individually or in the aggregate, it could influence the judgment of a reasonable user of these consolidated financial statements.

As part of an audit conducted in accordance with Generally Accepted Auditing Standards in Chile, we:

- Exercise our professional judgment and maintain our professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. Those procedures include an examination, on a test basis, of evidence supporting the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of Celeo Redes Operación Chile S.A. and its Subsidiaries. Accordingly, we express no such opinion.
- We evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by Management, as well as the appropriateness of the overall presentation of the consolidated financial statements.
- We conclude whether, in our judgment, events or conditions exist that may cast significant doubt on Celeo Redes Operación Chile S.A. and its Subsidiaries' ability to continue as a going concern for a reasonable period of time.

We are required to communicate to those charged with governance, among other matters, the planned timing and scope of the audit, and significant audit findings, including any significant deficiencies and material weaknesses in internal control that we identified during our audit.

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

Signed in the Spanish version

Luis Duarte Acevedo

KPMG Ltda.

Santiago, March 19, 2024



CELEO REDES OPERACIÓN CHILE S.A. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

for the year ended
December 31, 2023

Contents:

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

ThUS\$: Thousands of United States dollars

CELEO REDES OPERACIÓN CHILE S.A. AND SUBSIDIARIES
TAXPAYER ID No.: 76.187.228 – 1

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CELEO REDES OPERACIÓN CHILE S.A. AND SUBSIDIARIES
TAXPAYER ID No.: 76.187.228 – 1

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

Assets	Note No.	12.31.2023 ThUS\$	12.31.2022 ThUS\$
Current assets			
Cash and cash equivalents	4	26,600	43,079
Other non-financial assets, current	5	128	128
Trade and other receivables, current	6	12,017	3,096
Trade receivables due from related parties, current	14	-	215
Current tax assets	7	1,495	1,487
Total current assets		40,240	48,005
Non-current assets			
Other non-financial assets, non-current	5	1,276	1,822
Receivables due from related parties, non-current	14	123,365	110,086
Intangible assets other than goodwill	10	81,233	80,262
Property, plant and equipment	11	346,020	351,214
Total non-current assets		551,894	543,384
Total assets		592,134	591,389

The accompanying notes form an integral part of these Consolidated Financial Statements.

CELEO REDES OPERACIÓN CHILE S.A. AND SUBSIDIARIES
TAXPAYER ID No.: 76.187.228 – 1

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

Liabilities	Note No.	12.31.2023 ThUS\$	12.31.2022 ThUS\$
Current liabilities			
Other financial liabilities, current	12	13,129	15,813
Trade and other payables	13	13,969	18,521
Trade payables due to related parties, current	14	1,771	-
Other short-term provisions		102	427
Total current liabilities		28,971	34,761
Non-current liabilities			
Other financial liabilities, non-current	12	515,450	521,654
Deferred tax liabilities	9.2	21,350	15,039
Total non-current liabilities		536,800	536,693
Total liabilities		565,771	571,454
Equity			
Paid-in capital	15.1	1,000	1,000
Retained earnings/(accumulated deficit)		30,680	20,744
Other reserves	15.3	(5,329)	(1,821)
Equity attributable to owners of the Parent		26,351	19,923
Non-controlling interests	16	12	12
Total equity		26,363	19,935
Total Liabilities and Shareholders' Equity		592,134	591,389

The accompanying notes form an integral part of these Consolidated Financial Statements.

CELEO REDES OPERACIÓN CHILE S.A. AND SUBSIDIARIES
TAXPAYER ID No.: 76.187.228 – 1

CONSOLIDATED STATEMENT OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In thousands of United States dollars - ThUS\$)

Statement of income	Note No.	12.31.2023 ThUS\$	12.31.2022 ThUS\$
Profit (loss)			
Revenue	17	55,763	46,640
Cost of sales	18	<u>(9,211)</u>	<u>(8,961)</u>
Gross profit		<u>46,552</u>	<u>37,679</u>
Administrative expenses	19.1	(2,702)	(2,693)
Other (losses) gains		<u>-</u>	<u>5</u>
Profit (loss) from operating activities		<u>43,850</u>	<u>34,991</u>
Finance income	19.2	7,067	5,291
Finance costs	19.2	(26,217)	(26,114)
Impairment of gains and reversal of impairment losses (impairment losses) determined in accordance with IFRS 9		-	(2,264)
Foreign currency translation differences	19.3	(179)	(338)
Gain (loss) on inflation-adjusted units	19.4	<u>49</u>	<u>(59)</u>
Profit (loss) before taxes		24,570	11,507
Income tax expense, continuing operations	9.1	<u>(6,634)</u>	<u>(3,084)</u>
Profit (loss) from continuing operations		<u>17,936</u>	<u>8,423</u>
Profit (loss) for the year		<u>17,936</u>	<u>8,423</u>
Profit (loss) attributable to			
Profit (loss) attributable to owners of the Parent		17,936	8,423
Profit (loss) attributable to non-controlling interests		<u>-</u>	<u>-</u>
Profit (loss)		<u>17,936</u>	<u>8,423</u>
Earnings per share			
Basic earnings per share			
Basic earnings (losses) per share from continuing operations		0,01794	0,00842
Basic earnings (losses) per share from discontinued operations		<u>-</u>	<u>-</u>
Basic earnings (losses) per share		<u>0,01794</u>	<u>0,00842</u>
Diluted earnings (losses) per share			
Diluted earnings (losses) per share from continuing operations		0,01794	0,00842
Diluted earnings (losses) per share from discontinued operations		<u>-</u>	<u>-</u>
Diluted earnings (losses) per share		<u>0,01794</u>	<u>0,00842</u>

The accompanying notes form an integral part of these Consolidated Financial Statements.



CELEO REDES OPERACIÓN CHILE S.A. AND SUBSIDIARIES
TAXPAYER ID No.: 76.187.228 – 1

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
 FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
 (In thousands of United States dollars - ThUS\$)

	12.31.2023	12.31.2022
	ThUS\$	ThUS\$
Profit (loss) for the year	17,936	8,423
Components of other comprehensive income that will not be reclassified to profit or loss, before taxes		
Other comprehensive income, before tax, profit (loss) from investments in equity securities	-	-
Total other comprehensive income that will not be reclassified to profit for the year before tax	-	-
Components of other comprehensive income that will be reclassified to profit or loss, before taxes		
Foreign currency translation differences		
Gain/(loss) from foreign currency translation difference before taxes	-	-
Other comprehensive income before taxes and foreign currency exchange difference	-	-
Cash flow hedges		
Gain (loss) from cash flow hedges before taxes	(4,806)	(20,787)
Adjustments for reclassification to cash flow hedges, before taxes	-	-
Other comprehensive income before taxes, cash flow hedges	(4,806)	(20,787)
Total other comprehensive income that will be reclassified to profit for the year before tax	(4,806)	(20,787)
Other items of other comprehensive income before taxes	(4,806)	(20,787)
Income tax related to components of other comprehensive income that will be reclassified to profit or loss for the year		
Income taxes related to cash flow hedges in other comprehensive income	1,298	5,612
Income tax related to components of other comprehensive income that will be reclassified to profit or loss	1,298	5,612
Other comprehensive income (loss)	(3,508)	(15,175)
Total comprehensive income (loss)	<u>14,428</u>	<u>(6,752)</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of the Parent	14,428	(6,752)
Comprehensive income attributable to non-controlling interests	-	-
Comprehensive income (loss)	<u>14,428</u>	<u>(6,752)</u>

The accompanying notes form an integral part of these Consolidated Financial Statements.

