

SOCIEDAD DE TRANSMISIÓN AUSTRAL S.A. AND SUBSIDIARIES

Consolidated Classified Interim Financial Statements
As of September 30, 2022 and for
the nine and three-month periods ended
September 30, 2022 and 2021 (unaudited)

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**SOCIEDAD DE TRANSMISIÓN AUSTRAL S.A.
AND SUBSIDIARIES**

Thousands of Chilean pesos – ThCLP\$

SOCIEDAD DE TRANSMISIÓN AUSTRAL S.A. AND SUBSIDIARIES
Consolidated Interim Statements of Financial Position, Classified
As of September 30, 2022 (unaudited) and December 31, 2021
(In thousands of Chilean pesos - ThCLP\$)

ASSETS	Note	09-30-2022	12-31-2021
		ThCLP\$	ThCLP\$
CURRENT ASSETS			
Cash and cash equivalents	6	49,803,698	1,964,417
Other current financial assets	15	-	174,202
Other current non-financial assets	-	2,503,396	1,169,233
Trade and other receivables, current	7	23,872,468	24,155,689
Due from related companies, current	8	6,030,484	4,119,150
Current inventories	-	4,627,898	3,196,824
Current tax assets, current	9	10,954,998	7,922,831
Current assets other than non-current assets or disposal groups classified as held for sale or as held for distribution to owners		97,792,942	42,702,346
Non-current assets or groups of assets for disposal classified as held for sale or as held for distribution to owners	13	128,110,189	99,710,294
TOTAL CURRENT ASSETS		225,903,131	142,412,640
NON-CURRENT ASSETS			
Other non financial assets, non-current	-	29,960	32,960
Trade and other receivables, current	7	22,821,204	11,549,737
Trade and other receivables to related entities, non current	8	5,110,064	4,188,484
Intangible assets other than goodwill	10	69,548,683	64,411,025
Goodwill	11	77,010,104	76,854,698
Property, plant and equipment	12	686,055,280	627,502,406
Rights for use assets	-	1,452,551	1,283,851
Deferred tax assets	14	33,995,069	29,110,771
TOTAL NON-CURRENT ASSETS		896,022,915	814,933,932
TOTAL ASSETS		1,121,926,046	957,346,572

SOCIEDAD DE TRANSMISIÓN AUSTRAL S.A. AND SUBSIDIARIES
Consolidated Interim Statements of Financial Position, Classified
As of September 30, 2022 (unaudited) and December 31, 2021
(In thousands of Chilean pesos - ThCLP\$)

EQUITY AND LIABILITIES	Note	09-30-2022	12-31-2021
		ThCLP\$	ThCLP\$
CURRENT LIABILITIES			
Other financial liabilities, current	15	4.324.613	724.835
Lease liabilities, current	-	525.461	329.609
Trade accounts payable and other payables	16	25.178.004	24.137.477
Due to related companies, current	8	3.383.106	10.183.903
Other provisions, current	-	2.011.607	2.081.521
Current tax liabilities, current	9	4.889.230	1.478.961
Current accruals for employee benefits	-	2.188.868	767.047
Other non-financial liabilities, current	18	570.407	556.881
Total current liabilities other than liabilities included in disposal groups of assets classified as held for sale		43.071.296	40.260.234
Liabilities included in groups of assets for disposal classified as held for sale	13	35.332.475	29.276.287
TOTAL CURRENT LIABILITIES		78.403.771	69.536.521
NON-CURRENT LIABILITIES			
Other financial liabilities, non current	15	507.623.915	125.340.559
Lease liabilities, non-current	-	1.753.163	1.482.146
Trade accounts payable and other non current accounts	16	20.634	330.482
Due to related companies, non-current	8	109.875.701	331.055.584
Deferred tax liability	14	56.135.344	55.872.726
Non-current accruals for employee benefits	-	2.447.079	1.921.240
Other non-financial liabilities, non-current	18	11.575.314	11.543.595
TOTAL NON-CURRENT LIABILITIES		689.431.150	527.546.332
TOTAL LIABILITIES		767.834.921	597.082.853
EQUITY			
Issued and paid-in capital	19	166.064.578	166.064.578
Retained earnings (Accumulated deficit)	19	17.739.367	35.638.738
Other reserves	19	169.680.188	157.929.718
Equity attributable to owners of controller		353.484.133	359.633.034
Non-controlling interests	-	606.992	630.685
TOTAL EQUITY		354.091.125	360.263.719
TOTAL EQUITY AND LIABILITIES		1.121.926.046	957.346.572

SOCIEDAD DE TRANSMISIÓN AUSTRAL S.A. AND SUBSIDIARIES
Consolidated Interim Statements of Comprehensive Income, by Nature
For the nine and three-month periods ended September 30, 2022 and 2021 (unaudited)
(In thousands of Chilean pesos - ThCLP\$)

STATEMENT OF COMPREHENSIVE INCOME		01-01-2022		Proforma		07-01-2022		Proforma	
		09-30-2022		01-01-2021		09-30-2022		07-01-2021	
		ThCLP\$		ThCLP\$		ThCLP\$		ThCLP\$	
Profit (loss)									
Revenue from ordinary activities	20	71,567,530	58,970,621	24,544,231	27,376,977				
Other income	20	11,268,676	6,395,155	4,580,305	2,347,970				
Raw materials and consumables used	-	(614,009)	(499,208)	(304,272)	(261,556)				
Employee benefits expenses	21	(11,384,503)	(6,216,330)	(4,426,586)	(2,164,926)				
Depreciation and amortization expense	22	(12,172,737)	(8,727,176)	(4,334,067)	(2,987,035)				
Other expenses, by nature	23	(13,770,244)	(12,185,200)	(5,247,574)	(4,663,371)				
Other income (losses)	-	15,624	18,780	(41)	-				
Financial income	24	1,131,523	68,262	845,569	37,533				
Financial expenses	24	(12,602,306)	(4,817,283)	(5,210,276)	(1,752,563)				
Impairment of earnings and reversal of impairment losses (impairment losses) determined in accordance with IFRS 9	-	(91,618)	73,141	8,579	13,554				
Exchange differences	24	(15,550,835)	(2,352,722)	(4,869,987)	(2,288,565)				
Profit and loss by adjustment unit	24	(12,064,118)	(3,569,211)	(4,343,986)	(1,234,882)				
Profit (loss) before tax		5,732,983	27,158,829	1,241,895	14,423,136				
Tax expenses (profits) from continued operations	14	3,613,422	(6,145,672)	1,494,690	(3,109,317)				
Profit (loss) from continued operations		9,346,405	21,013,157	2,736,585	11,313,819				
Profit (loss) from discontinued operations	13	(302,678)	(279,608)	321,355	(641,026)				
Profit (loss)		9,043,727	20,733,549	3,057,940	10,672,793				
Profit (loss), attributable to:									
Controlling interest	-	9,029,448	20,717,551	3,051,422	10,663,027				
Non-controlling interest	-	14,279	15,998	6,518	9,766				
Profit (loss)		9,043,727	20,733,549	3,057,940	10,672,793				

SOCIEDAD DE TRANSMISIÓN AUSTRAL S.A. AND SUBSIDIARIES
Consolidated Interim Statements of Other Comprehensive Income
 For the nine and three-month periods ended September 30, 2022 and 2021 (unaudited)
 (In thousands of Chilean pesos - ThCLP\$)

Other comprehensive income	Note	Proforma		Proforma	
		01-01-2022 09-30-2022	01-01-2021 09-30-2021	07-01-2022 09-30-2022	07-01-2021 09-30-2021
		ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
Profit (loss)		9,043,727	20,733,549	3,057,940	10,672,793
Other comprehensive income					
Component of other comprehensive income that will not be reclassified to profit or loss for the year, before tax					
Other comprehensive income, before tax, actuarial income (loss) from defined benefit plans		(95,897)	441,484	16,507	-
Ownership interest in the other comprehensive income of associates and joint ventures accounted using equity method that will be reclassified to profit and loss for the period, before tax		21,784	103,518	17,529	75,541
Other comprehensive income that will not be reclassified to profit and loss for the year, before tax		(74,113)	545,002	34,036	75,541
Components of other comprehensive income that will be reclassified to profit or loss for the year, before tax					
Exchange differences on translation					
Losses (profit) from exchange differences, before tax		11,910,843	10,906,508	2,402,463	9,189,924
Other comprehensive income, before tax, exchange differences on translation		11,910,843	10,906,508	2,402,463	9,189,924
Cash flow hedges					
Profit (losses) from cash flow hedges, before tax		(154,197)	(147,549)	1,838,728	(607)
Other comprehensive income, before tax, cash flow hedges		(154,197)	(147,549)	1,838,728	(607)
Other comprehensive income to be reclassified to income for the period, before tax		11,756,646	10,758,959	4,241,191	9,189,317
Other components of other comprehensive income, before income tax		11,682,533	11,303,961	4,275,227	9,264,858
Income taxes related to components of other comprehensive income that will not be reclassified to profit or loss for the period					
Income tax related to remeasurements of defined benefit plans from other comprehensive income		25,892	(119,201)	(4,457)	-
Income taxes related to components of other comprehensive income that will not be reclassified to profit or loss for the period		25,892	(119,201)	(4,457)	-
Income taxes related to components of other comprehensive income to be reclassified to the income statement for the period					
Income taxes related to cash flow hedges in other comprehensive income		41,633	39,838	(496,457)	164
Income taxes related to components of other comprehensive income to be reclassified to the income statement for the period		41,633	39,838	(496,457)	164
Other comprehensive income		11,750,058	11,224,598	3,774,313	9,265,022
Comprehensive income		20,793,785	31,958,147	6,832,253	19,937,815
Comprehensive income attributable to					
Comprehensive income attributable to owners of controlling interest		20,779,918	31,647,092	6,825,689	19,650,394
Comprehensive income attributable to non-controlling interest		13,867	311,055	6,564	287,421
Comprehensive income		20,793,785	31,958,147	6,832,253	19,937,815

SOCIEDAD DE TRANSMISIÓN AUSTRAL S.A. AND SUBSIDIARIES
Consolidated Interim Statements of Changes in Net Equity
For the periods ended September 30, 2022 and 2021 (unaudited)
(In thousands of Chilean pesos - ThCLP\$)

Statements of changes in net equity	Issued capital	Foreign exchange translation differences reserve	Cash flow hedge reserve	Reserve of actuarial gains and losses on defined benefits plans	Other sundry reserves	Other reserves	Retained earnings (Accumulated deficit)	Equity attributable to controlling interest	Non-Controlling interest	Total equity
	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
Opening balance 01-01-2022	166,064,578	23,100,268	112,564	(205,468)	134,922,354	157,929,718	35,638,738	359,633,034	630,685	360,263,719
Increase (decrease) due to changes in accounting policies	-	-	-	-	-	-	-	-	-	-
Restated opening balance as of 01-01-2022	166,064,578	23,100,268	112,564	(205,468)	134,922,354	157,929,718	35,638,738	359,633,034	630,685	360,263,719
Changes in equity										
Comprehensive income										
Profit (loss)	-	-	-	-	-	-	9,029,448	9,029,448	14,279	9,043,727
Other comprehensive income	-	11,910,843	(112,564)	(47,809)	-	11,750,470	-	11,750,470	(412)	11,750,058
Total Comprehensive income	-	11,910,843	(112,564)	(47,809)	-	11,750,470	9,029,448	20,779,918	13,867	20,793,785
Issued capital	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	(26,928,819)	(26,928,819)	-	(26,928,819)
Increase (decrease) by other contributions of owners, equity	-	-	-	-	-	-	-	-	-	-
Increase (decrease) for other changes, equity	-	-	-	-	-	-	-	-	-	-
Other increases (decreases) in net equity	-	-	-	-	-	-	-	-	(37,560)	(37,560)
Total changes in equity	-	11,910,843	(112,564)	(47,809)	-	11,750,470	(17,899,371)	(6,148,901)	(23,693)	(6,172,594)
Closing balance at 09-30-2022	166,064,578	35,011,111	-	(253,277)	134,922,354	169,680,188	17,739,367	353,484,133	606,992	354,091,125

SOCIEDAD DE TRANSMISIÓN AUSTRAL S.A. AND SUBSIDIARIES
Interim Consolidated Statements of Changes in Net Equity
For the periods ended September 30, 2022 and 2021 (unaudited)
(In thousands of Chilean pesos – ThCLP\$)

Statements of changes in net equity	Issued capital	Foreign exchange translation differences reserve	Cash flow hedge reserve	Reserve of actuarial gains and losses on defined benefits plans	Other sundry reserves	Other reserves	Retained earnings (Accumulated deficit)	Equity attributable to controlling interest	Non-Controlling interests	Total equity
	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
Opening balance 01-01-2021 (Proforma)	166,051,481	8,598,247	106,817	(50,977)	108,555,427	117,209,514	28,624,896	311,885,891	460,820	312,346,711
Increase (decrease) due to changes in accounting policies	-	-	-	-	-	-	-	-	-	-
Restated opening balance as of 01-01-2021	166,051,481	8,598,247	106,817	(50,977)	108,555,427	117,209,514	28,624,896	311,885,891	460,820	312,346,711
Changes in equity										
Comprehensive income										
Profit (loss)	-	-	-	-	-	-	20,717,551	20,717,551	15,998	20,733,549
Other comprehensive income	-	10,906,508	(107,711)	130,744	-	10,929,541	-	10,929,541	295,057	11,224,598
Total Comprehensive income	-	10,906,508	(107,711)	130,744	-	10,929,541	20,717,551	31,647,092	311,055	31,958,147
Issued capital	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	(1,760,412)	(1,760,412)	-	(1,760,412)
Increase (decrease) by other contributions of owners, equity	-	-	-	-	-	-	-	-	-	-
Increase (decrease) for other changes, equity	-	-	-	-	-	-	-	-	-	-
Other increases (decreases) in net equity	-	-	-	-	-	-	-	-	(95,098)	(95,098)
Total changes in equity	-	10,906,508	(107,711)	130,744	-	10,929,541	18,957,139	29,886,680	215,957	30,102,637
Closing balance at 09-30-2021	166,051,481	19,504,755	(894)	79,767	108,555,427	128,139,055	47,582,035	341,772,571	676,777	342,449,348

SOCIEDAD DE TRANSMISIÓN AUSTRAL S.A. AND SUBSIDIARIES
Consolidated Interim Statements of Cash Flows, Direct Method
 For the periods ended September 30, 2022 and 2021 (unaudited)
 (In thousands of Chilean pesos - ThCLP\$)

STATEMENT OF CASH FLOWS	Note	Proforma	
		09-30-2022	09-30-2021
		ThCLP\$	ThCLP\$
Cash flows from (used in) operating activities			
Types of proceeds for operating activities			
Proceeds from sales of goods and services	-	90,972,404	84,153,598
Other charges from operating activities	-	7,467	4,554,308
Types of payments in cash from operating activities			
Payments to suppliers for goods and services	-	(36,327,966)	(24,090,222)
Payments to and on behalf of employees	-	(10,325,023)	(7,116,670)
Other cash payments from operating activities	-	(6,122,307)	(11,943,454)
Cash flows from (used in) operating activities		38,204,575	45,557,560
Income tax paid (refund), classified as operating activities	-	(571,574)	(3,710,866)
Cash flows from (used in) operating activities		37,633,001	41,846,694
Cash flows from (used in) investing activities			
Cash flows from loss of control of subsidiaries or other businesses, classified as investing activities		-	(26,842,351)
Loans to related entities	-	-	(6,774,433)
Cash receipts from the sale of Purchase of property, plant and equipment, classified as investing activities		15,700	-
Purchase of property, plant and equipment, classified as investing activities	-	(34,547,339)	(35,544,081)
Payments from contracts of futures, forwards, options and financial swap, classified as investing activities	-	-	(1,061,332)
Cash receipts from futures contracts, forwards, options and financial swap, classified as investing activities	-	-	980,869
Receivables from related entities	-	-	4,485,663
Dividends received, classified as investing activities		314,099	1,387,687
Interest received, classified as investing activities	-	1,097,605	21,483
Cash flows from (used in) investing activities		(33,119,935)	(63,346,495)
Cash flows from (used in) financing activities			
Proceeds from loans classified as financing activities	6	305,226,312	10,000,000
Proceeds from long-term borrowings		305,226,312	-
Proceeds from short-term borrowings		-	10,000,000
Loans from related entities	6	54,630,981	134,489,391
Loan repayments, classified as financing activities	6	-	(25,000,000)
Payments of lease liabilities	6	(71,582)	(27,608)
Loan repayments to related entities	6	(281,134,217)	(87,793,379)
Dividends paid, classified as financing activities	-	(28,260,413)	(3,309,562)
Interests paid, classified as financing activities	6	(13,644,182)	(7,383,866)
Other inflows (outflows) of cash, classified as financing activities		2,094,958	-
Cash flows from (used in) financing activities		38,841,857	20,588,073
Net increase (decrease) in cash and cash equivalent, before the effect of the changes in the exchange rate	-	43,354,923	(511,728)
Effect of exchange rate changes on cash and cash equivalents			
Effect of exchange rate changes on cash and cash equivalents	-	4,484,358	52,397
Net increase (decrease) in cash and cash equivalents		47,839,281	(459,331)
Cash and cash equivalents at beginning of the year	-	1,954,417	1,458,987
Cash and cash equivalents at end of the year	6	49,803,698	999,656

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SOCIEDAD DE TRANSMISIÓN AUSTRAL S.A. AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements

As of September 30, 2022 (unaudited) and December 31, 2021 (Proforma)

(In thousands of Chilean pesos – ThCLP\$)

1 Information and business description

a) General Information

At the Extraordinary Shareholders' Meeting of Sociedad Austral de Electricidad S.A., hereinafter "SAESA", held on December 18, 2019, it was agreed to divide it into the legal successor, which maintained the same corporate name and a new company, named "Sociedad de Transmisión Austral S.A.", hereinafter "STA" or the Company. The shares held by SAESA in STN, SATT and SGA were assigned to the latter as a result of the division. The division took effect as of December 31, 2019. The purpose of the division is to carry out certain separations of the electricity distribution segment, which is consistent with the regulatory guidelines that will be implemented in the coming years and to seek operational efficiencies, financial and accounting, by bringing together – to a significant extent – companies whose functional currency is the US dollar.

On June 1, 2021, the Company Inversiones Los Lagos IV Limitada merged with the Company (both at the aforementioned date indirect subsidiaries of Inversiones Eléctricas del Sur S.A), with STA being the legal successor. As a result, Sagesa S.A. and Línea de Transmisión Cabo Leones S.A. become direct subsidiaries of STA, and Sistema de Transmisión del Centro S.A. (STC) becomes a STA related company with 49.9% of ownership.

Likewise, on the same date, STA entered into a contract for the sale of shares with the related company Sistema de Transmisión del Sur S.A. (Formerly STS), where the last sold, and transferred 50,000 shares over its subsidiary STC. Considering the merger mentioned in the previous paragraph where STA maintains a 49.9% ownership in STC plus the purchase of these shares, the Company became the Controller of STC with a 99.9% ownership (99,990 shares).

On July 9, 2021, the Company entered into a contract for the sale of shares with Acciona Energía Global S.L., sole and exclusive owner of 100% of the shares issued by Tolchén Transmisión SpA (Tolchén), acquiring the total shares (196,685,064 shares) in US\$ 35.9 million, of which US\$ 3.7 million corresponds to Tolchen's shares and US\$ 32.2 million to the intercompany debt that Tolchen held with its Parent company.

On December 28, 2021, in the context of the reorganization process that the SAESA Group companies are carrying out as a result of the enactment of Law No. 21.194 that modified the General Electric Services Law, the company carried out a capital increase through the exclusive issuance of new Series B shares. Said capital increase was subscribed and paid by Inversiones Eléctricas del Sur S.A. through the total contribution of the shares owned by Sistema de Transmisión del Sur S.A. (New STS). The process began on March 29, 2021, when the Extraordinary Shareholders Meeting of the related company "STS" agreed to merge Frontel Transmisión S.A. and Sistema de Transmisión del Sur S.A. into "New STS".

Such merger would be subject to the fulfillment of a series of suspensive conditions, among which the inscription of Saesa Transmisión S.A. in the Securities Registry kept by the Chilean Security and Exchange Commission, since it would absorb STS, issuer of bonds in the local market, for which it must be enrolled in the Registry. The registration in the Securities Registry was carried out on November 17, 2021. With the suspension conditions fulfilled, the merger took effect starting December 1, 2021.

By virtue of the above, on December 1, 2021, the subsidiary New STS has become the successor and legal continuer of the companies Frontel Transmisión S.A. and Sistema de Transmisión del Sur S.A. ("Formerly STS"), with both companies dissolved in full right without the need to carry out its liquidation, everything in accordance with Article 99 of Law N°18.046 and Article 158 of the Regulations on Public Companies. In addition to the effectiveness of the merger, dated December 1, 2021, Saesa Transmisión S.A. has become known as the "Sistema de Transmisión del Sur S.A.". (New STS), maintaining its unique Tax ID number 77.312.201-6, and registration in the Securities Registry under number 1200. Hereinafter also referred to as "STS".

With this, the transfer of the shares of New STS from Eléctricas to STA was 10,078,417,668,726 shares distributed in 416.201.830 Series A shares and 10,078,001,466,896 Series B shares. As of December 31, 2021, the Company became the Controller of New STS with a total of 99,8% ownership.

The subsidiary company registered in the Register of Reporting Entities is Sociedad Austral de Transmisión Troncal S.A., SATT, registered under number 435.

The non-registered subsidiary companies are Sociedad Generadora Austral S.A., SGA, Sistema de Transmisión del Norte S.A., STN (in process of registration), Sistema de Transmisión del Centro S.A., STC, SAGESA S.A., Línea de Transmisión Cabo Leones S.A. and Tolchén Transmisión SpA.

The Company is a direct subsidiary of Inversiones Eléctricas del Sur S.A.. This is the company through which the Canadian fund Ontario Teachers' Pension Plan Board and the Canadian fund Alberta Investment Management Corporation (AIMCo) controls Saesa Group companies and of which the Company is a part.

The legal address of the Company is Isidora Goyenechea 3621, floor 3, Santiago, and the main commercial address is Bulnes 441, Osorno.

b) Business information

The object of the Company is to carry out business related mainly to the transmission of energy through its own or other companies, as well as to carry out and manage investments. The Company's activities that make up its corporate purpose may be carried out in the country or abroad. The Company currently manages the investments of its subsidiaries STN, SATT, STC, Tolchén, STS, SGA and SAGESA.

The subsidiary STN, whose main line of business is the construction, operation and maintenance of facilities for the transmission or transport of energy, operates a dedicated transmission system in the Antofagasta Region, whose purpose is to supply the energy and power requirements of a mining company and allow the connection of a generating plant (517 MW) to the National Electric System (SEN), it also operates in the National Transmission System. Recently, new services associated with operation and control through technology, monitoring from applications and inspection services by means of drones have been incorporated.

The Subsidiary SATT whose main line of business is the construction, operation, maintenance and management of electric power transmission or transportation facilities operates Dedicated Transmission, Zonal and National assets located in Copiapó, Tocopilla and Araucanía.

The subsidiary Tolchen has a dedicated 33 km long dual-circuit transmission line with a capacity of 233 MVA per circuit and are used by wind farms. The first circuit runs from the San Gabriel substation to the Mulchén substation and the second circuit runs from the Tolpán Sur substation to the Mulchén substation. Both circuits are located in the cities of Renaico and Mulchén, provinces of Malleco and Bio Bio, belonging to the regions of Araucanía and Bio Bio, respectively.

The subsidiary New STS develops mainly transmission business in the Bío Bío, Araucanía, Los Ríos, and Los Lagos regions; in addition to the rendering of services in all the special areas of expertise related to the electrical transportation and transformation systems, such as advisories in the design, construction, maintenance and operation of the systems.

The subsidiary SGA markets electric power on the CEN-SEN spot market and its revenues relate to the sale of energy and power on the CEN-SEN spot market.

The subsidiary SAGESA S.A. has generation assets operating from the Bio Bio Region to the Los Lagos Region and its revenues correspond to the sale of energy and power on the CEN-SEN spot market.

The indirect subsidiary Cabo Leones, also in the Dedicated Transmission System, corresponds to a double circuit line of 220 KV, located in the communes of Freirina and Vallenar, which aims to evacuate the electricity and power of up to three wind projects under construction. It entered into operation in December 2017.

In the context of the reorganization process being carried out by SAESA Group companies as a result of the enactment of Law No. 21.194 which amended the General Electrical Services Law, establishing a legal obligation of exclusive line of business for energy distribution companies. At the Group level, the following actions have been carried out since 2019 onwards, with the objective of complying with the legal obligation of exclusive business.

- In December 2019, was agreed the division of SAESA into two companies, one of them the legal successor, which maintained the corporate name, electricity distribution and a new company, called "Sociedad de Transmisión Austral S.A." (STA). The shares held by SAESA in STN, SATT and SGA were assigned to the latter as a result of the division.
- In May 2020, STA merged with another subsidiary of the group, Los Lagos IV (owner of Sagesa and Cabo Leones) and, on the other hand, Sistema de Transmisión del Sur S.A. sold its shareholding in the company Sistema de Transmisión del Centro S.A. to STA.
- In December 2020, the division of Saesa and Frontel was agreed, keeping Saesa as successor and creating Saesa Transmisión S.A., and on the other hand, keeping Frontel as successor and creating Frontel Transmisión S.A. The companies resulting from each division will operate the transmission assets. In the case of the division of Saesa, within the transfer of assets leaving the Company, the participation in the direct subsidiary Sistema de Transmisión del Sur S.A. was included. whose main line of business is the transmission.
- On December 1, 2021, the merger was materialized by incorporation of Frontel Transmisión S.A. and Sistemas de Transmisión del Sur S.A. in Saesa Transmisión S.A., on the same date, Saesa Transmisión S.A. has been renamed to "Sistema de Transmisión del Sur S.A." (New STS).
- On December 28, 2021, the Company carried out a capital increase through the exclusive issuance of new Series B shares. Said capital increase was subscribed and paid by Inversiones Eléctricas del Sur S.A. through the total contribution of the shares owned by Sistema de Transmisión del Sur S.A. (New STS).

All the actions mentioned above had the purpose of grouping all the transmission companies of the Saesa Group as direct subsidiaries of STA, which meant that within the restructuring process it was necessary to temporarily include the SGA and Sagesa companies that have the lines of distribution and generation, respectively.

On September 27, 2021, the Company began an international bond placement process under rule 144A/REG-S in order to refinance all the intercompany debt held by the transmission companies and obtain financing for new projects. Considering the market conditions and the type of risk of the transmission business, the placement of this bond will be destined only to finance the transmission subsidiaries of STA, excluding the commercialization and generation businesses of SGA and SAGESA, which have not yet been divested.

According to the above, at the time of the placement of the Bond there is a formal commitment with the potential bondholders, where STA will divest itself of the subsidiaries SGA and Sagesa through a new restructuring process planned for the year 2022, It is for this reason that both subsidiaries have been reclassified and presented within the group of assets and liabilities held for distribution to owners as detailed in note 13.

2 Summary of significant Accounting Policies

2.1 Accounting policies

These Consolidated Interim Financial Statements are presented in thousands of Chilean pesos and they were prepared based on the accounting records kept by the Company and its Subsidiaries. The policies and criteria have been consistently applied by all the subsidiaries.

The accompanying Consolidated Interim Financial Statements of the Company and its subsidiaries ended as of September 30, 2022 and December 31, 2021 have been prepared in accordance with International Financial Reporting Standards (hereinafter "IFRS") issued by the International Accounting Standards Board (hereinafter "IASB"). For these purposes, the IFRS comprise standards issued by the International Accounting Standards Board ("IASB") and the interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

These Consolidated Interim Financial Statements have been approved by the Board at its meeting held on November 22, 2022.

2.2 Responsibility for the Information and Use of Estimates

The Company's Management is responsible for the information contained in these Consolidated Interim Financial Statements.

The preparation of the accompanying Consolidated Interim Financial Statements requires the use of certain estimates and assumptions by Management. These estimates are based on management's best knowledge of the reported amounts, events or shares as of the date of issuance of these Consolidated Interim Financial Statements. However, it is possible that events in the future may require them to be adjusted (upwards or downwards) in future periods, which would be done, in accordance with IAS 8, on a prospective basis, recognizing the effects of the change in Future Consolidated Interim Financial Statements. The detail of the significant accounting estimates and criteria is detailed in Note 5.

2.3 Periods covered

In view of Note 1, which states on December 28, 2021, the Company made a capital increase through the exclusive issuance of new Series B shares, which was subscribed and paid for by Inversiones Eléctricas del Sur S.A. through the total contribution of the shares it owned of Sistema de Transmisión del Sur S.A. (New STS). It implies that the present Consolidated Interim Financial Statements consider their presentation as if the merger had occurred as at 01 January, 2021 for comparative purposes.

Consequently, the following criteria are followed in its elaboration:

- For the period from January 1, 2021 to December 28, 2021, the criteria of maintaining the accumulated equity of the new company entering the consolidation perimeter (New STS) is followed. As of December 31, 2021, the Company presents actual values coming from the transmission operation of New STS. Therefore, these consolidated interim financial statements include the following:
 - Consolidated interim classified statements of financial position as of September 30, 2022 and December 31, 2021.
 - Consolidated interim statements of comprehensive income by nature for the periods ended September 30, 2022 and 2021.
 - Consolidated interim statements of changes in net equity for the periods ended September 30, 2022 and 2021.
 - Consolidated interim statements of cash flows, direct method, for the periods ended September 30, 2022 and 2021.

- For the period from January 01, 2021 to September 30, 2021, are presented proforma consolidated interim financial statements, following the criteria of maintaining the added equity of the new company New STS. Therefore, these consolidated interim financial statements include the following:
 - Consolidated statement of financial position classified as at December 31, 2021 (Proforma).
 - Statement of comprehensive income by nature for the period ended December 31, 2021 (Proforma).
 - Statement of changes in net equity for the period ended December 31, 2021. (Proforma).
 - Statement of cash flows, direct method, for the period ended December 31, 2021 (Proforma).
- The proforma equity of the company Sistema de Transmisión del Sur S.A. (Formerly Saesa Transmisión S.A.) as of January 1, 2021, which was incorporated as a subsidiary of STA as a result of the payment of the capital increase made by Inversiones Eléctricas S.A. through the contribution of its shares in New STS in the amount of ThCLP\$231.726.952.

2.4 Basis of preparation

The Consolidated Interim Financial Statements have been prepared under the historical cost criteria, except in the case of financial instruments, recorded at fair value.

2.5 Basis of consolidation

The Consolidated Interim Financial Statements incorporate the Financial Statements of the Company and the entities controlled by the Company (its subsidiaries). Control is achieved when the Company has:

- (a) power over investment (i.e. existing rights that give the ability to direct the relevant activities of the investee, i.e., activities that significantly affect the returns of the investee);
- (b) exposure, or rights, to variable returns from its involvement with the investee; and
- (c) ability to use its power over the investee in order to affect its performances.

When the Company has less than most of the voting rights of an investee, has power over the investee when these voting rights are sufficient to give in practice the ability to direct the relevant activities of the investee unilaterally. The Company considers all facts and circumstances to assess whether the voting rights in an investee are sufficient to give power, including:

- (a) the number of voting rights held by the investor in relation to the number and dispersion held by other holders of voting rights;
- (b) potential voting rights held by the investor, other vote holders or other parties;
- (c) rights arising from other contractual arrangements; and
- (d) any additional facts and circumstances indicating that the investor has or does not have, the current ability to direct the relevant activities at the time these decisions need to be taken, including patterns of voting behavior in previous shareholders' meetings.

The Company will reassess whether it has control over an investee if facts and circumstances indicate that there have been changes in one or more of the three control elements mentioned above.

The consolidation of a subsidiary starts from the date the investor obtains control of the investee and will cease when it loses control over it. Specifically, the income and expenses of an acquired or sold subsidiary during the period are included in the Consolidated Statement of Comprehensive Income from the date on which the Company obtains control until the date on which the Company ceases to control the subsidiary.

Gain or loss of each component of other comprehensive income is attributed to owners of the Company and the non-controlling interest, as applicable. Total comprehensive income is attributed to owners of the Company and non-controlling interests, even if the result of the non-controlling interests has a deficit balance.

If a subsidiary uses accounting policies other than those adopted in the Consolidated Interim Financial Statements for transactions and other similar events under similar circumstances, appropriate adjustments will be made in the Financial Statements of the subsidiaries in preparing the Consolidated Interim Financial Statements to ensure compliance with accounting policies of the Company.

All assets and liabilities, equity, revenues, expenses and cash flows relating to transactions between group companies are eliminated in consolidation.

The detail of the subsidiary companies, which have been consolidated in these Consolidated Interim Financial Statements, is as follows:

Taxpayer ID	Company name	Abbreviated name	Country	Functional currency	Ownership Interest %			
					09-30-2022			12-31-2021
					Direct	Indirect	Total	Total
99.528.750-1	Sociedad Generadora Austral S.A.	SGA	Chile	US dollar	100.0000%	0.0000%	100.0000%	100.0000%
77.312.201-6	Sistema de Transmisión del Sur S.A.	STS	Chile	Chilean peso	99.9996%	0.0004%	100.0000%	100.0000%
76.186.388-6	Sagesa S.A.	SAGESA	Chile	US dollar	99.9987%	0.1000%	99.9987%	99.9987%
76.410.374-2	Sistema de Transmisión del Norte S.A.	STN	Chile	US dollar	100.0000%	0.0000%	100.0000%	100.0000%
76.440.111-5	Sistema de Transmisión del Centro S.A.	STC	Chile	US dollar	100.0000%	0.0000%	100.0000%	100.0000%
76.519.747-3	Sociedad Austral de Transmisión Troncal S.A.	SATT	Chile	US dollar	100.0000%	0.0000%	100.0000%	100.0000%
76.429.813-6	Línea de Transmisión Cabo Leones S.A.	Cabo Leones	Chile	US dollar	99.9900%	0.0100%	100.0000%	100.0000%
76.389.448-7	Toichén Transmisión SpA	Toichén	Chile	US dollar	100.0000%	0.0000%	100.0000%	0.0000%

Non-controlling interest – A parent company will present the non-controlling interests in the Consolidated Interim Statement of Financial Position, within equity, separately from the equity of the owners of the parent company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control over subsidiaries are accounted for as equity transactions. The carrying amounts of the participation of the Company and the controlling interests are adjusted to reflect the change in their relative interests in the subsidiaries. Any difference between the amount for which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

Associates and joint ventures – An associate is an entity over which the Company exercises significant influence. Significant influence is the power to participate in the financial and operating policy decisions of an investee, but it is not control or joint control over those policies.

A joint venture is a joint agreement whereby the parties having joint control of the agreement are entitled to the net assets of the joint agreement. Joint control is the contractual agreement to share control of an agreement, which only exists when decisions on relevant activities require the unanimous consent of the parties sharing control.