CELEO REDES OPERACIÓN CHILE S.A. AND SUBSIDIARIES
TAXPAYER ID No.: 76.187.228 – 1

CONSOLIDATED STATEMENTS OF CASH FLOWS - DIRECT METHOD
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In thousands of United States dollars - ThUS\$)

Statement of cash flows	Note	12.31.2023 ThUS\$	12.31.2022 ThUS\$
Cash flows provided by (used in) operating activities			
Types of charges due to operating activities			
Cash receipts from sales of goods and rendering of services		64,150	76,576
Other cash receipts from operating activities		-	-
Types of payments			
Payments to suppliers of goods and services		(23,102)	(17,219)
Other cash payments for operating activities		(4,333)	(6,895)
Interest received, recorded as operating activities		-	835
Income taxes paid (reimbursed), classified as operating activities		-	6
Other cash receipts (payments)		(3,133)	(3,358)
Net cash from (used in) operating activities		<u>33,582</u>	<u>49,945</u>
Cash flows provided by (used in) investing activities-			
Loans granted to related parties	14.1	(9,500)	-
Acquisition of property, plant and equipment	11.1	(1,310)	(23)
Acquisition of intangible assets		(392)	-
Interest received		2,240	-
Other cash receipts (payments)		-	-
Net cash flows from (used in) investing activities		<u>(8,962)</u>	<u>(23)</u>
Cash flows from (used in) financing activities			
Related party financing	14.1	4,648	-
Cash payments of related party financing		-	(53)
Dividends paid	15	(6,229)	(6,500)
Interest paid	12.1	(25,278)	(25,240)
Paid-in loan capital (outflows)	12.1	(15,343)	(12,837)
Net cash from (used in) financing activities		<u>(42,202)</u>	<u>(44,630)</u>
Net increase (decrease) in cash and cash equivalents before the effect of exchange rate changes		(17,582)	5,292
Effects of exchange rate changes on cash and cash equivalents			
Effects of exchange rate changes on cash and cash equivalents		1,103	36
Net increase (decrease) in cash and cash equivalents		(16,479)	5,328
Cash and cash equivalents at beginning of period		<u>43,079</u>	<u>37,751</u>
Cash and cash equivalents at end of period		<u>26,600</u>	<u>43,079</u>

The accompanying notes form an integral part of these Consolidated Financial Statements.

CELEO REDES OPERACIÓN CHILE S.A. AND SUBSIDIARIES
TAXPAYER ID No.: 76.187.228 – 1

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
 FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
 (In thousands of United States dollars - ThUS\$)

	Other reserves				Total other reserves ThUS\$	Retained earnings/(accumulated deficit) ThUS\$	Equity attributable to owners of the Parent ThUS\$	Non-controlling interests ThUS\$	Total equity ThUS\$
	Share capital ThUS\$	Translation reserve ThUS\$	Cash flow hedging reserve ThUS\$	Other miscellaneous reserves ThUS\$					
Current period beginning balance 01/01/2023	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	-	-	-	-	-	-	-	-	-
Restated opening balance	1,000	-	(2,096)	275	(1,821)	20,744	19,923	12	19,935
Changes in equity									
Comprehensive income (loss)									
Profit (loss)	-	-	-	-	-	17,936	17,936	-	17,936
Other comprehensive income (loss)	-	-	(3,508)	-	(3,508)	-	(3,508)	-	(3,508)
Comprehensive income (loss)	-	-	(3,508)	-	(3,508)	17,936	14,428	-	14,428
Share issue									
Dividends	-	-	-	-	-	(8,000)	(8,000)	-	(8,000)
Increase (decrease) for other distributions to the owners	-	-	-	-	-	-	-	-	-
Total changes in equity	-	-	(3,508)	-	(3,508)	9,936	6,428	-	6,428
Closing balance as of December 31, 2023	1,000	-	(5,604)	275	(5,329)	30,680	26,351	12	26,363

The accompanying notes form an integral part of these Consolidated Financial Statements.

CELEO REDES OPERACIÓN CHILE S.A. AND SUBSIDIARIES
TAXPAYER ID No.: 76.187.228 – 1

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
 FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
 (In thousands of United States dollars - ThUS\$)

	Other reserves				Total other reserves ThUS\$	Retained earnings/(accu- mulated deficit) ThUS\$	Equity attributable to owners of the Parent ThUS\$	Non- controlling interests ThUS\$	Total equity ThUS\$
	Share capital ThUS\$	Translation reserve ThUS\$	Cash flow hedging reserve ThUS\$	Other miscellaneous reserves ThUS\$					
Current period beginning balance 01/01/2022	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	-	-	-	-	-	-	-	-	-
Restated opening balance	1,000	-	13,079	275	13,354	18,821	33,175	12	33,187
Changes in equity									
Comprehensive income (loss)									
Profit (loss)	-	-	-	-	-	8,423	8,423	-	8,423
Other comprehensive income (loss)	-	-	(15,175)	-	(15,175)	-	(15,175)	-	(15,175)
Comprehensive income (loss)	-	-	(15,175)	-	(15,175)	8,423	(6,752)		(6,752)
Share issue									
Dividends	-	-	-	-	-	(6,500)	(6,500)	-	(6,500)
Increase (decrease) for other distributions to the owners	-	-	-	-	-	-	-	-	-
Total changes in equity	-	-	(15,175)	-	(15,175)	1,923	(13,252)	-	(13,252)
Closing balance as of December 31, 2022	1,000	-	(2,096)	275	(1,821)	20,744	19,923	12	19,935

The accompanying notes form an integral part of these Consolidated Financial Statements.

CELEO REDES OPERACIÓN CHILE S.A. AND SUBSIDIARIES
TAXPAYER ID No.: 76.187.228 – 1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2023 and 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 with the Securities Register of the Financial Market Commission (former Superintendence of Securities and Insurance of Chile) under No. 1.144.

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

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

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

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

1. REPORTING ENTITY, (continued)

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

- Consolidated statements of financial position as of December 31, 2023 and 2022.
- Consolidated statement of income as of December 31, 2023 and 2022.
- Consolidated statements of comprehensive income as of December 31, 2023 and 2022.
- Consolidated statement of changes in equity as of December 31, 2023 and 2022.
- Consolidated statements of cash flows, direct method as of December 31, 2023 and 2022.

2.2) Basis of preparation

The Consolidated Financial Statements as of December 31, 2023 and 2022 have been prepared in conformity with IFRS accounting standards issued by the International Accounting Standards Board (IASB) and have been approved by the Board of Directors on March 18, 2024.