The results, assets and liabilities of the associated and/or joint ventures are incorporated in these Consolidated Financial Statements using the equity method, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 in the item Non-current Assets held for sale and discontinued operations in the Consolidated Financial Statements.

Under the equity method, investments in associates and/or joint ventures are initially recorded at cost, and are adjusted subsequently in function of the changes that it experiences, after the acquisition, the portion of the net assets of the associate that corresponds to the Company, less any impairment in the value of individual investments.

If part of a Company in the losses of the associate or joint venture equals or exceeds its interest in these, the Company discontinues recognizing its share of further losses, unless there is a commitment by the Company to replenish the equity situation of the associate or joint venture, in which case, the corresponding liability is recorded.

The dividends received from these companies are recorded by reducing the book value of the shareholding and the results obtained by them, which correspond to the Company according to their participation, are recorded under "Profit sharing (loss) of associates accounted for using the equity method".

2.6 Business combination

Business combinations are accounted using the purchase method. This involves the recognition of identifiable assets (including previously unrecognized intangible assets) and liabilities (including contingent liabilities and excluding future restructurings) of the business acquired at fair value. If these business combinations involve acquiring control of an investment in which the Company had significant influence or joint control, such prior participation is recorded at fair value by recognizing the effect on results.

2.7 Functional and reporting currency

a) Functional currency

The functional currency of each entity in the Group has been determined as the currency of the main economic environment in which it operates. Transactions other than those performed in the entity's functional currency are translated at the exchange rate in effect on the date of the transaction. Assets and liabilities denominated in currencies other than the functional currency will be retranslated at the year-end exchange rates. Gains or losses from re-measurement will be included in net gains or losses in other financial items.

The Company's functional currency of the subsidiaries are distributed as follows:

Company	Abbreviated name	Functional currency
Sistema de Transmisión del Sur S.A.	STS	Chilean peso
Sociedad Generadora Austral S.A.	SGA	US dollar
Sagesa S.A.	SAGESA	US dollar
Sistema de Transmisión del Norte S.A.	STN	US dollar
Sistema de Transmisión del Centro S.A.	STC	US dollar
Sociedad Austral de Transmisión Troncal S.A.	SATT	US dollar
Línea de Transmisión Cabo Leones S.A.	CABO LEONES	US dollar
Tolchén Transmisión SpA	TOLCHÉN	US dollar

b) Reporting currency

The entity's reporting currency is the Chilean peso, as it corresponds to the currency of the Group's parent company, Inversiones Eléctricas del Sur S.A. and that it is the currency that best represents the economic environment in which the aforementioned Parent Company operates.

The conversion procedure used when the reporting currency is different from the functional currency is as follows:

- The assets and liabilities of each of the statements of financial position, using the exchange rate in force on the closing date of the corresponding statements of financial position;
- Income and expenses for each of the statements of comprehensive income will be translated at the exchange rates of the date of each transaction or at the average exchange rate, unless this average is not a reasonable approximation of the cumulative effect of the rates existing on the dates of the transaction; and
- The exchange differences produced in the translation of the Financial Statements will be recognized in the statement of other comprehensive income.

2.8 Basis of conversion

Transactions in a currency other than the functional currency are considered transactions in a foreign currency. Transactions in currencies other than the functional currency of each company are recorded at the exchange rates in force at the date of the transaction. During the period, any differences that arise between the balances translated at the exchange rate prevailing at the date of collection or payment are recorded as exchange differences in the Consolidated Interim Statement of Comprehensive Income.

Also, balances receivable or payable at each period-end denominated in currencies other than the functional currency of each company are translated at the period-end exchange rate. The resulting translation differences are recorded as exchange differences in the Consolidated Interim Statement of Comprehensive Income.

The assets and liabilities in foreign currency and in the adjustable currency (UF) are translated at the exchange rates at current values at the closing date of the Consolidated Interim Financial Statements, according to the following details:

Foreign and adjustable currency	Abbreviated name	09-30-2022	12-31-2021	09-30-2021
		CLP\$	CLP\$	CLP\$
US dollar	USD	960.24	844.69	811.90
Inflation Index-linked unit of account	UF	34,258.23	30,991.74	30,088.37

2.9 Offsetting of balances and transactions

As a general rule, assets and liabilities, income and expenses, are not offset in the Consolidated Interim Financial Statements, unless offsetting is required or is permitted by some standard and the presentation reflects the substance of the transaction.

2.10 Property, plant and equipment

Property, plant and equipment are stated at acquisition cost less accumulated depreciation and accumulated impairment.

In addition to the amount paid for the acquisition or construction of each item, cost also includes, where appropriate, the following items:

- Borrowing costs incurred during the construction period that are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, such as, for example, transmission or generation facilities. The interest rate used is that of specific-purpose financing or, failing that, the weighted average financing rate of the Company and its subsidiaries.
- The capitalized amount and the capitalization rate is as follows:

Costs for capitalized loans	09-30-2022	09-30-2021
	ThCLP\$	ThCLP\$
Costs for capitalized loans (see note 24)	2,928,220	2,521,056
Costs capitalization rate functional currency CLP	2.66%	2.66%
Costs capitalization rate functional currency USD	3.00%	3.00%

- Personnel costs directly related to work in progress as of September 30, 2022 and 2021 amounted to ThCLP\$1,552,133 and ThCLP\$2,087,414, respectively (see note 21).
- The future costs that the Company and its subsidiaries will have to incur in respect of the closure of their facilities are capitalized as part of the cost of the asset, at present value, and a related provision is recognized. Each year, the Company and its subsidiaries review their estimate of these future costs, by increasing or decreasing the value of the asset based on the results of this estimate.

The works in progress are transferred to working assets once the test period when they become available for use has been completed, which is the starting point for their depreciation.

The existing costs of substantial expansion or improvement of structures, facilities or equipment correspond to the replacement or improvement of parts, but without replacing the entire asset, and which lead to extension of the useful life, increase in capacity, decrease in operating costs, or increase in value through the benefits associated with the asset, are incorporated as an increase in the cost of the asset. These costs also include requirements by the authorities or commitments made by the Company and its subsidiaries, and in case these are not complied with, will not allow the use of the asset.

Subsequent costs (replacement of components, improvements, extensions or expansions) are included in the value of the initial asset or are recognized as a separate asset. The value of the replaced component is derecognized.

The other maintenance and repair expenses that do not comply with the above are recognized in profit and loss for the period in which they are incurred.

Depreciation is calculated using the straight-line method over the cost of the assets less their residual value. The land on which buildings and other constructions have been built has an indefinite useful life and, therefore, is not depreciated.

The Company and its subsidiaries depreciate their fixed assets from the moment in which the assets are in conditions of use.

The residual value and the useful life of the assets are reviewed regularly, and they are adjusted prospectively, if required and if applicable.

Based on the results of impairment tests, the Company and its subsidiaries consider that the assets' carrying value does not exceed their recoverable value as of September 30, 2022 and December 31, 2021.

The main periods of useful life used for depreciation of assets are as follows:

Property, plant and equipment	Estimated useful life range
Buildings	40-80
Plant and equipment	
Lines and networks	30-44
Transformers	44
Meters	20-40
Substations	20-60
Generation system	25-50
Information technology equipment	
Hardware	5
Fixtures and fittings	
Office furniture and equipment	10
Vehicles	7
Other equipment and tools	10

To operate the distribution electrical system, the companies have concessions for distribution of electricity which are granted by the Chilean Regulatory Authority and do not have an expiration date, and, therefore, they are considered indefinite.

2.11 Research and development costs

During the periods presented, the Company and its subsidiaries have not recorded research costs, if any, they are accounted for with a charge to results in the year in which they occur. Nor have development costs been presented, which, if any, are accounted for as an asset to the extent that they meet the recognition criteria, otherwise they are expenses in the year in which they occur or cease to meet the criteria due to change in circumstances.

2.12 Impairment of non-financial assets

Intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication at the end of a reporting period that the asset may be impaired.

Assets subject to amortization are tested for impairment losses whenever there is objective evidence that, as a result of one or more events that occurred after initial recognition, the carrying amount cannot be recovered. If this evidence exists, the asset's recoverable value is estimated to determine the extent of the impairment.

In the impairment assessment, assets that do not generate independent cash flow are grouped into a cash-generating unit (CGU) to which the asset belongs.

Management necessarily applies its judgment in the grouping of assets that do not generate independent cash flows and also in the estimation, periodicity and values of the underlying cash flow in the calculation values.

Subsequent changes in the grouping of the CGU or the periodicity of the cash flows could impact the book value of the respective assets.

The recoverable value is the higher of fair value less costs to sell, and value in use. The last corresponds to the discounted estimated future flows.

If the recoverable value of an asset or CGU is estimated to be less than its book value, the latter is reduced to the recoverable value. Impairment is recognized as other depreciation. In the event that an impairment is subsequently reversed, the book value increases to the revised estimate of the recoverable value, but to the extent that it does not exceed the book value that would have been determined, if no impairment had been previously recognized. A reversal is recognized as a decrease in depreciation charge immediately in the result of the period.

As indicated, purchased goodwill is reviewed annually, or when there are indications of impairment or events or changes in circumstances that indicate that the book value has been impaired. Impairment is determined, for purchased goodwill, by evaluating the recoverable amount of the cash-generating unit to which that goodwill is related.

When the recoverable amount of the CGU is lower than the carrying value of the cash-generating units to which goodwill has been assigned, an impairment loss is recognized. Impairment losses related to purchased goodwill cannot be reversed in future periods.

To calculate the recovery value of property, plant and equipment, goodwill and intangible assets, the value in use is the criteria used by the Company and its subsidiaries in most cases.

To estimate the value in use, the Company and its subsidiaries prepare future cash flow projections based on the most recent budgets available and approved by Management. These budgets incorporate the best estimates of Management on the income and costs of the Cash Generating Units using sectoral projections, past experience and future expectations.

The Company and its subsidiaries have defined their operating segment as distribution and for each of their subsidiaries the relevant business segment (mainly transmission or distribution) as the Cash Generating Unit (CGU) for purposes of performing impairment tests, the Intangible assets with an indefinite useful life existing at the date of the impairment test are fully assigned to these CGUs.

The flows are discounted to calculate their present value at a rate that includes the cost of capital of the business. For its calculation, the current cost of money and the risk premiums that reflect the current market appraisals of the time value of money and the specific risks of the asset are taken into account.

2.13 Leases

2.13.1 The Company acts as lessee:

To determine whether a contract is, or contains, a lease, the Company and its subsidiaries analyze the economic background of the agreement, assessing whether if the agreement transfers the right to control the use of an identified asset for a period in exchange for a consideration. It's considered that control exists if the client has i) the right to obtain substantially all the economic benefits from the use of an identified asset; and ii) right to direct the use of the asset.

At the beginning of the lease, right of use asset and a lease liability is recorded in the Consolidated Statement of Financial Position.

The Company and its subsidiaries initially recognize the right-of-use assets at cost. The cost of the right-of-use assets includes: i) amount of the initial measurement of the lease liability; ii) lease payments made; iii) the initial direct costs incurred; and iv) the estimate of costs for decommissioning or restoration.

Subsequently, the right-of-use asset is measured at cost, adjusted by any new measurement of the lease liability, less accumulated depreciation and accumulated losses due to impairment of value.

The right-of-use asset is depreciated in the same terms as the rest of similar depreciable assets, if there is reasonable certainty that the lessee will acquire ownership of the asset at the end of the lease. If such certainty does not exist, the asset depreciates in the shortest period between the useful life of the asset or the lease term.

The lease liability is initially measured at the present value of the lease payments, discounted at the incremental loan rate of the Company and its subsidiaries, if the interest rate implicit in the lease could not be easily determined. Lease payments included in the measurement of the liability include: i) fixed payments, less any lease incentive receivable; ii) variable lease payments that depend on an index or rate; iii) residual value guarantees; iv) exercise price of a purchase option; and v) penalties for lease term.

After the beginning date, the lease liability is increased to reflect the accrual of interest and is decreased by the lease payments made. In addition, the carrying amount of the liability is measured again if there is a modification in the terms of the lease (changes in the term, in the amount of payments or in the evaluation of an option to buy or change in the amounts to be paid). Interest expense is recognized as an expense and is distributed among the periods that constitute the lease period, so that a constant interest rate is obtained in each year on the outstanding balance of the lease liability.

Short-term leases, equal to or less than one year, or low-value assets leases are excepted from the application of the recognition criteria described above, recording the payments associated with the lease as an expense in a straight-line method throughout the lease term.

2.13.2 The Company acts as lessor:

When the Company and its subsidiaries act as lessor, they classify at the beginning of the agreement whether the lease is operating or financial, based on the essence of the transaction. Leases in which substantially all risks and rewards inherent in ownership of the underlying asset are transferred are classified as financial leases.

All other leases are classified as operating leases.

In the case of financial leases, on the beginning date, the Company recognizes in its Consolidated Interim Statement of Financial Position the assets held in financial lease and presents them as an account receivable, for an amount equal to that of the net investment in the lease, calculated as the sum of the current value of the lease installments and the current value of any residual value accrued, discounted at the interest rate implicit in the lease. Subsequently, financial income is recognized throughout the term of the lease, based on a model that reflects a constant rate of return on the net financial investment made in the lease.

In the case of operating leases, lease payments are recognized as income in a linear manner during the term of the lease, unless another systematic basis of distribution is more representative. The initial direct costs incurred to obtain an operating lease are added to the carrying amount of the underlying asset and are recognized as an expense over the term of the lease, on the same basis as the income from the lease.

2.14 Financial instruments

Financial assets and financial liabilities are recognized in the Company's Interim Statement of financial position when the Company and its Subsidiaries become a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price (see revenue footnote). Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in the statement of comprehensive income.

2.14.1 Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

a) Classification and initial measurement of financial assets

The classification and measurement criteria correspond to the following:

- i. Debt instrument at amortized cost:
 - The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
 - The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- ii. Debt instrument at fair value through other comprehensive income (FVTOCI):
 - The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
 - The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- iii. Fair value through profit and loss (FVTPL):

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

- The Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- The Group may irrevocably designate a debt investment that meets the amortized cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

b) Subsequent measurement of financial assets

Financial assets are measured subsequent to their acquisition based on their classification as follows:

- i. In the case of financial assets initially recognized at amortized cost, they are measured using the effective interest rate method, which links estimated future cash receipts over the expected life of the financial asset.
- ii. Financial assets recognized at fair value with changes in other comprehensive income are subsequently measured at fair value. Interest income is calculated using the effective interest rate method, exchange gains and losses and impairment are recognized in results. Other net gains and losses are recognized in the statement of comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss for the period.
- iii. In relation to financial assets initially recognized at fair value through profit or loss, these are subsequently measured at fair value. Net gains or losses, including any interest or dividend income, are recognized in profit or loss for the period. These financial assets are held for trading and are acquired for the purpose of selling them in the short term. Financial assets in this category are classified as other current financial assets.

c) Impairment of non-derivative financial assets

For trade receivables, finance lease receivables and contract assets, the Company has applied the simplified approach in IFRS 9 to measure the expected credit loss (ECL).

Under this simplified approach, the Company has determined a provision matrix based on the historical default rates of its customers, as adjusted by prospective estimates taking into account the most relevant macroeconomic factors that affect collections and that have shown correlation with collections in the past. The macroeconomic variables are reviewed periodically. The Company identifies as the main macroeconomic variables that affect collections; the gross domestic product of the country and the regions where it is present, national and regional unemployment rates, and variations in the purchasing power of customers.

When there is reliable information that indicates that the counterpart is in severe financial difficulties and there is no realistic prospect of recovery, for example when the counterpart has been put into liquidation or has entered bankruptcy proceedings, or in the case of trade receivables, when the amounts have been deemed uncollectable, a write-off will be recorded. Previous to the write-off, all prudential means of collection have been executed.

The trade debtors are users of the transmission systems.

In relation to loans to related parties, Management has not recognized a loss allowance as the loans to related parties are considered to be of low credit risk.

2.14.2 Financial liabilities

a) Classification, initial and subsequent measurement of financial liabilities

Financial liabilities are classified as (i) at amortized cost or (ii) at fair value through profit and loss.

The Group maintains the following financial liabilities in their unaudited interim combined carve-out statement of financial position classified as described below:

i. Commercial accounts payable:

Obligations with suppliers are initially recognized at their fair value, this being the value to be paid, and subsequently they are valued at their amortized cost using the effective interest rate method.

ii. Obligations with banks and financial institutions.

Obligations with banks and financial institutions are initially recognized at their fair value, net of the costs incurred in the transaction.

Subsequently, they are valued at amortized cost. Any difference between the funds obtained (net of the costs necessary to obtain them) and the reimbursement value is recognized in the income statement over the life of the debt in accordance with the effective interest rate method.

2.14.3 Derivatives and hedge accounting

Derivatives are contracted to manage exchange rate, interest rate, inflation, etc. risks to which the Company may be exposed.

Derivative transactions are monitored regularly and consistently over the life of the contracts to ensure that no significant departures occur from the objectives defined, so as to satisfactorily follow the strategy adopted by Management. The Company has met the requirements for cash flow hedging for the derivative instruments entered into. Also, to meet the requirements set forth in the standard, the effectiveness during the hedging period is regularly monitored. The effectiveness of derivative transactions is monitored on a retrospective and prospective basis. Such effectiveness must be within the limits defined in IAS 39 (80% - 125%). The portion of the fair value of hedging derivatives that, under the respective methodology, turns out to be ineffective is recorded through profit & loss in financial income or financial expense.

a) Classification of Hedge Instruments – cash flow hedges

This classification consists of designating hedge instruments to hedge the exposure to changes in the cash flows of an asset, liability (such as a swap to fix interest payments on a debt with a floating rate), a highly probable forecast transaction or a proportion thereof, provided that such changes: i) are attributable to a particular risk; and ii) could affect future profit or loss.

The effective portion of the changes in the fair value of the derivative instruments that are designated and qualified as cash flow hedging instruments is deferred in equity in a net equity reserve called "cash flow hedge." Deferred amounts in equity are recognized in profit or loss in the same periods in which the hedged item affects results.

However, when the expected hedged transaction results in the recognition of a non-financial asset or a non-financial liability, gains and losses previously deferred in equity are transferred from equity and included in the initial valuation of the cost of that asset or liability.

Hedge accounting is discontinued when the hedge relationship is canceled, when the hedge instrument expires or is sold, is terminated, or exercises, or no longer qualifies for hedge accounting.

Any deferred gain or loss on equity at that time is held in equity and recognized when the expected transaction is finally recognized in profit or loss. When an expected transaction is no longer expected to occur, the accumulated gain or loss that was deferred in equity is recognized immediately in profit or loss.

2.15 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is calculated using the weighted average cost method.

2.16 Other non-financial liabilities

This item includes the following:

2.16.1 Deferred income

These amounts are recorded as deferred income in the liabilities of the Consolidated Interim Statement of Financial Position and are charged to income under "Revenue from ordinary activities" in the Consolidated Statement of Comprehensive Income to the extent that the service accrues.

In "Other Non-Current Non-Financial Liabilities" the advance payment on long-term toll contracts with third parties for the use of zonal transmission assets that the Company and its subsidiaries must construct has been included. Once the construction of the asset has been completed and the toll service for the use of the asset has commenced, the recognition of the respective income in the Company's results in the corresponding proportion and over the duration of the contract will be recorded.

2.16.2 Construction in Progress for Third Parties

The other works to third parties corresponds to electrical works that the entity builds and are billed and/or charged in advance to third parties, other than government subsidies. These generate at the beginning a liability and an account receivable equivalent. To the extent that progress is made in the construction of the work, the corresponding liability is reduced until the end of construction. The utility is recognized in proportion to the degree of progress.

The Company and its subsidiaries measure the degree of progress by differentiating according to the total budget of the work (between greater or less than ThCLP\$50.000). Under this amount the degree of progress is determined in relation to the cost incurred in the project, over this amount, the progress will be measured according to technical progress reports.

Similar transactions are considered works on ThCLP\$50.000 for having the following characteristics:

- Projects for the mass replacement of luminaries in the public lighting system, tendered through the platform “Mercado Público”, whose financing may come from the Ministry of Energy, the Regional Government or the Chilean energy efficiency agency (ACHEE).
- Projects related to energy efficiency, mainly photovoltaic systems, tendered through the public market also with financing from the ministry of energy or regional government.
- Projects to clients (preferably construction companies) related to electrification of both aerial and underground subdivisions.

2.17 Provisions

The obligations existing at the date of the Consolidated Interim Financial Statements, arising as a result of past events, in the liquidation of which the Company and its subsidiaries expects to dispose of resources that imply economic benefits and in which there is uncertainty of the amount and moment of cancellation, are recorded in the Consolidated Interim Statement of Financial Position as provisions for the current value of the most probable estimated amount that the Company and its subsidiaries will have to pay to settle the obligation.

The estimates of provisions are quantified taking into account the best information available at the date of issuance of the Consolidated Interim Financial Statements, which surrounds most of the events and the circumstances that coincide with the valuation thereof.

2.18 Employee Benefits

- *Short-term, long-term employee benefits and severance indemnities.*

The Company and its subsidiaries recognize the amount of the benefits payables for services rendered as a liability, which is recorded at its nominal value using the accrual method and presented under trade and other payables and current provisions for employee benefits.

The costs associated with the employee benefits involving services rendered by the employees during the period are charged to profit and loss in the respective year.

- *Post-employment benefits - Severance indemnities*

The employment terms and conditions stipulate the payment of severance indemnities when an employment contract terminates. Usually this corresponds to a proportion of the base wage (0.9) multiplied by each year of service, always provided the employee has served for more than 10 years.

The severance indemnity is calculated according to appraisals made by an independent actuary, using the projected credit unit method, which is updated periodically. The obligation recognized in the Consolidated Interim Statement of Financial Position represents the present value of the severance indemnity. Losses and gains produced by changes in actuarial assumptions are recorded in other comprehensive income for the period.

The Company and its subsidiaries use assumptions to determine the best estimate of these benefits. Such estimates, just like the assumptions, are established with the assistance of an external actuary. Such assumptions include an annual (nominal) discount rate of 5,72%, the expected increases in salaries and turnover rate, among others.

The total amount of actuarial liabilities accrued at year-end is presented in the item Non-current provisions for employee benefits.

2.19 Classification of current and non-current balances

In the accompanying Consolidated Interim Statement of Financial Position, the balances are classified according to their maturities, that is, those with maturities equal to or less than twelve months, and as non-current those with maturities greater than that period.

In the event that there are obligations whose maturity is less than twelve months, but whose long-term refinancing is assured and represents the intent of the Group and its subsidiaries through unconditionally available credit agreements with a long-term maturity, to refinance, they are classified as non-current liabilities.

2.20 Income taxes

Income tax expense for the period, is defined as the sum of current tax of the Company and its subsidiaries and results from the application of the tax rate on the tax base of the period, plus the change in assets and liabilities for deferred taxes and tax credits, both for tax loss carryforwards (to the extent realizable) as for deductible and taxable temporary differences.

Differences between the carrying amount of the assets and liabilities and their tax bases give rise to deferred tax assets and liabilities, which are measured at the tax rates that are expected to apply in the period when the asset is realized, or the liability is settled.

Income tax and changes in deferred tax assets and liabilities not arising from business combinations are recognized in profit and loss or net equity, depending on the origin of the underlying recorded item which generated the tax effect.

Deferred tax assets and tax credits are only recognized when it is considered probable that there will be sufficient future tax profits to recover the deductible temporary differences and make the tax credits realizable.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognized if the temporary difference arises from the initial recognition of goodwill.

The Company is taxed under the "Partially Integrated Regime", first category income tax rate of 27%.

2.21 Recognition of income and expenses

The Company and its subsidiaries consider as operating revenue, in addition to the services invoiced in the year, an estimate for the services provided pending of billing at the end of the period. In addition, the costs associated with such revenues have been duly included as operating costs.

The company and its subsidiaries recognize revenue from the following main sources:

- Transmission
- Revenue from retail sale of products and services
- Revenue from the construction of third party facilities
- Interest income

The Company recognizes revenue when (or as) control over a good or service is transferred to the customer. Revenue is measured based on the consideration to which it is expected to be entitled for said transfer of control, excluding amounts collected on behalf of third parties.

(i) Transmission:

Revenues from power transmission services are recorded based on the effective billing of the year of consumption, plus an estimate of the services provided and not billed at the closing date of the period, in these contracts there is a performance obligation. Revenues for Transmission services are recognized over time.

(ii) Revenue from retail sale of products and services:

Revenue from the sale of household products, materials and equipment is recognized when the significant risks and benefits of the goods have been transferred to the buyer, the performance obligation is satisfied when the control of the good has been transferred to the customer. The transfer of goods for the sale of products occurs at the point of sale, where the customer physically obtains the good and moment where billing also occurs. Revenues from the retail sale of products and services are recognized at a point in time.

Revenue is measured at the fair value of the payment received, excluding discounts, rebates and sales taxes.

(iii) Revenue from the construction of works to third parties:

The other works to third parties corresponds to electrical works that the entity constructs and are invoiced and/or charged in advance to third parties, other than government grants. These initially generate a liability and an equivalent account receivable. As the construction of the work progresses, the corresponding liability is reduced until the end of the construction. Revenues from the construction of works to third parties are recognized over time.

(iv) Interest income:

Interest income is accounted for considering the effective interest rate applicable to the principal pending amortization during the corresponding accrual period. Interest income is recognized over time.

The Company and its subsidiaries determine the existence of significant financing components in its contracts, adjusting the value of the consideration, if applicable, to reflect the effects of the time value of money. However, the Company applies the practical solution provided by IFRS 15 and will not adjust the value of the promised consideration for the effects of a significant financing component if the Company expects, at the beginning of the contract, that the period elapsed between the payment and the transfer of goods or services to the customer is one year or less.

Given that the Company mainly recognizes revenue for the amount to which it is entitled to invoice, it has decided to apply the practical disclosure solution provided for in IFRS 15, by which it is not required to disclose the aggregate amount of the transaction price assigned to the obligations of unsatisfied (or partially unsatisfied) performance at the end of the reporting period.

2.22 Dividends

Dividends distributed to shareholders are recognized as a liability on an accrual basis at the end of the reporting period in the Consolidated Interim Financial Statements of the Company, based on the dividend policy agreed upon by the shareholders or as set forth in the by-laws, which to date corresponds to the statutory minimum dividend payments set forth in Article N°79 of Corporations Law No. 18.046. The Shareholders' Meeting has the power to change the amount of the dividend to be distributed, which does not necessarily apply for future years.

For the calculation of the distributable net earnings, the Company will not adjust “Profit (Loss) attributable to the Controlling Interests” in the Consolidated Interim Statement of Comprehensive Income. Given the above, the values of such item less accumulated losses, if any, will be used as a basis. The distributed dividends will be deducted from that result. The dividends will be charged to the income for the period. The IFRS first-time adoption adjustments will not be part of this calculation as long as they are not made.

2.23 Statement of cash flows

The cash flow statement reflects the changes in cash and cash equivalents during the period, calculated using the direct method. The following terms are used in the statements of cash flow:

- **Cash Flows:** Inflows and outflows of cash and cash equivalents, which are investments with a term of less than three months, and which are highly liquid and subject to an insignificant risk of change in value.
- **Operating Activities:** Are the activities related to the principal revenue-producing activities of the Company and its subsidiaries and other activities that are not investing or financing activities.
- **Investing Activities:** Are the activities related to the acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents.
- **Financing Activities:** Are the activities that result in changes in the size and composition of equity and liabilities of a financial nature.

2.24 Reclassifications

For comparative purposes, some amounts have been reclassified in the Consolidated Interim Financial Statements as of September 30, 2022.

2.25 New accounting pronouncements

a) The following Amendments to IFRS has been applied to these Consolidated Interim Financial Statements:

Amendments to IFRS	Mandatory Application Date
Reference to the Conceptual Framework (Amendments to IFRS 3)	Annual periods beginning on or after January 1, 2022
Property, Plant and Equipment - Revenue before Intended Use (amendments to IAS 16)	Annual periods beginning on or after January 1, 2022
Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)	Annual periods beginning on or after January 1, 2022
Annual Improvements to IFRS Standards, 2018-2020 cycle (amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41)	Annual periods beginning on or after January 1, 2022

The application of the amendments has not had a significant effect on the results reported in these Consolidated Interim Financial Statements, however, they could affect the accounting of future transactions or agreements.

b) Accounting pronouncements with effective application not yet in force:

As of the date of issuance of these Consolidated Interim Financial Statements, the following standards and amendments had been issued by the IASB but were not mandatory.

New IFRS	Mandatory Application Date
IFRS 17, Insurance Contracts	Annual periods beginning on or after January 1, 2023
Amendments to IFRS	Mandatory Application Date
Classification of liabilities as Current or Non-Current (amendments to IAS 1)	Annual periods beginning on or after January 1, 2023
Disclosure of Accounting Policies (amendments to IAS 1 and IFRS - Practice Statement 2)	Annual periods beginning on or after January 1, 2023
Definition of Accounting Estimates (amendments to IAS 8)	Annual periods beginning on or after January 1, 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (amendments to IAS 12)	Annual periods beginning on or after January 1, 2023

The Company and its subsidiaries are evaluating the impact of the application of the standards and amendments.

3 Industry Regulation and Operation of the Electrical System

The Chilean electrical sector participates in the activities of generation, transportation and distribution of electrical energy, which are performed by private companies, with the government performing a regulatory, supervisory and complementary function. The above means that the companies make decisions about their investments, marketing of their services and the operation of their facilities; consequently, they are responsible for the quality of the service provided in each segment, as stipulated in the electrical sector's regulatory framework.

In systems with an installed capacity equal to or greater than 200 MW, the actors of the electricity sector operate in coordination, and this coordination is in charge of the National Electrical Coordinator ("CEN").

In Chile, the National Electrical System (SEN) covers the area between Arica and Chiloé. On the other hand, there are several medium-sized systems (SSMM) operated by vertically integrated companies (including the subsidiaries SAGESA and Edelaysen), whose installed generation capacity is less than 200 MW, but greater than 1.500 KW, and which serve the consumption of the regions of Los Lagos, Aysén and Magallanes.

3.1 Generation of electricity

Generation of electricity is an activity characterized by free participation and no obligation to obtain concessions, except for the construction and operation of the hydroelectric power plants.

In Interconnected Systems such as the SEN there are three main markets that differ, both in the type of customers and in the type of rate applicable to each one.

- a) **Large customer market:** Corresponds to those customers with more than 5 MW installed power, which agree on the fee freely with the generator. Customers between 500kW and 5 MW may choose to be part of the free customers market or the regular market, and they are not allowed to change such tariff regime for 4 years.
- b) **Spot Market:** Segment in which generating companies participate when making transactions among themselves, either by means of energy contracts or through sales at marginal cost.
- c) **Regulated customers market:** Segment consisting of all the transfers of energy between generation and distribution companies to supply customers subject to price regulation (hereinafter, "regulated customers"). In this way, the distribution companies become customers of the generating companies.

The price at which these latter transactions are performed is obtained from open, transparent and non-discriminatory tendering, which currently is established for a minimum contract period of 20 years. It should be noted that the power purchase price of tenders are set at the level of core bars.

Regardless of the final market supplied by a generator, transfers between generating companies participating in the system are performed at the hourly incremental cost. The agency in charge of performing these calculations is the Market Administration of the SEN.

In the Medium Size Systems as Aysén, Palena y Carrera, whose operation and exploitation are in the hands of the subsidiary Edelaysen, Hornopirén and Cochamó whose operation and exploitation are in the hands of the subsidiary SAGESA, there are no competition conditions in the generation market. Therefore, the generation and transmission costs are determined based on a specific study performed by the National Energy Commission every four years. The Puerto Cisnes system, operated by Edelaysen, is in the process of transitioning to a Medium System, having surpassed the threshold of 1,500 kW of installed capacity.

3.2 Transmission

Transmission systems are classified into three groups: National Transmission, Zonal Transmission and Dedicated Transmission, with the first two having open access and regulated tariffs.

In the case of dedicated transmission, access may be denied in the case of available technical capacity, and transportation charges are governed by private contracts between the parties, except for those destined to the supply of users subject to price regulation, in which case the charges must be consistent with the regulated prices.

The information about tolls is public in all cases. The collection system of the transmission companies is the sum of a toll charged to the generation companies and to the final users. This system allows the companies that own the transmission facilities to recover and remunerate their investments in transmission assets and collect the efficient costs associated with the operation of those assets. The amount of the transmission may be regulated by the Regulatory Authority, determined in Public Tenders, or by private contracts between the parties.

3.3 Regulatory framework

3.3.1 General Aspects

The Chilean electricity industry is regulated since 1982, mainly by Decree with Force of Law No. 1/82, which contains the General Act on Electrical Services (referred to as "LGSE"), as well as by the overall regulation of said Act.

Since its enactment, several amendments have been performed to the Law, which had a positive impact on the sector by encouraging the level of investment and regulating the process of obtaining power purchase contracts by distributors to satisfy consumption. Next are listed the latest amendments carried out.

3.3.2 Transmission Law

On July 20, 2016, the new Transmission Law was published in the Official Gazette (Law No. 20.936) that establishes a New Electric Transmission System and creates an Independent Coordinating Agency of the National Electric System.

The main changes proposed by this Law are:

a) Functional definition of the transmission: The "electricity transmission or transport system" is the set of electrical lines and substations that are part of an electrical system, and that are not intended to provide the public distribution service.

b) Remuneration: It will be through unique charges that will ensure the recovery of the investment and the administration, operation and maintenance costs efficient and recognized in the tariff decrees. The current volatility is eliminated due to variations in electricity consumption. The recognized value for the 2018-2019 biennium of the existing transmission facilities was set through DS 6T/2018. As of January 2018, it ensures the income of the decree and eliminates the dependence on demand.

The valuation decree for the period 2020-2023 is in the process of being approved by the Comptroller's Office, which is retroactive to January 2020. In addition, the valuation process for the 2024-2027 period is being initiated. As of September 2022, the technical bases were subject to discrepancies in the Panel of Experts, which issued its opinion in September 2022.

c) Total open access to installations of transmission systems of the electrical system and may be used by third parties under non-discriminatory technical and economic conditions among all users, through payment of the corresponding transmission system remuneration.

d) Change in discount rates used to remunerate facility costs from a real annual fixed rate of 10% before taxes at a rate that considers the systematic risk of the companies' own activities in relation to the market, the rate risk free and the prize for market risk, with a floor of 7% real after tax.

e) Strip Study: The State may establish that certain projects for new facilities may use this mechanism, which consists of delivering to the entity awarded the project a preliminary strip with the approval of the Council of Ministers for Sustainability, and the awarded entity must develop the specific layout within the preliminary strip and obtain the corresponding Resolution of Environmental Qualification for the project. Subsequently, easements are imposed by decree for the interest of the entire nation. With respect to the negotiation and payment of easements, the same current mechanisms are maintained.

f) Law No. 20.936 established a new regulatory framework for the transmission service. The first valuation process under this new framework corresponds to the period 2020-2023. The studies were awarded to different consultants (Synex: National and SUGLA: Zonal and Dedicated used by regulated) which were finalized in December 2020. The National Energy Commission ("CNE") published its final technical report ("ITF"), after receiving and analyzing observations to the preliminary version of the report. During the second half of 2021 the discrepancy stages were carried out in the Expert Panel by participants, users and interested institutions. The CNE published its Definitive Technical Report ("ITD") in March 2022, which will be the basis for the valuation decree. The decree is expected to be sent to the Comptroller's Office in the first half of 2022. The resulting values will be retroactive to January 2020.