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

2.3) Responsibility for the information

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

2.4) Functional and presentation currency

The functional and presentation currency relates to the currency of the primary economic environment in which the Company operates. Transactions denominated in a currency other than the functional currency are converted using the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities expressed in currencies other than the functional currency are retranslated using the exchange rates prevailing at the closing date. Retranslation gains and losses are recognized in foreign currency translation differences, 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	12.31.2023	12.31.2022
	ThUS\$	ThUS\$
Currency US\$	1.00000	1.00000
Chilean pesos (Ch\$)	0.00114	0.00117
Inflation-adjusted unit (UF)	41.94	41.02

2.6) Basis of consolidation

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

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

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

All intercompany transactions and balances have been eliminated on consolidation.

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

Taxpayer ID	Company's name	Functional currency	12.31.2023			12.31.2022	
			Direct %	Indirect %	Total %	Total %	
76.100.121 - 3	Alto Jahuel Transmisora de Energía S.A.	U.S. dollar	99.99	-	99.99	99.99	
76.260.825 - 1	Charrúa Transmisora de Energía S.A.	U.S. dollar	99.99	-	99.99	99.99	

2. SIGNIFICANT ACCOUNTING POLICIES, (continued)

2.7) Property, plant and equipment

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

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

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

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

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

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

2.7.4 Depreciation: Items of property, plant and equipment, net of their residual value are depreciated by allocating, on a straight-line basis, the cost of the different items comprising it in the estimated useful life years that comprise the 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 December 31, 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. SIGNIFICANT ACCOUNTING POLICIES, (continued)

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.

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES, (continued)

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

2.18) Use of estimates

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

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

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

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

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

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

2.19) Dividend Policy

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

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

2. SIGNIFICANT ACCOUNTING POLICIES, (continued)

2.20) Statement of cash flows

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

- 2.20.1. Cash and cash equivalents: Include cash on hand and bank current accounts, term deposits in credit institutions and other short-term low risk investments with original maturities of less than three months.

- 2.20.2. Operating activities: Are the principal revenue-producing activities usually conducted by the Company and other activities that are not investing or financing activities.

- 2.20.3. Investing activities: Correspond to acquisition, disposal or sale activities by other means of non-current assets and other investments not included in cash and cash equivalents.

- 2.20.4. Financing activities: Financing activities are activities that result in changes in the size and composition of the contributed equity and borrowings of the entity.

2. SIGNIFICANT ACCOUNTING POLICIES, (continued)

2.21) Disclosures on the adoption of new and revised IFRSs

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

Current accounting pronouncements

The following accounting pronouncements issued are effective for periods beginning on or after January 1, 2023, and have not been applied in the preparation of these Consolidated financial statements. The Group intends to adopt the applicable accounting pronouncements on their respective application dates but not early.

New IFRS	Mandatory for
<i>IFRS 17 Insurance Contracts</i>	Annual periods beginning on or after January 1, 2023. Early adoption is permitted for entities that apply IFRS 9 and IFRS 15 on or before that date.
Amendments to IFRS	Mandatory for
<i>Initial Application of IFRS 17 and IFRS 9 – Comparative Information (Amendments to IFRS 17)</i>	Annual periods beginning on or after January 1, 2023.
<i>Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgments).</i>	Annual periods beginning on or after January 1, 2023.
<i>Definition of Accounting Estimates (Amendments to IAS 8)</i>	Annual periods beginning on or after January 1, 2023.
<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).</i>	Annual periods beginning on or after January 1, 2023.
<i>International Tax Reform Pillar Two Model Rules (Amendments to IAS 12)</i>	Annual periods beginning on or after January 1, 2023.

2. SIGNIFICANT ACCOUNTING POLICIES, (continued)

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

Accounting pronouncements issued but not yet effective

The following accounting pronouncements issued are applicable to annual periods beginning after January 1, 2023, and have not been applied in the preparation of these consolidated financial statements as of December 31. The company intends to adopt the applicable accounting pronouncements on their related application dates but not to early adopt them.

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 an Investor and its Associate or Joint Venture</i> (Amendments to IFRS 10, IFRS 11 and IAS 28)	Effective date deferred indefinitely.
<i>Lease Liability in 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 (early adoption is permitted) and Amendments to IFRS 7 when applying the Amendments to IAS 7.
<i>Lack of Exchangeability</i> (Amendments to IAS 21)	Annual periods beginning on or after January 1, 2025. Early adoption is permitted.

These accounting pronouncements issued but not yet effective are not expected to have a significant impact on the Consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES, (continued)

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

Sustainability standard pronouncements issued but not yet effective

The following pronouncements are applicable to sustainability reporting. The entity or 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.

The enactment of IFRS S1 and S2 will be applicable for Chile when the Principles and Standards Committee of the Colegio de Contadores de Chile A.G. makes a pronouncement for the application of these standards for entities reporting in Chile.

I. **Current accounting pronouncements**

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 this amendment and determined it will have no significant effects on its Consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES, (continued)

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

Accounting pronouncements issued but not yet effective

New standard

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 Judgments)

In October 2018, the 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.

These accounting pronouncements issued but not yet effective are not expected to have a significant impact on the Consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES, (continued)

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

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.

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.

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 Organization 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, 2023.

2. SIGNIFICANT ACCOUNTING POLICIES, (continued)

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

II. Accounting pronouncements issued but not yet effective

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.

These accounting pronouncements issued but not yet effective are not expected to have a significant impact on the Consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES, (continued)

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

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.

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.

Lease Liability in 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.

2. SIGNIFICANT ACCOUNTING POLICIES, (continued)

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

Non-current Liabilities with Covenants (Amendments to IAS 1)

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.

Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

In May 2023, the International Accounting Standards Board issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures, which establish additional disclosure requirements to be included in the notes related to Supplier Finance Arrangements, which will supplement the requirements currently established in IFRS Standards and will provide information that will allow the users (investors) to assess the effects of these arrangements on the entity's liabilities and cash flows, as well as its exposure to liquidity risk.

Amendments include the requirement to disclose the type and effect of non-cash changes in the carrying amounts of financial liabilities that are part of a supplier finance arrangement.

The amendments are applicable to supplier finance arrangements that have all the following characteristics:

- The finance supplier pays the amounts owed by a company (the buyer) to its suppliers.
- The company agrees to pay in accordance with to the terms and conditions of the arrangements on the same date or at a later date than its suppliers are paid.
- The company has extended payment terms or suppliers benefit from early payment terms, compared to the due date for payment of the related invoice.

No amendments are included regarding the classification and presentation of the related liabilities and cash flows and are not applicable to finance arrangements related to accounts receivable or inventories.

Lack of Exchangeability (Amendments to IAS 21)

On August 15, 2023, the International Accounting Standards Board (IASB) issued the amendment to IAS 21 — The Effects of Changes in Foreign Exchange Rates, "Lack of Exchangeability" to respond to commentary from stakeholders and concerns on the diversity in practice when accounting for the lack of exchangeability between currencies. These amendments establish criteria that will allow companies to assess whether a currency is exchangeable into another currency and when it is not, so that they can determine the exchange rate to be used and the disclosures to be provided, in the event that the currency is not exchangeable.

2. SIGNIFICANT ACCOUNTING POLICIES, (continued)

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

The amendments establish that a currency is exchangeable into another currency at a measurement date when an entity can exchange that currency into another currency within a timeframe that includes a normal administrative delay and through a market or exchange mechanism in which the exchange transaction would create enforceable rights and obligations. If an entity can only obtain an insignificant amount of the other currency at the measurement date for the specified purpose, such currency is not exchangeable into the other currency.