3.3.3 Regulating, supervisory, and coordinating agencies

The Chilean electricity industry is regulated mainly by state agencies, including the National Commission of Energy (referred to as "CNE"), the Ministry of Energy, and the Superintendency of Electricity and Fuels (referred to as "SEC"), which perform regulatory, oversight and coordinating functions.

- a) **National Energy Commission ("CNE", in Spanish):** It is primarily responsible for the proper functioning and development of the national energy sector. Specifically, the CNE is responsible for designing industry standards and the calculation of rates. Additionally, it acts as a technical entity and informs the Panel of Experts when divergences arise among the members of the CEN or when there are differences in the processes of pricing, among other matters.
- b) **Superintendence of Electricity and Fuels ("SEC", in Spanish):** Decentralized agency in charge of monitoring and overseeing compliance with the laws, regulations and technical standards governing the generation, production, storage, transportation, and distribution of liquid fuels, gas and electricity. Additionally, it grants provisional concessions and verifies the quality of the services provided.
- c) **Ministry of Energy:** Institution created in 2010, in charge of establishing node prices, transmission and sub-transmission usage charges, and distribution tariffs. In addition, it awards final concessions on the basis of a SEC report. The general objective of the Ministry of Energy is to elaborate and coordinate plans, policies and standards for the sector's proper functioning and development, to ensure compliance with them and to advise the Government on all matters related to energy.
- d) **National Electric Coordinator ("CEN", in Spanish):** Entity created in the Law on Transmission, who has the following functions:
 - To preserve the safety of the service;
 - To guarantee the operation at minimum cost of all the facilities that make up the system;
 - To guarantee access to the transmission facilities to supply the final customers (distributors or free customers).

4 Risk management policy

The risk management strategy is aimed at protecting the Company, its subsidiaries, its employees and their environment from situations that may adversely affect them. To achieve the objectives, financial risk management is based on covering all significant exposures, provided that adequate management techniques exist, and the cost is reasonable.

The main risks to which the Company and its subsidiaries are exposed are as follows:

4.1 Financial risk

The flows of the Company, which are mainly generated by its participation in the electricity business, have a very stable and long-term profile. The transmission business has a tariff structure which contemplates costs as denominated in international and local markets and any associated exchange rate or CPI effects, where applicable.

The Administration and Finance Area of Inversiones Eléctricas de Sur S.A., the controlling party of the Entities, historically has been in charge of identifying and responding to financial risks through mitigation measures proposed to Management and/or the respective Boards of Directors.

The management of financial risks of the Company is performed so as to maintain a balance between cash flows from operating activities and requirements with respect to payment of financial liabilities. As of September 30, 2022, the Company and its subsidiaries had cash and cash equivalents in the amount of ThCLP\$49,803,698. Total borrowings were ThCLP\$511,948,528. Of the total financial liabilities, 0.6% is repayable within one year (related to interests of the bond), and 99,4% of the financial liabilities are repayable after more than 5 years (related to bonds).

4.1.1 Exchange rate

The transactions of the Company and its subsidiaries are denominated in US dollars and Chilean pesos.

The Company performs a review of its financial assets and liabilities and the potential impact of the changes in the exchange rate. If the impact could be significant, the Company may contract derivatives to reduce the effects of these impacts in line with its documented hedging strategy.

Those subsidiaries that maintain their functional currency in Chilean pesos are exposed to exchange rate variations of the U.S. dollar through their revenues, given the indexation in this currency for their monthly pricing.

Additionally, these subsidiaries are exposed to exchange rate variations in certain foreign currency expenses, mainly U.S. dollars.

4.1.2 UF Variance

With respect to the revenue of the Company, more than 62% is denominated in Chilean pesos that are indexed to CPI (local). Tariffs are established taking into account, where applicable, exchange rates (i.e., when supplies are acquired principally in a particular currency) and CPI in the United States or other countries. The local inflation-indexation effects are also incorporated into the associated tariff or, in the case of unregulated customers, the contracts may be denominated in the inflation-indexed monetary unit of Chile (UF).

4.1.2.1 Sensitivity analysis

The Company and its subsidiaries performed a sensitivity analysis of the variation of the UF for Other financial liabilities, current and non-current, loans and bonds in CLP and UF assuming that all other variables remain constant. This methodology consists of measuring, for the aforementioned interest-bearing liabilities, the positive variation of half a percentage point on an annual basis of the UF for the year of closing of these Financial Statements, with respect to the actual variation of the UF.

The impact on income or loss for the indicated analysis is the following for the periods September 30, 2022 and 2021:

Debt type	Total readjustable debt		Variance % increase UF	Effect in profit and loss	
	09-30-2022	09-30-2021		09-30-2022	09-30-2021
	ThCLP\$	ThCLP\$		ThCLP\$	ThCLP\$
Debt in UF (bonds)	138,778,308	121,886,422	0.5%	513,873	451,326

The accompanying notes are an integral part of these consolidated interim financial statements.

4.1.3 Interest rate risk

The management of this risk is mainly focused on liabilities with the financial system. As of September 30, 2022, the Company maintains 100% of the financial debt associated with a fixed interest rate.

4.1.4 Liquidity risk

Financial resources are obtained from own sources, traditional debt, instruments of public and private offering and capital contributions, always maintaining stable structures and ensuring optimization of the use of the most convenient products in the market. As of September 30, 2022, 100% of debt of the Group is structured with long-term maturities, with annual and/or half-yearly debt service (mainly interest) that are lower than projected flows in conservative scenarios, so as not to have risks of refinancing in the short or long term.

Following is the principal and interest maturity analysis as of September 30, 2022 and December 31, 2021:

Capital and Interest	09-30-2022									Total
	Current		Non current						Total	
	Up to 90 days	More than 90 days up to 1 year	More than 1 year up to 2 years	More than 2 year up to 3 years	More than 3 year up to 4 years	More than 4 year up to 5 years	More than 5 year up to 10 years	More than 10 years		
	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$		
Bonds	1,905,169	-	18,790,081	18,790,081	18,790,081	18,790,081	93,950,407	565,693,093	736,708,993	
Total	1,905,169	-	18,790,081	18,790,081	18,790,081	18,790,081	93,950,407	565,693,093	736,708,993	
Percentage	0%	0%	3%	3%	3%	3%	13%	77%	100%	

Capital and Interest	12-31-2021									Total
	Current		Non current						Total	
	Up to 90 days	More than 90 days until 1 year	More than 1 year up to 2 years	More than 2 year up to 3 years	More than 3 year up to 4 years	More than 4 year up to 5 years	More than 5 year up to 10 years	More than 10 years		
	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$		
Bonds	-	3,233,318	3,233,318	3,233,318	3,233,318	3,233,318	16,166,592	159,122,847	191,456,029	
Total	-	3,233,318	3,233,318	3,233,318	3,233,318	3,233,318	16,166,592	159,122,847	191,456,029	
Percentage	0%	2%	2%	2%	2%	2%	8%	83%	100%	

The Parent Company Inversiones Grupo Saesa Limitada carries out joint management of flows with the Company, which through its surpluses, or through different debt instruments in the financial market, finances new investments in transmission projects of the Group with intercompany loans and these are paid by the subsidiary with the flows generated by these investments or with third-party credits, to the extent that the conditions are favorable.

4.1.5 Credit risk

The Company and subsidiaries are exposed to credit risk due to their operational activities and financial activities. Its policies are intended to reduce non-payment of counterparts and to improve the working capital position.

Credit risk related to financial instruments (time deposits, mutual funds or other) taken with financial institutions, is related to the contracting of instruments that maximize the returns of cash surplus. The Company analyzes the appropriate level of risk to take and maximum exposure, all under the risk margin established and in order to meet short-term obligations.

Investments of cash surpluses are carried out in national financial institutions with very high credit quality risk rating (see Note 6b, Cash and Cash Equivalents), with limits established for each entity and only in fixed income instruments. In no case is it considered or contemplated the possibility of making an investment in order to speculate in the national or foreign capital market.

4.1.6 Covid Risk

In this context, the Company has implemented several action plans to face this pandemic, which include aspects of protection of the health of employees, ensuring operational continuity and compliance with the established with clients, monitoring of past due accounts by type of debtors and portfolio and analysis of future capital and liquidity requirements.

For the Company and its subsidiaries, the priority has been to maintain operational and supply continuity according to the standards required by current regulations, taking care of its workers, contractors and customers, in view of the possible effects of the COVID-19 outbreak, in addition to considering the government measures that they are being taken to reduce their spread.

- **Operational continuity plan:** As of September 30, 2022, the Company is implementing a flexible and blended return plan for its workers, which will be subject to the evolution of the pandemic and the measures adopted by the relevant health authority.
- **Employees health protection:** Implementation of sanitary protocols for those workers who must carry out their work in the field, both in operation and maintenance, construction and public service activities, in addition to having safety kits based on the recommendations of the competent health authorities. This has made it possible to maintain the operating standards of the electrical system for the companies that provide the electricity supply service (as required by law, since these public service companies cannot stop providing the service), as well as to avoid greater delays in the construction of works that will attend the future growth of consumption.

5 Judgments and estimates of Management in applying the entity's significant accounting policies

Company Management is responsible for the information contained in these Consolidated Interim Financial Statements.

The preparation of the accompanying Consolidated Interim Financial Statements requires the use of certain judgments, estimates and assumptions by Management that affect the reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures, and the disclosure of contingent liabilities at the date of the financial statements. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The following are the significant judgments, estimates and assumptions used by management in the preparation of these Consolidated Interim Financial Statements:

- a) **Economic useful life of assets:** The useful life of property, plant and equipment that are used for the purpose of calculating depreciation is determined based on technical studies prepared by external and internal specialists. In addition, these studies are used for new acquisitions of property, plant and equipment, or when indicators exist that the useful lives of these assets should be changed.

These calculations require the use of estimates and assumptions such as technological change and expected term of operational availability of transmission assets. Changes in estimates are accounted for prospectively.

- b) **Impairment of assets:** The Company reviews the book value of their tangible and intangible assets to determine if there is any indication that the book value cannot be recovered. If such an indication exists, the recoverable value of the asset is estimated to determine the extent of the impairment. In the impairment assessment, assets that do not generate independent cash flow are grouped into a Cash Generating Unit ("CGU") to which the asset belongs. The recoverable amount of these assets or CGU, is measured as the greater value between its fair value (the value in use) and its book value.

These assessments require the use of estimates and assumptions such as:

- Revenues from transmission tolls: The value of transmission tolls (of the Regulated and Non-Regulated Transmission Systems) in accordance with the rate decrees (or existing contracts) and the possible impact of the regulation.

- Investments in property, plant and equipment: The requirements of the new facilities to absorb the demand, as well as the regulatory requirements (example: Investment by Technical Standard) are considered in these projections. The Investment Plan is periodically updated to deal with the growth of the business.
 - Fixed costs: Fixed costs are projected taking into account the current base, the growth of sales, customers and investments. Both in relation to staffing (considering salary adjustments and the Chilean CPI), as well as other operation and maintenance costs, and the projected level of inflation.
 - Macroeconomic variables: The macroeconomic variables (inflation, exchange rate, among others) necessary to project the flows (sales rates and costs) are obtained from third-party reports.
- c) **Revenues and operating costs:** The Group considers as revenue, in addition to services billed in the period, an estimate for the services provided pending billing at the end of the period, considering that the metering is performed during the month according to a metering program. In addition, the costs associated with such revenues have been duly included as operating costs. It is also considered as part of the revenues and costs of the operation, the estimation of certain amounts of the Electricity System (among others, purchase and sale of energy and toll collection) that allow settlements between the different companies of the System for services already provided. These values will be reversed once the final settlements are issued by the responsible regulator and recorded in the general ledger.
- d) **Litigation and contingencies:** The final cost for claims and lawsuits could vary due to estimates based on different interpretations of the regulations, opinions and final evaluations of the amount of damages. Therefore, any change in the circumstances involved could have a significant effect on the amount of the provision recorded.

6 Cash and cash equivalents

a) The detail of this item as of September 30, 2022 and December 31, 2021 is as follows:

Cash and cash equivalents	09-30-2022	12-31-2021
	ThCLP\$	ThCLP\$
Cash on hand	100	100
Bank balances	3,971,168	813,071
Other fixed income instruments	45,832,430	1,151,246
Total cash and cash equivalents	49,803,698	1,964,417

b) The detail of Other fixed income instruments is as follows:

Company name	Abbreviated name	Financial institution name	Financial instrument name	Currency	Risk classification	Investment amount	
						09-30-2022	12-31-2021
						ThCLP\$	ThCLP\$
Sociedad de Transmisión Austral S.A.	STA	Banco Estado S.A. Administradora General de Fondos	Mutual funds	CLP	AA+fm/MI(d)	6,514,212	-
Sistema de Transmisión del Norte S.A.	STN	Banco Estado S.A. Administradora General de Fondos	Mutual funds	CLP	AA+fm/MI(d)	1,504,941	567,121
Sociedad Austral de Transmisión Troncal S.A.	SATT	Banco Estado S.A. Administradora General de Fondos	Mutual funds	CLP	AA+fm/MI(d)	649,571	584,125
Sistema de Transmisión del Sur S.A.	STS	Banco Estado S.A. Administradora General de Fondos	Mutual funds	CLP	AA+fm/MI(d)	891,473	-
Sistema de Transmisión del Sur S.A.	STS	Itaui Administradora General de Fondos S.A.	Mutual funds	CLP	AA+fm/MI(d)	5,341,938	-
Sistema de Transmisión del Sur S.A.	STS	BCI Asset Management Administradora General de Fondos S.A.	Mutual funds	CLP	AA+fm/MI(d)	15,288,943	-
Sistema de Transmisión del Sur S.A.	STS	Banchile Administradora General de Fondos S.A.	Mutual funds	CLP	AA+fm/MI(d)	15,641,352	-
Total Other fixed income instruments						45,832,430	1,151,246

Other fixed income instruments correspond to a portfolio of fixed income instruments, such as mutual funds, time deposits of less than three months from the date of the investment, which are taken out by the Company and its subsidiaries to maximize returns on cash surpluses, without exceeding the level of risk and maximum exposure as defined by Management.

These instruments are held to meet short-term payment commitments and they are easily convertible into given amounts of cash and are subject to a low risk of change in value. Such instruments accrue market interest for these types of operations and are not subject to restrictions.

c) The detail per currency type of the cash and cash equivalents is as follows:

Detail of cash and cash equivalent	Currency	09-30-2022	12-31-2021
		ThCLP\$	ThCLP\$
Amount of cash and cash equivalents	CLP	49,351,028	1,908,781
Amount of cash and cash equivalents	USD	452,670	55,636
Total Detail by type of currency		49,803,698	1,964,417

d) The following table details the changes in liabilities arising from financing activities of the Company, including those changes that represent cash flows and changes that do not represent cash flows as of September 30, 2022 and December 31, 2021.

Changes in liabilities arising from financing activities	12-31-2021							Changes other than cash						09-30-2022	
	Cash flows							Accrual interests	UF adjustment	Exchange adjustment	New financial leases	Transfers	Amortization		
	Loan repayment	Interests paid	Loans	Related entities loans	Financial leases payments	ThCLP\$	ThCLP\$								ThCLP\$
Financial leases - Current	329,609	-	(20,853)	-	-	-	-	60,384	-	-	-	-	-	-	325,461
Financial leases - Non-current	1,482,146	-	-	-	-	(71,583)	-	-	184,410	-	-	255,157	-	(96,958)	1,753,163
Bonds	126,065,294	-	(9,116,032)	305,226,312	-	-	-	11,820,841	13,397,300	62,723,366	-	1,547,883	273,445	-	511,948,529
Current account loans, current	2,128,555	-	(4,507,318)	-	-	-	-	2,988,453	-	-	(48,100)	-	-	-	561,584
Current account loans, non-current	331,055,584	(281,134,217)	-	-	-	54,630,981	-	-	-	-	5,323,353	-	-	-	109,875,701
Total	461,061,288	(281,134,217)	(13,644,183)	305,226,312	54,630,981	(71,583)	14,869,628	13,641,062	68,008,613	255,157	1,547,883	273,445	(96,958)	624,664,437	

Changes in liabilities arising from financing activities	12-31-2020							Changes other than cash						12-31-2021	
	Cash flows							Accrual interests	UF adjustment	Exchange adjustment	New financial leases	Transfers	Amortization		
	Loan repayment	Interests paid	Loans	Related entities loans	Financial leases payments	ThCLP\$	ThCLP\$								ThCLP\$
Short term loans	15,001,638	(25,000,000)	(5,950)	10,000,000	-	-	-	4,312	-	-	-	-	-	-	-
Financial leases - Current	156,664	-	-	-	-	-	-	20,551	10,693	-	-	82,622	19,079	-	329,609
Financial leases - Non-current	1,355,567	-	(2,863)	-	-	(37,159)	-	2,863	58,494	-	-	113,856	(8,612)	-	1,482,146
Bonds	118,226,109	-	(3,316,109)	-	-	-	-	3,322,299	7,875,377	-	-	-	-	(42,282)	126,065,394
Current account loans, current	2,128,555	-	(6,347,674)	-	-	-	-	6,014,727	-	-	332,947	-	-	-	2,128,555
Current account loans, non-current	211,603,402	(97,001,182)	-	-	159,442,120	(37,159)	-	-	-	-	40,973,259	-	16,037,985	-	331,055,584
Total	346,511,935	(122,001,182)	(9,672,596)	10,000,000	159,442,120	(37,159)	9,384,762	7,944,564	41,306,206	186,478	16,048,452	(42,282)	(461,661,388)		

7 Trade and other receivables

The details of this item as of September 30, 2022 and December 31, 2021 is as follows:

Trade and other accounts receivables, gross	Current		Non current	
	09-30-2022	12-31-2021	09-30-2022	12-31-2021
	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
Trade debtors, gross	22,458,395	23,668,235	22,155,775	10,750,928
Other accounts receivable, gross	2,228,732	1,204,294	665,429	798,809
Total	24,687,127	24,872,529	22,821,204	11,549,737

Trade and other accounts receivables, net	Current		Non current	
	09-30-2022	12-31-2021	09-30-2022	12-31-2021
	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
Trade debtors, net	21,643,736	22,951,395	22,155,775	10,750,928
Other accounts receivable, net	2,228,732	1,204,294	665,429	798,809
Total	23,872,468	24,155,689	22,821,204	11,549,737

Provision for impairment of trade and other accounts receivable	Current		Non current	
	09-30-2022	12-31-2021	09-30-2022	12-31-2021
	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
Trade accounts receivable	814,659	716,840	-	-
Total	814,659	716,840	-	-

The detail of trade and other receivables billed and unbilled or provisioned for as of September 30, 2022 and December 31, 2021 is as follows:

Trade and other accounts receivables, gross	Current		Non current	
	09-30-2022	12-31-2021	09-30-2022	12-31-2021
	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
Billed	7,958,050	8,191,932	-	-
Energy and tolls	6,744,273	7,554,136	-	-
Imports and suppliers advances	1,051,129	409,498	-	-
Account receivable ongoing projects	112,067	112,065	-	-
Debtors material and services	50,581	116,233	-	-
Not billed or provisioned	16,003,198	16,389,558	22,155,775	10,750,928
Energy and tolls use of electric lines	14,760,314	16,009,723	-	-
Differences to recalculate by new decrees (*)	953,808	104,377	22,155,775	10,750,928
Other	289,076	275,458	-	-
Other (Employees current account)	725,879	291,039	665,429	798,809
Total, gross	24,687,127	24,872,529	22,821,204	11,549,737
Impairment provision	(814,659)	(716,840)	-	-
Total, net	23,872,468	24,155,689	22,821,204	11,549,737

(*) In mid-2019 the National Energy Commission (CNE) began the process of valuation of transmission facilities, quadrennium 2020 - 2023, which includes national, zonal and dedicated transmission facilities for the use of regulated customers with date of entry into operation until December 2017. For this purpose, it hired 2 consultants, who issued a report that was the basis for the CNE's technical reports. In August 2021 the (CNE) published the Final Technical Report, which is the result of partial reports and observation stages of the transmitting companies.

In 2020, when the new period that would change the transmission valuation for the period 2020 - 2023 began, the Company estimated that it would decrease with respect to the previous decree due to assumptions of lower profitability, lower recognition of land use rights and environment, lower recognition of COMA, among others. Although the transmission valuation decreased with respect to the previous decree, it was higher than the estimates made by the Company in 2020, so the update of its value in the third quarter meant a greater provision for retroactive revenues from January 2020, which are expected to be recovered in a period exceeding 12 months and amounting to ThCLP\$22,155,775 (discounted value) of the STS at September 30, 2022, considering the tariffs published in the ITD of June 2022. As of December 31, 2021 the value of the revenue provision amounts to ThCLP\$10,750,928 (discounted value) considering the tariffs published in the August 2021 ITF.

Main concepts of other accounts receivable:

Other accounts receivable	Current		Non current	
	09-30-2022	12-31-2021	09-30-2022	12-31-2021
	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
Advances for imports and suppliers	1,051,129	409,498	-	-
Account receivable ongoing projects	112,067	112,065	-	-
Debtors material and services	50,581	116,233	-	-
Employee current accounts	725,879	291,039	665,429	798,809
Other debtors	289,076	275,459	-	-
Total	2,228,732	1,204,294	665,429	798,809
Impairment provision	-	-	-	-
Total, Net	2,228,732	1,204,294	665,429	798,809

The carrying value of trade and other receivables represents a reasonable approximation of their fair value.

8 Balances and Transactions with Related Parties

8.1 Shareholders

The detail of the Company's shareholders as of September 30, 2022 is as follows:

Shareholders	Number of shares		Total	Ownership %
	Serie A	Serie B		
Inversiones Eléctricas del Sur S.A.	371,662,703	38,327,579,739,556	38,327,951,402,259	99.969358%
Inversiones Grupo Saesa Ltda.	375,450	10,977,866,271	10,978,241,721	0.028634%
Cóndor Holding SpA	248,037,779	-	248,037,779	0.000647%
Other non-controlling interests	17,386	521,712,917	521,730,303	0.001361%
Total	620,093,318	38,339,079,318,744	38,339,699,412,062	100.00%

8.2 Balances and transactions with related parties

Transactions between the Company and its subsidiaries occur in the normal operations of its line of business both in terms of objective and the terms and conditions. These transactions have been eliminated in the process of consolidation and are not included in this note.

Among the main transactions between related companies include the purchase and sale of electricity and tolls. The prices of electricity in these operations are set by the authorities or by the market, and the tolls are controlled by the sector's regulatory framework.

The purchase and sale of materials is performed at average warehouse prices.

Inter-company loans are regulated within a framework of consolidated cash management, which falls mainly to the subsidiaries Saesa, Frontel and the Company, in charge of defining the optimal flows between related parties. Management has established that these loans will be due in a period of more than 12 months. Current account loans pay market interest. These loans have amount limits between companies, as indicated in the bond contracts, which are periodically monitored and have been fully complied with at the closing date of the Consolidated Interim Financial Statements (see note 27).

At the date of these Consolidated Interim Financial Statements, there are no guarantees furnished on the balances with related companies, or impairment provisions for them.

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

a) Accounts receivable from related entities, current and non-current:

Taxpayer ID	Company	Country	Description of the transaction	Deadline for transaction	Nature of relationship	Currency	Current		Non current	
							09-30-2022	12-31-2021	09-30-2022	12-31-2021
							ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
76.073.162-5	Sociedad Austral de Electricidad S.A.	Chile	Expense recovery	Less than 90 days	Common parent	CLP	3,753,385	352,411	-	-
76.073.162-5	Sociedad Austral de Electricidad S.A.	Chile	Energy sale	Less than 90 days	Common parent	CLP	-	1,750,211	-	-
76.073.162-5	Sociedad Austral de Electricidad S.A.	Chile	Tolls	Less than 90 days	Common parent	CLP	1,666,323	-	-	-
76.073.164-1	Empresa Eléctrica de la Frontera S.A.	Chile	Current account loans (interest)	Less than 90 days	Common parent	CLP	80,288	-	-	-
76.073.164-1	Empresa Eléctrica de la Frontera S.A.	Chile	Current account loans (capital)	More than 1 year	Common parent	CLP	-	-	4,629,944	4,188,484
76.073.164-1	Empresa Eléctrica de la Frontera S.A.	Chile	Expense recovery	Less than 90 days	Common parent	CLP	-	85,108	-	-
76.073.164-1	Empresa Eléctrica de la Frontera S.A.	Chile	Energy sale	Less than 90 days	Common parent	CLP	195,893	146,914	-	-
96.531.500-4	Compañía Eléctrica Osorno S.A.	Chile	Energy and tolls	Less than 90 days	Common parent	CLP	283	1,395,487	-	-
88.272.600-2	Empresa Eléctrica de Aisen S.A.	Chile	Expense recovery	Less than 90 days	Common parent	CLP	332,504	385,350	-	-
77.227.565-K	Saesa Innova Soluciones SpA	Chile	Expense recovery	Less than 90 days	Common parent	CLP	5	3,066	-	-
77.227.565-K	Saesa Innova Soluciones SpA	Chile	Current account loans (interest)	Less than 90 days	Common parent	CLP	1,200	-	-	-
77.227.565-K	Saesa Innova Soluciones SpA	Chile	Current account loans (capital)	More than 1 year	Common parent	CLP	-	-	480,120	-
77.227.557-9	Saesa Gestión y Logística SpA	Chile	Expense recovery	Less than 90 days	Common parent	CLP	603	603	-	-
Total							6,030,484	4,119,150	5,110,064	4,188,484

b) Accounts payable to related entities, current and non-current:

Taxpayer ID	Company	Country	Description of the transaction	Deadline for transaction	Nature of the relationship	Currency	Current		Non current	
							09-30-2022	12-31-2021	09-30-2022	12-31-2021
							ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
76.022.072-8	Inversiones Eléctricas del Sur S.A.	Chile	Current account loans (interest)	Less than 90 days	Common parent	CLP	561,584	2,094,262	-	-
76.022.072-8	Inversiones Eléctricas del Sur S.A.	Chile	Current account loans (capital)	More than 1 year	Common parent	CLP	-	-	109,875,701	321,463,657
76.022.072-8	Inversiones Eléctricas del Sur S.A.	Chile	Expense recovery	Less than 90 days	Common parent	CLP	6,036	563	-	-
76.073.162-5	Sociedad Austral de Electricidad S.A.	Chile	Current account loans (interest)	Less than 90 days	Common parent	CLP	-	34,293	-	-
76.073.162-5	Sociedad Austral de Electricidad S.A.	Chile	Current account loans (capital)	More than 1 year	Common parent	CLP	-	-	-	9,591,927
76.073.162-5	Sociedad Austral de Electricidad S.A.	Chile	Tolls	Less than 90 days	Common parent	CLP	-	1,567,856	-	-
76.073.162-5	Sociedad Austral de Electricidad S.A.	Chile	Expense recovery	Less than 90 days	Common parent	CLP	147,223	2,280,285	-	-
76.073.164-1	Empresa Eléctrica de la Frontera S.A.	Chile	Dividends	Less than 90 days	Common parent	CLP	1,627	4,763	-	-
76.073.164-1	Empresa Eléctrica de la Frontera S.A.	Chile	Tolls	Less than 90 days	Common parent	CLP	-	2,573,949	-	-
76.073.164-1	Empresa Eléctrica de la Frontera S.A.	Chile	Expense recovery	Less than 90 days	Common parent	CLP	247,148	-	-	-
96.531.500-4	Compañía Eléctrica Osorno S.A.	Chile	Expense recovery	Less than 90 days	Common parent	CLP	38,044	18,000	-	-
77.227.565-K	Saesa Innova Soluciones SpA	Chile	Expense recovery	Less than 90 days	Common parent	CLP	28,834	4,288	-	-
77.227.557-9	Saesa Gestión y Logística SpA	Chile	Expense recovery	Less than 90 days	Common parent	CLP	95,982	34,607	-	-
76.024.782-0	Inversiones Grupo Saesa Ltda.	Chile	Dividends	Less than 90 days	Common parent	CLP	1,929	4,966	-	-
76.024.762-6	Cóndor Holding SpA	Chile	Dividends	Less than 90 days	Common parent	CLP	62	159	-	-
76.022.072-8	Inversiones Eléctricas del Sur S.A.	Chile	Dividends	Less than 90 days	Common parent	CLP	2,254,178	1,565,224	-	-
14.655.033-9	Iván Díaz-Molina	Chile	Remuneration Director	Less than 90 days	Common parent	CLP	306	344	-	-
6.443.633-3	Jorge Lesser García-Huidobro	Chile	Remuneration Director	Less than 90 days	Common parent	CLP	153	344	-	-
Total							3,383,106	10,183,903	109,875,701	331,055,584

c) The most significant transactions and their effects on profit and loss (charges) credits

Taxpayer ID	Company	Nature of relationship	Description of the transaction	09-30-2022		09-30-2021	
				Transaction amount	Effect of P&L (charge) credit	Transaction amount	Effect of P&L (charge) credit
				ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
76.022.072-8	Inversiones Eléctricas del Sur S.A.	Parent	Loans on current account (capital/interest)	211,587,956	(3,528,273)	(80,375,239)	(1,688,982)
76.073.164-1	Empresa Eléctrica de la Frontera S.A.	Common parent	Loans on current account (capital/interest)	441,460	481,294	1,202,342	124,719
76.073.164-1	Empresa Eléctrica de la Frontera S.A.	Common parent	Tolls	362,518	362,518	255,741	255,741
76.073.164-1	Empresa Eléctrica de la Frontera S.A.	Common parent	Expense recovery	(332,256)	-	-	-
76.073.164-1	Empresa Eléctrica de la Frontera S.A.	Common parent	Energy sale	748,718	748,718	-	-
76.073.162-5	Sociedad Austral de Electricidad S.A.	Common parent	Energy sale	7,882,341	7,882,341	-	-
76.073.162-5	Sociedad Austral de Electricidad S.A.	Common parent	Loans on current account (capital/interest)	-	-	1,699,673	(338,900)
76.073.162-5	Sociedad Austral de Electricidad S.A.	Common parent	Expense recovery	5,534,036	-	3,657,275	-
76.073.162-5	Sociedad Austral de Electricidad S.A.	Common parent	Tolls	8,399,709	8,399,709	10,650,532	10,650,532
96.531.500-4	Compañía Eléctrica Osorno S.A.	Common parent	Expense recovery	(20,044)	-	5,383	-
96.531.500-4	Compañía Eléctrica Osorno S.A.	Common parent	Tolls	924,389	924,389	651,397	651,397
88.272.600-2	Empresa Eléctrica de Aisén S.A.	Common parent	Expense recovery	(52,846)	-	-	-
77.227.565-K	Saesa Innova Soluciones SpA	Common parent	Expense recovery	(27,607)	-	-	-
77.227.557-9	Saesa Gestión y Logística SpA	Common parent	Expense recovery	(61,375)	-	-	-

8.3 Board of Directors and Key Management Personnel

The Company and its subsidiaries are managed by a Board of Directors composed of eight members, who remain in office for a period of two years and may be re-elected.

At the Company's Ordinary Shareholders' Meeting held on April 27, 2022, the Company's Board of Directors was renewed, electing Jorge Lesser García-Huidobro, Iván Díaz-Molina, Juan Ignacio Parot Becker, Waldo Fortín Cabezas, Stacey Purcell, Ashley Munroe, Christopher Powell and Jonathan Reay as Directors for a period of two years.

At its meeting held on May 11, 2022, the Company's Board of Directors elected Mr. Jorge Lesser García-Huidobro as Chairman of the Board and Mr. Iván Díaz-Molina as Vice Chairman.

On August 17, 2022, the Board of Directors of the Company acknowledged the resignation from the Board of Directors of the Company of Christopher Powell, Stacey Purcell and Waldo Fortin. The Board of Directors then proceeded to appoint Shama Naquashbandi, Stephen Best and Luz Granier in their replacement.

As of September 30, 2022, the Board of Directors of the Company is composed of Mr. Jorge Lesser García – Huidobro, Mr. Iván Díaz – Molina, Mr. Juan Ignacio Parot Becker, Mr. Ashley Munroe, Mr. Jonathan Reay, Mrs. Shama Naquashbandi, Mr. Stephen Best y Mrs. Luz Granier.

a) Accounts receivable and payable and other transactions with the Board of Directors

As of September 30, 2022 and 2021, there are no pending balances payable between the Company and its respective Directors by concept of Directors' Compensation.

There are no balances payable or receivable pending with the Directors for other concepts.

b) Compensation of the Board of Directors

As stipulated in Article 33 of the Law on Corporations No. 18.046, the fees of the Board of Directors are set every year in the Company's Ordinary Shareholders' Meeting.

The Directors are not compensated for carrying out their roles.

The Directors Jonathan Reay, Juan Ignacio Parot Becker, Shama Naquashbandi, Stephen Best, Luz Granier and Ashley Munroe waived the remuneration that would correspond to them for the exercise of the position of Director of the Company. Only Directors Jorge Lesser García-Huidobro and Iván Díaz-Molina will receive their remuneration.

c) Compensation for key management personnel

The Company has no executive officers directly compensated by it.

9 Current Tax Assets and Liabilities

The detail of current tax assets at September 30, 2022 and December 31, 2021 are as follows:

Current tax assets	09-30-2022	12-31-2021
	ThCLP\$	ThCLP\$
Recoverable income tax	-	7,429
Recoverable VAT credit, remanent (1)	8,652,701	7,584,246
Sence Credit	-	33,493
Fixed asset credit	-	348
Recoverable tax previous year	2,302,297	297,315
Total	10,954,998	7,922,831

(1) Corresponds mainly to VAT tax credit for construction of major works of the subsidiaries, SATT and STC.