The assessment of whether a currency is exchangeable into another currency depends on an entity's ability to obtain the other currency and not on its intention or decision to do so.

When a currency is not exchangeable into another currency at a measurement date, an entity is required to estimate the spot exchange rate at that date. An entity's purpose when estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under economic conditions prevailing. The amendments do not specify how an entity estimates the spot exchange rate to meet such objective. An entity may use an observable exchange rate without adjustment or another estimation technique. Examples of an observable exchange rate include:

- A spot exchange rate for a purpose other than that for which an entity assesses exchangeability.
- The first exchange rate at which an entity can obtain the other currency for the specified purpose after currency exchangeability is restored (first subsequent exchange rate).

An entity using another estimation technique may use any observable exchange rate (including rates of exchange transactions in foreign exchange markets or mechanisms that do not create enforceable rights and obligations) and adjust that exchange rate, as required, to meet the objective established previously.

An entity is required to apply the amendments for annual reporting periods beginning on or after January 1, 2025. Early adoption is permitted. If an entity applies the amendments for an earlier period, it is required to disclose that fact.

III. 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.

2. SIGNIFICANT ACCOUNTING POLICIES, (continued)

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

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.

The enactment of IFRS S1 and S2 will be applicable for Chile when the Principles and Standards Committee of the Colegio de Contadores de Chile A.G. makes a pronouncement for the application of these standards for entities reporting in Chile.

2. SIGNIFICANT ACCOUNTING POLICIES, (continued)

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

- IFRS 9 Financial Instruments. This amendment clarifies that – for the purpose of performing the '10 percent test' for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.
- IFRS 16 Leases. The amendment eliminates the illustrative example of lessor payments related to improvements to the leased property. As currently drafted, the example is unclear as to why such payments are not a lease incentive. The amendment will help eliminate the possibility of confusion in the identification of lease incentives in real estate agent transactions.
- IFRS 41 Agriculture. This amendment removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in IAS 41 with those in IFRS 13 *Fair Value Measurement*.

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

3. FINANCIAL RISK MANAGEMENT

3.1) Currency and interest rate risk

- a) 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.
- b) Receivables are denominated in Chilean pesos; however, they are recognized in the ledgers against the dollar value on a monthly basis.
- c) 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 December 31, 2023, the weighted average term to collect 92.27% of monthly billed income is 15 days. Additionally, the underlying term of currency risk exposure is 20 days, which is applicable from the 1st day of "n" month, until the effective day of payment. This short and limited time ensures that most of the current revenue (Chilean pesos) is effectively collected during the "n" month, thus assisting in recognizing the exposure during the intra-month term.
- d) 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. FINANCIAL RISK MANAGEMENT, (continued)

3.1) Currency and interest rate risk, (continued)

As a result of the treasury policy and activities of Celeo Redes Operación Chile S.A. and subsidiaries, the fluctuations in the value of the Chilean peso against the U.S. dollar would have no significant effect on the cost of 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, 92.27% 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 Company revenue is highly concentrated in the following main customers:

Main customers as of December 31, 2023	Billing ThUS\$	Representation %
Enel Generación Chile S.A.	8,197	15.39%
Colbún S.A.	4,033	7.57%
Transchile Charrúa Transmisión S.A.	3,936	7.39%
Compañía General de Electricidad S.A.	3,875	7.27%
Enel Distribución Chile S.A.	3,765	7.07%
Other customers	29,472	55.32%
Total billing for 2023	53,278	100%
Concentration % for the 5 main customers	44.68%	

Main customers as of December 31, 2022	Billing ThUS\$	Representation %
Enel Generación Chile S.A.	14,539	22.20
Colbún S.A.	7,985	12.19
Compañía General de Electricidad S.A.	7,662	11.70
Enel Distribución Chile S.A.	6,769	10.33
Aes Andes S.A.	5,190	7.92
Other customers	23,356	35.66
Total billing for 2022	65,501	100.00
Concentration % for the 5 main customers	64.34%	

These five customers, including related companies of these groups generate substantially most of revenue of Alto Jahuel Transmisora de Energía S.A. and Charrúa Transmisora de Energía S.A. Accordingly, a significant change in their financial condition or operating income could have a negative impact (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 December 31, 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 December 31, 2023 and 2022:

	Celeo Redes Operación Chile S.A.		Total ThUS\$
	Bond Issuance US\$	Bond Issuance UF	
As of 12.31.2023			
Principal owed	342,920	181,311	524,431
Accrued interest	480	141	621
Nominal rate	5.20%	3.35%	
Commissions	0.47%		
Effect on the rate	-	-0.25%	
Actual rate	5.67%	3.10%	
	Celeo Redes Operación Chile S.A.		Total ThUS\$
	Bond Issuance US\$	Bond Issuance UF	
As of 12.31.2022			
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 December 31, 2023 and 2022, assets and liabilities sensitive to changes in exchange rates are detailed as follows:

	12.31.2023	12.31.2022
	ThUS\$	ThUS\$
<u>Sensitive assets</u>		
Cash and cash equivalents	9,573	2,262
Trade and other receivables, current	9,012	3,096
Total sensitive assets	18,585	5,358
<u>Sensitive liabilities</u>		
Trade and other payables	10,976	18,521
Other financial liabilities, current	5,791	10,840
Other financial liabilities, non-current	177,071	178,718
Total sensitive liabilities	193,838	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.

Sensitivity analysis as of 12.31.2023	ThUS\$	Effect on profit or loss 2023	
		-10%	10%
Exchange rate sensitivity	877.12	789.41	964.83
<u>Sensitive assets</u>			
Cash and cash equivalents	9,573	1,064	(870)
Trade and other receivables, current	13,355	1,484	(1,214)
Total sensitive assets	22,928	2,548	(2,084)
<u>Sensitive liabilities</u>			
Trade and other payables	15,283	(1,698)	1,389
Other financial liabilities, current	5,791	(643)	526
Other financial liabilities, non-current	177,071	(19,674)	16,097
Total sensitive liabilities	198,145	(22,015)	18,012

3. FINANCIAL RISK MANAGEMENT, (continued)

3.4) Sensitivity analysis, (continued)

Sensitivity analysis as of 12.31.2022	ThUS\$	Effect on profit or loss 2022	
		-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)	1684
Other financial liabilities, current	10,840	(1,204)	985
Other financial liabilities, non-current	178,718	(19,858)	16,247
Total sensitive liabilities	208,079	(23,120)	18,916
Effect on profit (loss), net		(22,525)	18,429

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 December 31, 2023 and 2022, cash and cash equivalents is detailed as follows:

Classes of cash and cash equivalents		12.31.2023	12.31.2022
		ThUS\$	ThUS\$
Bank balances		264	19,156
Short-term deposits classified as cash equivalents		9,565	-
Short-term mutual fund deposits classified as cash equivalents		16,771	23,923
Total		26,600	43,079
Information on cash and cash equivalents by currency	Currency	12.31.2023	12.31.2022
		ThUS\$	ThUS\$
Amount of cash and cash equivalents	Ch\$	9,573	2,262
Amount of cash and cash equivalents	US\$	17,027	40,817
Total		26,600	43,079

Cash and cash equivalents have no restrictions for their use.