The detail of deferred tax liabilities as of September 30, 2022 and December 31, 2021 is as follows:

Current tax liabilities	09-30-2022	12-31-2021
	ThCLP\$	ThCLP\$
Income tax	3,973,259	823,507
VAT tax debit	866,851	620,090
Others	49,120	35,364
Total	4,889,230	1,478,961

10 Intangibles other than Goodwill

The details of this item as of as of September 30, 2022 and December 31, 2021 is as follows:

Intangible assets, net	09-30-2022	12-31-2021
	ThCLP\$	ThCLP\$
Total identifiable intangible assets. Net	69,548,683	64,411,025
Easements	62,544,339	57,920,856
Software	265,224	378,652
Intangible assets related with clients	6,739,120	6,111,517

Identifiable intangible assets, gross	09-30-2022	12-31-2021
	ThCLP\$	ThCLP\$
Total identifiable intangible assets, gross	70,503,946	64,963,849
Easements	62,800,313	58,113,509
Software	617,136	616,593
Intangible assets related with clients	7,086,497	6,233,747

Total identifiable intangible assets, amortization	09-30-2022	12-31-2021
	ThCLP\$	ThCLP\$
Total identifiable intangible assets, amortization	(955,263)	(552,824)
Easements	(255,974)	(192,653)
Software	(351,912)	(237,941)
Intangible assets related with clients	(347,377)	(122,230)

The breakdown and movements of intangible assets other than goodwill as of September 30, 2022 and December 31, 2021 are as follows:

Movement of intangibles assets other than Goodwill	Easements, net	Software, net	Intangible assets related to customers, net	Total
	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
Opening balance as of 01-01-2022	57,920,856	378,652	6,111,517	64,411,025
Transfers (capitalization work in progress)	1,989,822	-	-	1,989,822
Increase (decrease) in foreign currency exchange, accumulated amortization	(28,967)	(220)	(37,985)	(67,172)
Amortization expense	(34,354)	(113,751)	(187,162)	(335,267)
Increase (decrease) in foreign currency exchange rate	2,696,982	543	852,750	3,550,275
Total movements	4,623,483	(113,428)	627,603	5,137,658
Closing balance at 09-30-2022	62,544,339	265,224	6,739,120	69,548,683

Movement of intangibles assets other than Goodwill	Easements, net	Software, net	Intangible assets related to customers, net	Total
	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
Opening balance as of 01-01-2021	51,610,246	377,051	-	51,987,297
Transfers (capitalization work in progress)	3,755,022	135,865	-	3,890,887
Withdrawals, gross	(500)	-	-	(500)
Increase (decrease) in foreign currency exchange, accumulated amortization	(26,149)	(33)	-	(26,182)
Amortization expense	(40,627)	(134,499)	(122,230)	(297,356)
Assets provided by "Tolchén Transmisión SpA"	-	-	6,233,747	6,233,747
Increase (decrease) in foreign currency exchange rate	2,622,864	268	-	2,623,132
Total movements	6,310,610	1,601	6,111,517	12,423,728
Closing balance at 12-31-2021	57,920,856	378,652	6,111,517	64,411,025

The easements and water rights are stated at cost and those acquired after the date of transition to historical costs. The period for exercising such rights generally has no expiration date, so they are considered to be assets with an indefinite useful life and, consequently, are not subject to amortization.

Software or computer programs and licenses are amortized using the straight-line method over 4 to 6 years. The amortization of these assets is presented in “Depreciation and Amortization Expenses” in the Statement of Comprehensive Income.

Intangible assets associated with customer contracts of the Tolchén subsidiary are amortized on a straight-line basis over 25 years, according to the duration of the toll contracts.

During 2021, the increase in Intangible assets other than goodwill, is explained by the increase in identifiable intangible assets of (ThCLP\$6,233 million), caused by the valuation of the toll contracts included in the purchase of the company Tolchén.

In the purchase allocation process, the book values of Tolchén's assets and liabilities were reviewed, and intangible assets at fair value linked to contracts with wind farms, San Gabriel, Tolpán, El Alba and Los Olmos were identified.

11 Goodwill

The detail of goodwill as of September 30, 2022, and December 31, 2021, is as follows:

Taxpayer ID	Company	09-30-2022	12-31-2021
		ThCLP\$	ThCLP\$
90.021.000-0	Sociedad Austral de Electricidad S.A.	64,000,000	64,000,000
91.715.000-1	Empresa Eléctrica de la Frontera S.A.	2,109,123	2,109,123
96.956.660-5	Sociedad Austral de Electricidad S.A.	7,883,969	7,883,969
96.986.780-K	Empresa Eléctrica de la Frontera S.A.	1,725,559	1,725,559
77.122.643-4	Tolchén Transmisión SpA	1,291,453	1,136,047
Total		77,010,104	76,854,698

Due to the requirements of Law No. 21.194, which seeks that distribution companies have an exclusive line of business, on December 31, 2020 when the distribution companies of Grupo Saesa, Sociedad Austral de Electricidad S.A. (Saesa S.A.) and Empresa Eléctrica La Frontera S.A. (Frontel) were divided and transferred their transmission assets to the new companies Saesa Transmission S.A. (New STS) and Frontel Transmisión S.A. (Frontel TX), respectively, the purchased capital gains associated with the Transmission business were included in the division process.

- i. Sociedad Austral de Electricidad S.A. transferred the goodwill associated with the transmission assets in the split up process. The subsidiary Sistema de Transmisión de Sur (formerly STS) has an assigned goodwill of ThCLP\$64.000.000 from the acquisition of Grupo Saesa (indirect parent company of Sociedad de Transmisión Austral S.A.) by OTTPP (Ontario Teachers' Pension Plan) and a part of the goodwill reassigned from Saesa S.A. for ThCLP\$2.109.123 associated with transmission assets.
- ii. Empresa Eléctrica de la Frontera S.A. transferred in the split up process a part of the capital gain of Frontel S.A. related to its transmission assets (ThCLP\$9.609.528).
 - The goodwill purchased related to Empresa Eléctrica de la Frontera S.A., Tax ID 96.956.660-5, by ThCLP\$7.883.969 corresponds to the excess paid arising from the purchase of the shares of that Company, carried out in 2001. Subsequently, the purchased Company was absorbed by its corresponding parent company, which came to have the same name as the absorbed Company, leaving the Goodwill.

The purchased goodwill recognized by Sociedad Empresa Eléctrica de la Frontera S.A., formerly Frontel, Tax ID 96.986.780-k, for ThCLP\$1.725.559 corresponds to the amount paid in excess of the fair value of the assets acquired through Inversiones Eléctricas del Sur Dos Ltda., in July 2008. Through a corporate restructuring, a cascade effect of the purchased capital gains mentioned in the previous paragraph was generated, which was finally incorporated into the Company.

- iii. The goodwill purchased related to Tolchén Transmisión SpA, Tax ID 77.122.643-4, corresponds to the amount paid in excess of the fair value of the assets acquired originating from the purchase of the shares made in July 2021.

The summary of the Statement of Financial Position of the acquired Company, including the allocation of the fair value evaluated by the Company at the date of purchase, is presented below (figures without incorporating the capital gain generated in the acquisition):

Assets	Carrying value	Fair value adjustment	Adjusted value	Liabilities	Carrying value	Fair value adjustment	Adjusted value
	ThCLP\$	ThCLP\$	ThCLP\$		ThCLP\$	ThCLP\$	ThCLP\$
Current	444,307	-	444,307	Current (*)	5,462,610	-	5,462,610
Non-current	28,244,870	6,233,747	34,478,617	Non-current (*)	22,441,036	1,613,358	24,054,393
				Net equity	495,532	4,610,389	5,105,921
Total assets	28,689,177	6,233,747	34,922,924	Total liabilities and equity	28,399,178	6,223,747	34,622,925

(*) Current and non-current liabilities correspond mainly to accounts payable with related parties, which were settled as part of the transaction and included in the price paid by the subsidiary STA.

The detail of the fair value of the net assets acquired as of July 9, 2021, and Goodwill is as follows:

Identifiable Assets	ThCLP\$
Cash and cash equivalents	89,537
Trade receivables	317,603
Property, plant and equipment (Note 14)	28,282,036
Intangibles (Note 12)	6,233,747
Identifiable Liabilities	ThCLP\$
Trade payables	239,892
Deferred taxes	1,613,358
Others	227,222
Net assets identified	32,842,453
Purchase price	31,706,406
Goodwill generated in the acquisition	1,136,047

In accordance with the estimates and projections available to the Company's Management, the projections of the cash flows attributable to the Cash Generating Units or groups of them to which the different capital gains are assigned allow their value to be recovered.

12 Property, plant and equipment

These are the balances of the item as of September 30, 2022 and December 31, 2021:

Classes of Property, Plant and Equipment, net	09-30-2022	12-31-2021
	ThCLP\$	ThCLP\$
Total Property, Plant and Equipment, net	686,055,280	627,502,406
Land	10,645,106	9,914,615
Buildings	8,550,493	6,585,065
Plant and equipment	459,953,854	403,033,327
Information technology equipment	144,925	150,510
Fixtures and fittings	364,390	389,833
Motor vehicles	3,078,106	2,380,556
Construction in progress	198,961,615	201,735,637
Other property, plant and equipment	4,356,791	3,312,863

Classes of Property, Plant and Equipment, gross	09-30-2022	12-31-2021
	ThCLP\$	ThCLP\$
Total Property, Plant and Equipment, gross	794,342,464	719,290,829
Land	10,645,106	9,914,615
Buildings	10,606,806	8,107,094
Plant and equipment	562,151,489	490,053,224
Information technology equipment	963,203	951,269
Fixtures and fittings	730,720	708,128
Motor vehicles	3,785,636	2,755,948
Construction in progress	198,961,615	201,735,637
Other property, plant and equipment	6,497,889	5,064,914

Classes of Accumulated Depreciation and Impairment, Property, Plant and Equipment	09-30-2022	12-31-2021
	ThCLP\$	ThCLP\$
Classes of Accumulated Depreciation and Impairment, Property, Plant and Equipment	(108,287,184)	(91,788,423)
Buildings	(2,056,313)	(1,522,029)
Plant and equipment	(102,197,635)	(87,019,897)
Information technology equipment	(818,278)	(800,759)
Fixtures and fittings	(366,330)	(318,295)
Motor vehicles	(707,530)	(375,392)
Other property, plant and equipment	(2,141,098)	(1,752,051)

The following is the detail of property, plant and equipment as of September 30, 2022 and December 31, 2021:

Movement Property, plant and equipment	Land	Buildings, net	Plant and equipment, net	Information technology equipment, net	Fixtures and fittings, net	Motor vehicles, net	Construction in progress, net	Other Property, plant and equipment, net	Total
	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
Opening balance as of 01-01-2022	9,914,615	6,585,065	403,033,327	150,510	389,833	2,380,556	201,735,637	3,312,863	627,502,406
Additions	-	1,693,388	(1,693,388)	-	-	-	94,369,569	-	94,369,569
Transfers (capitalization work in progress)	725,533	32,020	40,297,876	5,084	513	744,414	(42,955,827)	1,150,387	-
Withdrawals, gross	-	-	-	-	(535)	-	-	-	(535)
Withdrawals and transfers accumulated depreciation	-	-	(682,762)	-	(3,568)	-	-	-	(686,330)
Increase (decrease) in foreign currency exchange accumulated depreciation	-	(323,517)	(3,626,794)	(2,165)	(7,749)	(93,028)	-	(55,366)	(4,108,619)
Depreciation expense	-	(210,767)	(10,868,181)	(15,354)	(36,718)	(239,110)	-	(333,681)	(11,703,811)
Increase (decrease) in foreign currency exchange rate	4,958	774,304	33,493,776	6,850	22,614	285,274	(54,187,764)	282,588	(19,317,400)
Total movements	730,491	1,965,428	56,920,527	(5,585)	(25,443)	697,550	(2,774,022)	1,043,928	58,552,874
Closing balance at 09-30-2022	10,645,106	8,550,493	459,953,854	144,925	364,390	3,078,106	198,961,615	4,356,791	686,055,280

Movement Property, plant and equipment	Land	Buildings, net	Plant and equipment, net	Information technology equipment, net	Fixtures and fittings, net	Motor vehicles, net	Construction in progress, net	Other Property, plant and equipment, net	Total
	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
Opening balance as of 01-01-2021	7,802,827	3,970,352	310,776,368	133,633	362,483	1,513,306	186,431,245	1,938,139	512,928,353
Additions	1,963,513	-	-	-	-	-	79,038,247	-	81,001,760
Transfers (capitalization work in progress)	179,797	2,390,299	113,076,557	59,409	264,916	1,628,276	(119,384,905)	1,785,651	-
Withdrawals, gross	(39,174)	-	(2,254)	-	-	(19,926)	-	-	(61,354)
Withdrawals and transfers accumulated depreciation	-	-	99	-	-	9,589	-	-	9,688
Depreciation expense	-	(180,033)	(10,861,597)	(42,898)	(44,984)	(169,603)	-	(347,425)	(11,646,540)
Assets provided by "Tolchén Transmisión SpA"	-	-	25,041,379	-	-	-	-	-	25,041,379
Increase (decrease) in foreign currency exchange rate	7,652	404,447	(34,997,225)	366	(192,582)	(581,086)	55,651,050	(63,502)	20,229,120
Total movements	2,111,788	2,614,713	92,256,959	16,877	27,350	867,250	15,304,392	1,374,724	114,574,053
Closing balance at 12-31-2021	9,914,615	6,585,065	403,033,327	150,510	389,833	2,380,556	201,735,637	3,312,863	627,502,406

The Company and its subsidiaries have maintained a policy of doing everything necessary to meet growing demand, preserve the condition of the facilities and adapt the system to technological improvements, with a view to complying with the standards of quality and continuity of the supply stipulated by current regulations.

Additional Information on Property, Plant and Equipment

- a) Depreciation of property, plant and equipment is presented in the item “Expenses for Depreciation and Amortization of Operating Income”.
- b) The Company and its subsidiaries have risk insurance coverage for their property, plant and equipment (power stations, substations, constructions, contents and inventories), except for the power transmission lines and power grid. The above insurance coverage is effective for 12 to 14 months.
- c) The amount of property, plant and equipment fully depreciated as of September 30, 2022 and December 31, 2021 is not significant. The Company and its subsidiaries do not have any significant amount of assets not in service or withdrawn from active use.

13 Non-current assets or groups of assets for disposal classified as held for sale or as held for distribution to owners

In the context of the reorganization process being carried out by Saesa Group companies as a result of the enactment of Law No. 21.194 which amended the General Electrical Services Law, establishing a legal obligation of exclusive line of business for energy distribution companies. At the Group level, the actions described in note 1 have been carried out with the objective of complying with the legal obligation of exclusive business and grouping all the transmission companies of the Saesa Group as direct subsidiaries of STA, which meant that within the restructuring process the SGA and Sagesa companies that have the lines of Marketing and Generation had to be temporarily included respectively.

On September 27, 2021, the Company began an international bond placement process under rule 144A/REG-S in order to refinance all the intercompany debt held by the transmission companies and obtain financing for new projects. Considering the market conditions and the type of risk of the transmission business, the placement of this bond will be destined only to finance the transmission subsidiaries of STA, excluding the commercialization and generation businesses of SGA and Sagesa, which have not yet been divested.

According to the above, at the time of the placement of the Bond there was a formal commitment with the potential bondholders, where STA will divest itself of the subsidiaries SGA and Sagesa through a new restructuring process planned for the period 2022, It is for this reason that both subsidiaries have been reclassified and presented within the group of assets and liabilities held for distribution to owners as detailed in note 13.

- b) The detail of the results of discontinued operations as of September 30, 2022 and September 30, 2021, is as follows:

STATEMENT OF COMPREHENSIVE INCOME	01-01-2022	01-01-2021	07-01-2022	07-01-2021
	09-30-2022	09-30-2021	09-30-2022	09-30-2021
	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
Profit (loss)				
Revenue from ordinary activities	64,989,887	41,437,118	22,774,577	16,857,048
Other income	1,371,780	1,388,980	289,212	871,086
Raw materials and consumables used	(56,955,000)	(34,566,040)	(19,836,505)	(14,276,570)
Employee benefits expenses	(969,366)	(692,952)	(405,539)	(259,809)
Depreciation and amortization expense	(1,639,886)	(1,410,881)	(607,791)	(482,917)
Other expenses, by nature	(3,286,969)	(3,704,296)	(988,181)	(1,388,807)
Other income (losses)	(5,700)	10,863	-	-
Financial income	190,691	28,482	111,261	1,960
Financial expenses	(1,079,650)	(1,005,491)	(371,501)	(657,356)
Impairment of earnings and reversal of impairment losses (impairment losses) determined in accordance with IFRS 9	(96,372)	(188,734)	(135,967)	100,798
Exchange differences	(3,179,709)	(2,382,602)	(546,956)	(2,100,534)
Profit and loss by adjustment unit	29,909	495,004	12,596	223,040
Profit (loss) before tax	(630,385)	(590,549)	295,206	(1,112,061)
Tax expenses (profits) from continued operations	327,707	310,941	26,149	471,035
Profit (loss) from continued operations	(302,678)	(279,608)	321,355	(641,026)

- c) The cash flow from discontinued operations as of September 30, 2022 and September 30, 2021, is as follows:

STATEMENT OF CASH FLOWS	09-30-2022	09-30-2021
	ThCLP\$	ThCLP\$
Cash flows from (used in) operating activities		
Types of proceeds for operating activities		
Proceeds from sales of goods and services	86,612,829	54,419,018
Other charges from operating activities	-	24
Types of payments in cash from operating activities		
Payments to suppliers for goods and services	(81,868,527)	(56,175,502)
Payments to and on behalf of employees	(865,997)	(399,068)
Other cash payments from operating activities	(2,041,956)	(685,887)
Cash flows from (used in) operating activities	1,836,349	(2,841,415)
Income tax paid (refund), classified as operating activities	(338,194)	(19,760)
Cash flows from (used in) operating activities	1,498,155	(2,861,175)
Cash flows from (used in) investing activities		
Loans to related entities	(3,944,550)	(5,495,000)
Purchase of property, plant and equipment, classified as investing activities	(7,551,713)	(5,004,674)
Receivables from related entities	18,184,438	10,662,825
Interest received, classified as investing activities	271,334	456,333
Cash flows from (used in) investing activities	6,959,509	619,484
Cash flows from (used in) financing activities		
Loans from related entities	23,396,627	13,505,000
Loan repayments to related entities	(26,260,580)	(9,450,000)
Dividends paid, classified as financing activities	(314,413)	(1,389,077)
Interests paid, classified as financing activities	(948,171)	(943,895)
Cash flows from (used in) financing activities	(4,126,537)	1,722,028
Net increase (decrease) in cash and cash equivalent, before the effect of the changes in the exchange rate	4,331,127	(519,663)
Effect of exchange rate changes on cash and cash equivalents		
Effect of exchange rate changes on cash and cash equivalents	70,662	(5,639)
Net increase (decrease) in cash and cash equivalents	4,401,789	(525,302)
Cash and cash equivalents at beginning of the period	435,221	690,652
Cash and cash equivalents at end of the period	4,837,010	165,350