4. CASH AND CASH EQUIVALENTS, (continued)

4.1) Investments in time deposits and mutual funds as of December 31, 2023

As of December 31, 2023, the detail of investments in time deposits and mutual funds (debt securities and low risk) is as follows:

Institution	Instrument	Currency	12.31.2023 ThUS\$	12.31.2022 ThUS\$
Banco de Chile	Term deposit	Ch\$	<u>9,565</u>	<u>-</u>
Total			<u>9,565</u>	<u>-</u>

4.2) Investments in mutual funds deposits as of December 31, 2023 and 2022

As of December 31, 2023 and 2022, the detail, of investments in mutual fund deposits (debt securities) is as follows:

Institution	Instrument	Currency	Value of deposits ThUS\$	No. of deposits	12.31.2023 ThUS\$
J.P.Morgan	JPM US Dollar Liquidity LVNAV Premier	U.S. dollar	0.0010	16,619,000	<u>16,771</u>
Total					<u>16,771</u>

Institution	Instrument	Currency	Value of deposits ThUS\$	No. of deposits	12.31.2022 ThUS\$
J.P.Morgan	JPM US Dollar Liquidity LVNAV Premier	U.S. dollar	0.0010	23,923,000	<u>23,923</u>
Total					<u>23,923</u>

5. OTHER NON-FINANCIAL ASSETS

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

Other non-financial assets, current	12.31.2023 ThUS\$	12.31.2022 ThUS\$
Prepaid insurance	<u>128</u>	<u>128</u>
Total	<u>128</u>	<u>128</u>

Other non-financial assets, non-current	12.31.2023 ThUS\$	12.31.2022 ThUS\$
Prepaid electric easement compensation (1)	<u>1,276</u>	<u>1,822</u>
Total	<u>1,276</u>	<u>1,822</u>

(1) 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 December 31, 2023 and 2022, this caption is composed of the following:

	12.31.2023			12.31.2022		
	Assets before impairment	Impairment of trade receivables	Assets due to net trade receivables	Assets before impairment	Impairment of trade receivables	Assets due to net trade receivables
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Trade receivables	11,883	-	11,883	4,649	(2,264)	2,385
Other receivables	49	-	49	7	-	7
Prepayment to domestic suppliers	74	-	74	1	-	1
Value-added tax recoverable (1)	11	-	11	703	-	703
Total trade receivables, current	12,017	-	12,017	5,360	(2,264)	3,096
Total trade receivables, non-current	-	-	-	-	-	-
Total trade receivables	12,017	-	12,017	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

	Performing	31-60 days	61-90 days	91-120 days	> 120 days	12.31.2023
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	Total ThUS\$
Gross non-renegotiated portfolio	11,051	832	-	-	-	11,883
Portfolio impairment	-	-	-	-	-	-
Total Portfolio as of September 30, 2023	11,051	832	-	-	-	11,883
	Performing	31-60 days	61-90 days	91-120 days	> 120 days	12.31.2022
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	Total ThUS\$
Gross non-renegotiated portfolio	2,218	167	-	-	-	2,385
Portfolio impairment	-	-	-	-	-	-
Total Portfolio as of September 30, 2022	2,218	167	-	-	-	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, concluding that the historical probability of doubtful allowance in the electric market is minimal, which for the period as of December 31, and 2023.

Impairment of trade receivables	12.31.2023 ThUS\$	12.31.2022 ThUS\$
Opening balance	(2,264)	-
Impairment of receivables	-	(2,264)
Write-off	2,264	-
Accrual of new provision	-	-
Total	-	(2,264)

7. CURRENT TAX ASSETS AND LIABILITIES

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

Current tax assets	12.31.2023 ThUS\$	12.31.2022 ThUS\$
Monthly provisional income tax payment	1,495	1,487
Total current tax assets	1,495	1,487
Current tax liabilities	12.31.2023 ThUS\$	12.31.2022 ThUS\$
Total current tax liabilities	-	-

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 December 31, 2023

Assets	measured at amortized cost ThUS\$	At fair value through profit or loss ThUS\$	Total ThUS\$
Cash and cash equivalents	9,981	16,619	26,600
Trade and other receivables, current	13,355	-	13,355
Receivables due from related parties, non-current	123,365	-	123,365
Total	146,701	16,619	163,320
Liabilities	measured at amortized cost ThUS\$	At fair value through profit or loss ThUS\$	Total ThUS\$
Other financial liabilities, current	13,129	-	13,129
Other financial liabilities, non-current	515,450	-	515,450
Trade and other payables	15,283	-	15,283
Total	543,862	-	543,862

8. FINANCIAL INSTRUMENTS (continued)

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

As of December 31, 2022

Assets	measured at amortized cost ThUS\$	At fair value through profit or loss ThUS\$	Total 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 ThUS\$	At fair value through profit or loss ThUS\$	Total 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 December 31, 2023 and 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 December 31, 2023 and 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 December 31, 2023 and 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

	12.31.2023 ThUS\$	12.31.2022 ThUS\$
Current tax expense	-	-
Adjustments to prior period current tax	-	-
Total current income tax benefit (expense), net	-	-
Income tax benefit related to the generation and reversal of temporary differences	(6,634)	(3,084)
Total deferred tax expense, net	(6,634)	(3,084)
Income tax expense	(6,634)	(3,084)

9. INCOME TAX AND DEFERRED TAXES, (continued)

9.2) Deferred tax assets and liabilities

Recognized deferred tax assets, related to:	Opening balance	Recognized in	Recognized in	Opening balance	Translation	Recognized in	Recognized in	Closing balance
	as of 01.01.2022	profit or loss for	other	as of 1.1.2023	adjustment	profit or loss for	other	as of 12.31.2023
	ThUS\$	the year	comprehensive	ThUS\$	opening balance	the year	comprehensive	ThUS\$
		ThUS\$	income		ThUS\$	ThUS\$	income	
			ThUS\$				ThUS\$	
Tax losses	52,578	2,401	5,612	60,591	(657)	(4,038)	1,298	57,194
Total deferred tax assets	52,578	2,401	5,612	60,591	(657)	(4,038)	1,298	57,194

Recognized deferred tax liabilities, related to:	Opening balance	Recognized in	Recognized in	Opening balance	Translation	Recognized in	Recognized in	Closing balance
	as of 01.01.2022	profit or loss for	other	as of 1.1.2023	adjustment	profit or loss for	other	as of 12.31.2023
	ThUS\$	the year	comprehensive	ThUS\$	opening balance	the year	comprehensive	ThUS\$
		ThUS\$	income		ThUS\$	ThUS\$	income	
			ThUS\$				ThUS\$	
Depreciation	70,463	5,485	-	75,948	-	2,596	-	78,544
Accruals	(318)	-	-	(318)	318	-	-	-
Total deferred tax liabilities	70,145	5,485	-	70,145	318	2,596	-	78,544
Total deferred taxes, net	(17,885)	(3,084)	5,612	(15,039)	(975)	(6,634)	1,298	(21,350)

Recognized deferred tax assets, related to:	Opening balance	Recognized in	Recognized in	Opening balance	Translation	Recognized in	Recognized in	Closing balance
	as of 01.01.2021	profit or loss for	other	as of 01.01.2022	adjustment	profit or loss for	other	as of 12.31.2022
	ThUS\$	the year	comprehensive	ThUS\$	opening balance	the year	comprehensive	ThUS\$
		ThUS\$	income		ThUS\$	ThUS\$	income	
			ThUS\$				ThUS\$	
Tax losses	55,343	(2,765)	-	52,578	-	2,401	5,612	60,591
Total deferred tax assets	55,343	(2,765)	-	52,578	-	2,401	5,612	60,591

Recognized deferred tax liabilities, related to:	Opening balance	Recognized in	Recognized in	Opening balance	Translation	Recognized in	Recognized in	Closing balance
	as of 01.01.2021	profit or loss for	other	as of 01.01.2022	adjustment	profit or loss for	other	as of 12.31.2022
	ThUS\$	the year	comprehensive	ThUS\$	opening balance	the year	comprehensive	ThUS\$
		ThUS\$	income		ThUS\$	ThUS\$	income	
			ThUS\$				ThUS\$	
Depreciation	65,376	(429)	5,516	70,463	-	5,485	-	75,948
Accruals	-	-	-	-	(318)	-	-	(318)
Total deferred tax liabilities	65,376	(429)	5,516	70,463	(318)	5,485	-	75,630
Total deferred taxes, net	(10,033)	(2,336)	(5,516)	(17,885)	318	(3,084)	5,612	(15,039)

9. INCOME TAX AND DEFERRED TAXES, (continued)

9.3) Reconciliation of tax results

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

	Balance as of 12.31.2023		Balances as of 12.31, 2022	
	%	ThUS\$	%	ThUS\$
Profit before taxes		24,570		11,507
Tax expense using the statutory rate	27.0	(6,634)	27.0	(3,107)
Add (deduct):				
Increase (decrease) to income tax				
Effect of deferred taxes for the year	(0.025)	-	(0.2)	23
Adjustments to tax expense using the legal rate		-	(0.2)	23
Tax expense using the effective rate	24.5%	(6,634)	26.8	(3,084)

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\$1,298 at the end of the period as of December 31, 2023 (ThUS\$5,612 at the end of the period as of December 31, 2022).

10. INTANGIBLE ASSETS OTHER THAN GOODWILL

The detail of intangible assets is as follows:

Classes of intangible assets, net	12.31.2023 ThUS\$	12.31.2022 ThUS\$
Electric easements	81,233	80,262
Licenses and software	-	-
Total	81,233	80,262
Classes of intangible assets, gross	12.31.2023 ThUS\$	12.31.2022 ThUS\$
Electric easements	81,233	80,262
Licenses and software	105	105
Total	81,338	80,367
Accumulated amortization and impairment, intangible assets	12.31.2023 ThUS\$	12.31.2022 ThUS\$
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.

10. INTANGIBLE ASSETS OTHER THAN GOODWILL, (continued)

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

As of December 31, 2023

	Electric easements ThUS\$	Licenses and software ThUS\$	Total ThUS\$
Net opening balance as of January 1, 2023	80,262	-	80,262
Additions	971	-	971
Amortization for the year (a)	-	-	-
Total movements	971	-	971
Net closing balance as of December 31, 2023	81,233	-	81,233

As of December 31, 2022

	Electric easements ThUS\$	Licenses and software ThUS\$	Total ThUS\$
Net opening balance as of January 1, 2022	80,225	2	80,227
Additions	37	-	37
Amortization for the year (a)	-	(2)	(2)
Total movements	37	(2)	(35)
Net closing balance as of December 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 December 31, 2023 and 2022, this assessment determined that there is no impairment in the aforementioned easements.

11. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment comprise the following:

Classes of property and equipment, net	12.31.2023 ThUS\$	12.31.2022 ThUS\$
Land	193	193
Assets under construction	1,473	163
Machinery	344,354	350,858
Total	346,020	351,214

Classes of property and equipment, gross:	12.31.2023 ThUS\$	12.31.2022 ThUS\$
Land	193	193
Assets under construction	1,473	163
Machinery	392,079	392,079
Total	393,745	392,435

Accumulated depreciation and impairment of property, plant and equipment	12.31.2023 ThUS\$	12.31.2022 ThUS\$
Machinery	(47,725)	(41,221)
Total	(47,725)	(41,221)

11. PROPERTY, PLANT AND EQUIPMENT, (continued)

11.1) Movements in property, plant and equipment

As of December 31, 2023 and for the year ended December 31, 2022, this caption comprises the following:

Movements as of December 31, 2023

	Land ThUS\$	Assets under construction ThUS\$	Machinery ThUS\$	Computer equipment ThUS\$	Total ThUS\$
Net opening balance as of January 1, 2023	193	163	350,858	-	351,214
Additions	-	1,310	-	-	1,310
Depreciation for the period	-	-	(6,504)	-	(6,504)
Other increases (decreases)	-	-	-	-	-
Total movements	-	1,310	(6,504)	-	(5,194)
Net closing balance as of December 31, 2023	193	1,473	344,354	-	346,020

Movements as of December 31, 2022

	Land ThUS\$	Assets under construction ThUS\$	Machinery ThUS\$	Computer equipment ThUS\$	Total ThUS\$
Net opening balance as of January 1, 2022	193	-	357,382	-	357,575
Additions	-	163	-	-	163
Depreciation for the period	-	-	(6,524)	-	(6,524)
Other increases (decreases)	-	-	-	-	-
Total movements	-	163	(6,524)	-	(6,361)
Net closing balance as of December 31, 2022	193	163	350,858	-	351,214

As of December 31, 2023 and for the year ended December 31, 2022, no assets under a finance lease are included in property, plant and equipment.

11. PROPERTY, PLANT AND EQUIPMENT, (continued)

11.2) Detail of depreciation for the year:

Depreciation expense	12.31.2023	12.31.2022
	ThUS\$	ThUS\$
Cost of sales	6,491	6,522
Administrative expense	13	2
	<hr/>	<hr/>
Total depreciation	6,504	6,524
	<hr/> <hr/>	<hr/> <hr/>

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\$524,231

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	12.31.2023		12.31.2022	
		Current ThUS\$	Non-current ThUS\$	Current ThUS\$	Non-current ThUS\$
Promissory notes and bonds payable (Bonds) (a)	UF	5,791	177,071	10,480	178,718
Promissory notes and bonds payable (Bonds) (a)	US\$	7,338	338,379	4,973	342,936
Promissory notes and bonds payable (Bonds)		13,129	515,450	15,813	521,654
Total other financial liabilities		13,129	515,450	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 description	Cash flows from financing activities			Other movements not representing cash flows ThUS\$	Total 12.31.2023 ThUS\$
			Balance as of 01.01.2023 ThUS\$	Payment of principal ThUS\$	Payment of interest ThUS\$		
Ch\$ Bond	UF	Bond issuance	189,558	(11,526)	(5,934)	10,764	182,862
USA Bond	US\$	Bond issuance	347,909	(3,817)	(19,344)	20,969	345,717
Balances as of December 31, 2023			537,467	(15,343)	(25,278)	31,733	528,579

Instrument	Currency	Transaction description	Cash flows from financing activities			Other movements that do not constitute cash flow ThUS\$	Total 12.31.2022 ThUS\$
			Balance as of 01.01.2022 ThUS\$	Payment of principal ThUS\$	Payment of interest ThUS\$		
Ch\$ Bond	UF	Bond issuance	178,815	(9,737)	(5,712)	26,192	189,558
USA Bond	US\$	Bond issuance	351,034	(3,100)	(19,528)	19,503	347,909
Balances as of December 31, 2022			529,849	(12,837)	(25,240)	45,695	537,467

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

12.2) Obligations to the public (bonds)

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

As of December 31, 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	06/22/2047	856	UF	Biannual	3.10	3.35	2,953	2,838	5,791	5,738	18,303	153,030	177,071	181,311
U.S.A. (2)	1st series	06/22/2017	1st issuance	U.S. dollar	Biannual	5.67	5.20	5,104	2,234	7,338	5,646	18,025	314,708	338,379	342,920
Total								8,057	5,072	13,129	11,384	36,328	467,738	515,450	524,231

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	06-22-2047	856	UF	Biannual	3.10	3.35	5,461	5,379	10,840	5,527	17,631	155,560	178,718	189,412
U.S.A. (2)	1st series	06-22-2047	1st issuance	U.S. dollar	Biannual	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) Obligations to the public (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 December 31, 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 December 31, 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 December 31, 2023, the Company has recognized an amount of ThUS\$(3,508) net of current taxes as lower "Cash flow hedge reserve" in equity, with credit to the item "Foreign currency exchange differences" in the Consolidated statement of Profit or Loss 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 year ended December 31, 2023.

(a) Free Cash Flow	ThUS\$
Revenues received from the operation of the projects and any restricted subsidiary	52,714
Interest income from permitted investments	4,662
Other income related to fiber optics	2,229
	<hr/>
Project revenue [a1]	59,605
	<hr/>
Costs and fees of operating and administering the projects	5,138
Costs of insurance	275
Taxes and royalties	-
Costs related to professional and legal services and commissions associated with bond issuance	(6)
	<hr/>
Operating costs [a2]	5,407
	<hr/>
Free cash flow [a1-a2]	54,198
	<hr/>
	<hr/>
(b) Debt Expenses	ThUS\$
Promissory notes and bonds payable for bond issue (*)	41,354
	<hr/>
Debt expenses	41,354
	<hr/>

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

$$\text{DSCR} = \frac{54,198}{41,354} = 1.31 \text{ x}$$

(*) Relates to accrued interest and repayment of principal owed for the twelve-month period beginning immediately after December 31, 2022.

As of December 31, 2023, the Company exceeds the factor required to make restricted payments (DSCR higher than or equal to 1.15x) and contract additional debt (DSCR higher than or equal to 1.25x), all based on the criteria established in the bond issuance contracts.

13. TRADE AND OTHER PAYABLES

This caption comprises the following:

	12.31.2023 ThUS\$	12.31.2022 ThUS\$
Domestic suppliers	13,454	16,960
Foreign suppliers	384	-
Value-added tax fiscal debit (1)	131	1,561
Total trade payables	13,969	18,521
Total	13,969	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 December 31, 2023 and 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						12.31.2023 ThUS\$	Average payment period Days
	Up to 30 days ThUS\$	31-60 ThUS\$	61-90 ThUS\$	91-120 ThUS\$	121-365 ThUS\$	366 and thereafter ThUS\$		
Adjustment of annual transmission value by tranche (VATT)	13,838	-	-	-	-	-	13,838	30
Services	131	-	-	-	-	-	131	30
Total	13,969	-	-	-	-	-	13,969	

Type of supplier	Amounts per payment terms						12.31.2022 ThUS\$	Average payment period Days
	Up to 30 days ThUS\$	31-60 ThUS\$	61-90 ThUS\$	91-120 ThUS\$	121-365 ThUS\$	366 and thereafter 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						12.31.2023 ThUS\$
	Up to 30 days ThUS\$	31-60 ThUS\$	61-90 ThUS\$	91-120 ThUS\$	121-180 ThUS\$	181 and thereafter ThUS\$	
Services	-	-	-	-	-	-	-
Total ThUS\$	-	-	-	-	-	-	-

Type of supplier	Amounts per past due days						12.31.2022 ThUS\$
	Up to 30 days ThUS\$	31-60 ThUS\$	61-90 ThUS\$	91-120 ThUS\$	121-180 ThUS\$	181 and thereafter ThUS\$	
Services	-	3	-	-	-	-	3
Total ThUS\$	-	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 December 31, 2023 and 2022, this caption is composed of the following:

Accounts receivable due from related parties

Related party	Taxpayer ID	Relationship	Terms	Country	Transaction description	Total current		Total non-current assets	
						12.31.2023 ThUS\$	12.31.2022 ThUS\$	12.31.2023 ThUS\$	12.31.2022 ThUS\$
Diego de Almagro Transmisora de Energia S.A.	76.536.654-2	Subsidiary	3 months	Chile	Borrowing (1)	-	-	-	-
Celeo Redes Chile Ltda.	76.613.942-6	Parent	6 months	Chile	Borrowing (1)	-	215	123,365	110,086
Total						-	215	123,365	110,086

Trade payables due to related parties

Related party	Taxpayer ID	Relationship	Terms	Country	Transaction description	Total current		Total non-current assets	
						12.31.2023 ThUS\$	12.31.2022 ThUS\$	12.31.2023 ThUS\$	12.31.2022 ThUS\$
Celeo Redes Chile Ltda.	76.613.942-6	Parent	6 months	Chile	Dividends payable	1,771	-	-	-
Total						1,771	-	-	-

(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, CURRENT AND NON-CURRENT (continued)

14.1) Transactions with related parties

Taxpayer ID	Company	Country	Relationship	Transaction description	12.31.2023	Effect on profit or loss (debit) / credit	31-12-2022	Effect on profit or loss (debit) / credit
					ThUS\$	ThUS\$	ThUS\$	ThUS\$
76.613.942-6	Celeo Redes Chile Limitada	Chile	Parent of the group in Chile	Interest on loan	4,827	4,827	4,486	4,486
				Administrative management				
76.613.942-6	Celeo Redes Chile Limitada	Chile	Parent of the group in Chile	service	(1,177)	(1,177)	(96)	(96)
				Administrative management				
76.613.942-6	Celeo Redes Chile Limitada	Chile	Parent of the group in Chile	service	(877)	(877)	(781)	(781)
				Operating management				
76.613.942-6	Celeo Redes Chile Limitada	Chile	Parent of the group in Chile	contract	(1,636)	(1,636)	(965)	(965)
				Administrative management				
76.613.942-6	Celeo Redes Chile Limitada	Chile	Parent of the group in Chile	contract	(120)	(120)	(1,050)	(1,050)
				Operating management				
76.613.942-6	Celeo Redes Chile Limitada	Chile	Parent of the group in Chile	contract	(1,084)	(1,084)	(1,460)	(1,460)
76.613.942-6	Celeo Redes Chile Limitada	Chile	Parent of the group in Chile	Loans granted to related parties	(9500)	-	(53)	(53)
76.613.942-6	Celeo Redes Chile Limitada	Chile	Parent of the group in Chile	Dividends paid	2,229	-	-	-
76.613.942-6	Celeo Redes Chile Limitada	Chile	Parent of the group in Chile	Dividends paid	6,229	-	-	-
76.613.942-6	Celeo Redes Chile Limitada	Chile	Parent of the group in Chile	Loans granted to related parties	4,648	-	-	-

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 December 31, 2023 and 2022, this caption comprises the following:

15.1) Capital issued and paid

	Share capital ThUS\$	Paid-in capital ThUS\$
Opening balance as of 01.01.2022	1,000	1,000
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 December 31, 2023	1,000	1,000

15.2) Distribution of ownership interest

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

Partners	No. of Shares		Ownership	
	12.31.2023	12.31.2022	12.31.2023 %	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 December 31, 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:

Accumulated hedging effects and other reserves	12.31.2023 ThUS\$	12.31.2022 ThUS\$
Opening balance	(1,821)	13,354
Hedging effects for the year (1)	(3,508)	(15,175)
Other reserves	-	-
Total other reserves	(5,329)	(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 mentioned in the preceding paragraphs, the net distributable profit is determined annually, and shareholders verify the calculation method in each ordinary shareholders' meeting held for this purpose.

As of December 31, 2023 and 2022, the net distributable profit is as follows:

	12.31.2023	12.31.2022
	ThUS\$	ThUS\$
Profit (loss) attributable to owners of the Parent	18,540	8,423
Adjustments per the policy:		
Depreciation and amortization for the year	6,504	6,524
Profit for the period for distribution	25,044	14,947

At the Board of Directors' meeting held on September 29, 2023, the Board of Directors approved the distribution of interim dividends of ThUS\$8,000, which were partially paid for ThUS\$6,229, resulting in a remaining balance of ThUS\$1,771, which will be paid during 2024.

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 December 31, 2023 and 2022, capital is defined as issued, subscribed and paid-in capital.

16. NON-CONTROLLING INTERESTS

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

		12.31.2023				
Company	Non-controlling interest	Equity of subsidiary ThUS\$	Profit or loss of subsidiary ThUS\$	Non-controlling interests %	Non-controlling interests ThUS\$	Share of profit (loss) of investments in associates ThUS\$
Charrúa Transmisora de Energía S.A.	Elecnor S.A.	35,252	6,623	0.01%	4	-
Alto Jahuel Transmisora de Energía S.A.	Elecnor S.A.	79,230	9,856	0.01%	8	-
Total		114,482	16,479		12	-

		12.31.2022				
Company	Non-controlling interest	Equity of subsidiary ThUS\$	Profit or loss of subsidiary ThUS\$	Non-controlling interests %	Non-controlling interests ThUS\$	Share of profit (loss) of investments in associates 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 December 31, 2023 and 2022, this caption comprises the following:

	12.31.2023 ThUS\$	12.31.2022 ThUS\$
Regulated, toll and transmission revenue	53,534	42,215
Income related to fiber optics	2,229	1,425
Total	55,763	46,640

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.

	12.31.2023 ThUS\$	12.31.2022 ThUS\$
Regulated customers	55,763	46,640
Domestic revenue	55,763	46,640
Goods transferred in a given point in time	-	-
Transmission services provided throughout time	55,763	46,640

18. COST OF SALES

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

	12.31.2023	12.31.2022
	ThUS\$	ThUS\$
Operating and maintenance costs from third parties	-	(14)
Depreciation for transmission line cost 2°C	(3,223)	(3,223)
Depreciation for cost of substations 2°C	(3,268)	(3,268)
Operating and maintenance costs from related companies	(2,720)	(2,425)
Depreciation for the period, O&M cost	-	(31)
	<hr/>	<hr/>
Total	(9,211)	(8,961)
	<hr/> <hr/>	<hr/> <hr/>

19. DETAIL OF SIGNIFICANT RESULTS

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

19.1) Administrative expenses

Administrative expenses are detailed as follows:

	12.31.2023	12.31.2022
	ThUS\$	ThUS\$
Advisory expenses and fees	(11)	(22)
Depreciation and amortization	(13)	(134)
Service and rent expenses	-	(126)
Expenses related to services for related parties	(2,174)	(1,833)
Other administrative expenses	(504)	(578)
	<hr/>	<hr/>
Total	(2,702)	(2,693)
	<hr/> <hr/>	<hr/> <hr/>

19. DETAIL OF SIGNIFICANT RESULTS, (continued)

19.2) Finance income and finance costs

As of December 31, 2023 and 2022, the detail of this caption is as follows:

Finance income	12.31.2023 ThUS\$	12.31.2022 ThUS\$
Interest on loans to related parties	4,827	4,422
Interest for financial investments	2,240	869
Total	7,067	5,291
Finance costs recognized in profit or loss	12.31.2023 ThUS\$	12.31.2022 ThUS\$
Bonds payable and promissory notes	(26,216)	(26,110)
Bank expenses and commissions	(1)	(4)
Total	(26,217)	(26,114)

19.3) Foreign currency translation differences

As of December 31, 2023 and 2022, the detail of exchange rate differences is the following:

Foreign currency translation difference by caption	12.31.2023 ThUS\$	12.31.2022 ThUS\$
Cash and cash equivalents	(1,103)	(142)
Trade and other receivables	1,021	(3,418)
Current tax assets	(73)	54
Current tax liabilities	-	484
Trade and other payables	(45)	(122)
Trade payables due to related parties, current	21	52
Other financial liabilities, non-current	-	2,754
Total	(179)	(338)

19.4) Gain (loss) on inflation-adjusted units

As of December 31, 2023 and 2022, income (expense) from inflation-adjusted units is detailed as follows:

Detail by caption	12.31.2023 ThUS\$	12.31.2022 ThUS\$
Trade and other receivables	-	(5)
Other financial assets, non-current	49	-
Other financial liabilities, current	-	(54)
Total	49	(59)

20. COMMITMENTS AND CONTINGENCIES

20.1 Commitments

The Company and its subsidiaries have not entered into other engagements during the period ended December 31, 2023 and 2022.

20.2 Lawsuits and Contingencies

As of December 31, 2023 and 2022, Celeo Redes Operación Chile S.A. records no lawsuits or contingencies.

As of December 31, 2023, there are lawsuits filed against Alto Jahuel Transmisora de Energía S.A. (AJTE) and Charrúa Transmisora de Energía S.A. (CHTE) for Easements. Based on the reports of its legal advisors, Management considers these contingencies do not have a significant impact and, therefore, they have not been accrued in these financial statements.

The lawsuits are as follows:

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\$131,124,255	Probable	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 resolution of October 10, 2023 rejected the objection to credit settlement, without costs.

On October 16, 2023, AJTE filed an appeal against the resolution of October 10, 2023, which rejects the objection against the credit settlement, requesting the consideration of the amounts paid.

On November 29, AJTE submitted a sight draft issued on behalf of the Court to deposit the amount of Ch\$131,124,255, which is the amount that AJTE was ordered to pay. The Court is requested to consider the sight draft as submitted and, at the same time, the custody of the sight draft is requested.

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 the 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 / 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 relation 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)

21.4 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 December 31, 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 January 1, 2024, and the date of issuance of these Consolidated financial statements, there have been no subsequent events that might significantly affect the Company's financial position or profit or loss as of December 31, 2023.