14 Income tax and deferred taxes

14.1 Income tax

a) The detail of income tax expense recorded in the Consolidated Statement of Comprehensive Income as of September 30, 2022 and 2021 is as follows:

Expenses (profits) from income taxes	01-01-2022	01-01-2021	07-01-2022	07-01-2021
	09-30-2022	09-30-2021	09-30-2022	09-30-2021
	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
Current income taxes				
Expense (profit) from current taxes	4,703,393	5,694,353	1,386,380	2,381,056
Other expense from current taxes	1,234	1,113	596	377
Total Current income taxes, net	4,704,627	5,695,466	1,386,976	2,381,433
Deferred taxes				
Deferred tax expense (income) relating to the origination and reversal of temporary differences	(8,318,049)	450,206	(2,881,666)	727,884
Total deferred tax expense (income), net	(8,318,049)	450,206	(2,881,666)	727,884
Total expense (income) from for income taxes	(3,613,422)	6,145,672	(1,494,690)	3,109,317

b) The reconciliation of the income tax that would result from applying the current tax rate to "Gain (Loss) Before Tax" as of September 30, 2022 and 2021, is as follows:

Reconciliation of accounting profit multiplied by applicable tax rates	01-01-2022	01-01-2021	07-01-2022	07-01-2021
	09-30-2022	09-30-2021	09-30-2022	09-30-2021
	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
Profit (loss) before tax	5,732,983	27,158,829	1,241,895	14,423,136
Total Income (expense) per gains taxes using the legal rate 27%	(1,547,905)	(7,332,884)	(335,312)	(3,894,247)
Tax effect of income from tax exempt ordinary income	597,616	143,360	(99,403)	(50)
Tax effect of non-deductible expenses for calculating tax profits (losses)	(1,376,952)	(533,764)	(230,682)	(225,389)
Effect for exchange difference	3,365,945	1,845,314	381,838	986,304
Tax effect from changes in tax rates	22,749	(331,952)	103	(1,982)
Tax price-level restatement (investments and equity)	2,156,789	325,616	442,671	(10,015)
Other tax effects from reconciliation of accounting profits and tax (expense) income	395,180	(261,362)	1,335,475	36,062
Total adjustment to tax (expense) income using the statutory rate	5,161,327	1,187,212	1,830,002	784,930
Tax (expense) income using the effective rate	3,613,422	(6,145,672)	1,494,690	(3,109,317)
Effective tax rate	-63.03%	22.63%	-120.36%	21.56%

14.2 Deferred taxes

a) The details of deferred taxes recorded as of September 30, 2022 and December 31, 2021 is as follows:

Temporary differences Deferred tax assets	09-30-2022	12-31-2021
	ThCLP\$	ThCLP\$
Deferred taxes related to obligations for post-employment benefits	115,333	72,350
Deferred taxes related to provision for uncollectible accounts	219,958	193,547
Deferred taxes related to vacation provision	168,612	105,656
Deferred taxes related to obsolescence provision	8,231	8,532
Deferred taxes related to anticipated income	2,246,109	2,318,515
Deferred taxes related to prepaid expenses	1,182,424	648,542
Deferred taxes related to tax losses	29,471,527	25,500,611
Deferred taxes related to employee benefits provision	111,708	71,293
Deferred taxes related to leases	223,040	142,532
Deferred taxes related to other provisions	248,127	49,193
Total Temporary differences Deferred tax assets	33,995,069	29,110,771

Temporary differences Deferred tax assets	09-30-2022	12-31-2021
	ThCLP\$	ThCLP\$
Deferred taxes related to depreciations	54,060,573	53,944,898
Deferred taxes related to amortizations	1,819,562	1,650,110
Deferred taxes related to prepaid expenses	255,209	277,718
Total Temporary differences Deferred tax liabilities	56,135,344	55,872,726

Deferred taxes are presented in the Consolidated Statement of Financial Position as follows:

Temporary differences, net	09-30-2022	12-31-2021
	ThCLP\$	ThCLP\$
Deferred tax assets	33,995,069	29,110,771
Deferred tax liabilities	(56,135,344)	(55,872,726)
Total temporary differences, net	(22,140,275)	(26,761,955)

b) Movements in the items “Deferred taxes”, of the Consolidated Interim Statements of Financial Position as of September 30, 2022 and December 31, 2021, are as follows:

Deferred taxes movement	Assets		Liabilities	
	09-30-2022	12-31-2021	09-30-2022	12-31-2021
	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
Opening balance	29,110,771	17,853,471	55,872,726	52,194,012
Increase (decrease) for deferred taxes in profit or loss	3,970,916	8,412,655	(4,347,133)	10,193,650
Increase (decrease) for deferred taxes in other comprehensive income	21,435	(125,329)	-	-
Increase (decrease) due to exchange difference	891,947	2,969,974	4,609,751	4,083,952
Other increases (decreases)	-	-	-	(10,598,888)
Total movements	4,884,298	11,257,300	262,618	3,678,714
Final balance	33,995,069	29,110,771	56,135,344	55,872,726

Recovery of deferred tax asset balances depends on whether sufficient tax profits are obtained in the future. Management of the Company and subsidiaries considers that projections of future profits of the various companies making up the Group are sufficient to recover these assets.

The Company and its subsidiaries are domiciled in Chile, so the local regulations in force apply equally to all of them.

15 Other financial assets and liabilities, current

a) The detail of current and non-current balances as of September 30, 2022 and December 31, 2021 as follows:

Other financial liabilities, current and non current	Current		Non current	
	09-30-2022	12-31-2021	09-30-2022	12-31-2021
	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
Bonds	4,324,613	724,835	507,623,915	125,340,559
Total	4,324,613	724,835	507,623,915	125,340,559

b) The breakdown by currencies and maturities of the Obligations with the public Bonds as of September 30, 2022 and December 31, 2021, is as follows:

Name debtor company	Country	Type of debt	Type of currency	Type of amortization	Nominal interest rate	Guarantee	09-30-2022										
							Current			Non current							
							Up to 1 year			More than 1 year up to 2 years		More than 2 year up to 5 years			Total non-current		
							Up to 90 days	More than 90 days up to 1 year	Total current	More than 1 year up to 2 years	More than 2 year up to 3 years	More than 3 year up to 4 years	More than 4 year up to 5 years				
ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$								
Sociedad de Transmisión Austral S.A.	Chile	STASCL 32	USD	Annual	0.35%	No guarantee	-	2,579,225	2,579,225	-	-	-	-	-	-	369,005,158	369,005,158
Sistema de Transmisión del Sur S.A.	Chile	Bond Series A / N° 923	UF	Half-yearly	2.80%	No guarantee	1,745,388	-	1,745,388	-	-	-	-	-	-	138,618,757	138,618,757
Total							1,745,388	2,579,225	4,324,613							507,623,915	507,623,915

Name debtor company	Country	Type of debt	Type of currency	Type of amortization	Nominal interest rate	Guarantee	12-31-2021										
							Current			Non current							
							Up to 1 year			More than 1 year up to 2 years		More than 2 year up to 5 years			Total non-current		
							Up to 90 days	More than 90 days up to 1 year	Total current	More than 1 year up to 2 years	More than 2 year up to 3 years	More than 3 year up to 4 years	More than 4 year up to 5 years				
ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$								
Sistema de Transmisión del Sur S.A.	Chile	Bond Series A / N° 923	UF	Half-yearly	2.80%	No guarantee	-	724,835	724,835	-	-	-	-	-	-	125,340,559	125,340,559
Total							-	724,835	724,835							125,340,559	125,340,559

15.1 Derivative Instruments

The Company and its subsidiaries, following their financial risk management policy, may enter into derivative contracts to hedge their exposure to interest rate and currency variation (exchange rate).

Currency derivatives are used to determine the exchange rate of a currency in relation to the functional currency of the Company or its subsidiaries as a result of existing or future obligations. Interest rate derivatives are used to set or limit the variable interest rate of financial obligations. These instruments normally correspond to Cross Currency Swaps.

a) The amounts recorded as of September 30, 2022 and December 31, 2021 are as follows:

Company	Abbreviated name	Hedge instrument	Hedged underlying	Covered risk	Type of hedge	09-30-2022	12-31-2021
						ThCLP\$	ThCLP\$
Sociedad de Transmisión Austral S.A.	STA	Forward (*)	UF cash flow	Currency	Cash flow	-	174,202
Total						-	174,202

(*) Presented in the account Other financial assets current

16 Trade and Other Accounts Payable

The details of this item as of as of September 30, 2022 and December 31, 2021 is as follows:

Trade accounts payable and other payables	Current		Non current	
	09-30-2022	12-31-2021	09-30-2022	12-31-2021
	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
Trade accounts payable	23,110,329	22,145,845	20,634	330,482
Other accounts payable	2,067,675	1,991,632	-	-
Total trade and other accounts payables	25,178,004	24,137,477	20,634	330,482

17 Financial instruments

17.1 Financial instruments by category

By category, the assets and liabilities of financial instruments are as follows:

a) Financial assets

Financial assets	09-30-2022			
	At amortized cost	At fair value with changes in income or loss	Hedge derivative	Total
	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
Cash and cash equivalents	3,971,268	45,832,430	-	49,803,698
Trade and other accounts receivable, current and non-current	46,693,672	-	-	46,693,672
Due from related entities, current and non-current	11,140,548	-	-	11,140,548
Total financial assets	61,805,488	45,832,430	-	107,637,918

Financial assets	12-31-2021			
	At amortized cost	At fair value with changes in income or loss	Hedge derivative	Total
	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
Cash and cash equivalents	813,171	1,151,246	-	1,964,417
Other current financial assets	-	-	174,202	174,202
Trade and other accounts receivable, current and non-current	35,705,426	-	-	35,705,426
Due from related entities, current and non-current	8,307,634	-	-	8,307,634
Total financial assets	44,826,231	1,151,246	174,202	46,151,679

b) Financial liabilities

Financial liabilities	09-30-2022		
	At amortized cost	Hedge derivative	Total
	ThCLP\$	ThCLP\$	ThCLP\$
Other financial liabilities, current and non current	511,948,528	-	511,948,528
Lease liabilities, current and non-current	2,278,624	-	2,278,624
Trade and other accounts payable, current and non-current	25,198,638	-	25,198,638
Due to related entities, current and non-current	113,258,807	-	113,258,807
Total financial liabilities	652,684,597	-	652,684,597

Financial liabilities	12-31-2021		
	At amortized cost	Hedge derivative	Total
	ThCLP\$	ThCLP\$	ThCLP\$
Other financial liabilities, current and non current	126,065,394	-	126,065,394
Lease liabilities, current and non-current	1,811,755	-	1,811,755
Trade and other accounts payable, current and non-current	24,467,959	-	24,467,959
Due to related entities, current and non-current	341,239,487	-	341,239,487
Total financial liabilities	493,584,595	-	493,584,595

17.2 Fair value of financial instruments

a) Fair value of financial instruments accounted for at amortized cost

The following summarizes the fair values of the main financial assets and liabilities, including those that are not presented at fair value in the Statement of Financial Position.

Financial assets	09-30-2022	
	Carrying value	Fair value
	ThCLP\$	ThCLP\$
Investments held at amortized cost		
Cash on hand	100	100
Bank balances	3,971,168	3,971,168
Trade and other accounts receivable, current and non-current	46,693,672	46,693,672

Financial liabilities	09-30-2022	
	Carrying value	Fair value
	ThCLP\$	ThCLP\$
Financial liabilities held at amortized cost		
Other financial liabilities, current and non current (bonds)	511,948,528	430,103,948
Lease liabilities, current and non-current	2,278,624	2,278,624
Trade and other accounts payable, current and non-current	25,198,638	25,198,638

b) Methodology and assumptions used in the calculation of fair value

The fair value of financial assets and liabilities were determined using the following methodology:

- Trade accounts and other current accounts receivable, trade accounts payable and other accounts payable correspond to receivables mainly associated with energy sales and tolls, which have a short-term collection horizon, and on the other hand, they do not have a formal market where they are traded. Accordingly, valuation at cost or amortized cost is a good approximation of fair value.
- The fair value of the bonds and the bank was determined based on market price references, since these instruments are traded in the market under standard conditions and with a high degree of liquidity.

c) Recognition of Fair Value Measurements in the Consolidated Interim Financial Statements:

Fair value hierarchy levels 1 to 3 are based on the degree to which the fair value is observable:

Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

18 Other Non-Financial Liabilities

The details of this item as of as of September 30, 2022 and December 31, 2021 is as follows:

Other non-financial liabilities	Current		Non current	
	30-09-2022	31-12-2021	30-09-2022	31-12-2021
	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
Other works of third parties	183,962	170,436	-	-
Prepaid income for tolls sale	386,445	386,445	7,958,239	8,216,315
Other non financial liabilities (*)	-	-	3,617,075	3,327,280
Total other non-financial liabilities	570,407	556,881	11,575,314	11,543,595

(*) Includes purchase option with IBL for the acquisition of Tolchén on July 9, 2021 (ThCLP\$3,209,853).

The detail of the Advance Revenues from the sale of tolls as of September 30, 2022 and December 31, 2021 is as follows:

Clients	Settlement date	Current		Non current	
		09-30-2022	12-31-2021	09-30-2022	12-31-2021
		ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
Hidroensur, Hidronalcas and Hidropalmar	06-01-2042	91.929	91.929	1.723.678	1.792.625
Hidroensur, Hidronalcas and Hidropalmar	06-01-2042	83.571	83.571	1.566.945	1.629.623
Hidroensur, Hidronalcas and Hidropalmar	06-01-2042	23.102	23.102	908.020	944.004
Hidroensur, Hidronalcas and Hidropalmar	12-01-2043	27.537	27.537	564.281	584.934
Hidroensur, Hidronalcas and Hidropalmar	08-01-2042	47.223	47.223	418.986	435.745
Hidroensur, Hidronalcas and Hidropalmar	06-01-2045	16.371	16.371	372.201	384.480
Hidroensur, Hidronalcas and Hidropalmar	11-01-2046	14.852	14.852	369.742	380.881
Hidroensur, Hidronalcas and Hidropalmar	08-01-2042	17.397	17.397	329.641	342.688
Hidroensur, Hidronalcas, Hidropalmar, Hidro Ensenada and Hidrobonito	-	48.796	48.796	1.171.174	1.207.770
Parque Eólico Cabo Leones I.S.A.	12-31-2047	-	-	168.869	152.989
Ibereólica Cabo Leones II S.A.	12-31-2047	-	-	168.868	152.989
Eólica La Esperanza S.A.	03-31-2036	15.667	15.667	195.835	207.587
Total Clients		386.445	386.445	7.958.239	8.216.315

19 Equity

19.1 Net equity of the Company

19.1.1 Subscribed and Paid-in Capital

As of September 30, 2022, the issued capital of the Company amounts to ThCLP\$166.064.578. The capital is represented by 620.093.318 series A shares (all subscribed and paid) and 38.352.069.948.752 series B shares, of which 12.990.630.008 are subscribed and pending payment (12.401.271.096 Grupo Saesa and 589.358.912 other non-controlling interest).

On December 28, 2021, at the Company's Extraordinary Shareholders' Meeting, it was agreed to increase the Company's capital for an amount of ThCLP\$106.292.019, through the issuance of 20.343.540.014.041 series B shares.

Capital increase was subscribed and paid by Inversiones Eléctricas del Sur S.A. through the total contribution of the shares owned by Sistema de Transmisión del Sur S.A. (New STS).

The series A shares have all the rights that the current regulations confer on ordinary shares. On the other hand, series B shares have all the rights that current legislation confers on ordinary shares, but that have the preference to call meetings of shareholders (they will have the privilege of convening ordinary and extraordinary shareholders' meetings, when requested, at least, 5% of these shares) and the limitation to elect Directors (they will not have the right to elect Directors).

19.1.2 Other reserves

The details of Other reserves as of September 30, 2022 and September 30, 2021 are as follows:

Movements other reserves	Opening balance as of 01-01-2022	Reserves for translation differences	Reserve for cash flows hedge	Reserve for actuarial gains or losses in defined benefit plans	Closing balance at 09-30-2022
	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
Reserves for translation differences, net of deferred taxes	23,100,268	11,910,843	-	-	35,011,111
Cash flows hedge reserves, net of taxes	112,564	-	(112,564)	-	-
Reserves of actuarial gains or losses in defined benefit plans, net of deferred taxes	(205,468)	-	-	(47,809)	(253,277)
Other various reserves (*)	134,922,354	-	-	-	134,922,354
Total	157,929,718	11,910,843	(112,564)	(47,809)	169,680,188

Movements other reserves	Opening balance as of 01-01-2021	Reserves for translation differences	Reserve for cash flows hedge	Reserve for actuarial gains or losses in defined benefit plans	Closing balance at 09-30-2021
	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
Reserves for translation differences, net of deferred taxes	8,598,247	10,906,508	-	-	19,504,755
Cash flows hedge reserves, net of taxes	106,817	-	(107,711)	-	(894)
Reserves of actuarial gains or losses in defined benefit plans, net of deferred taxes	(50,977)	-	-	130,744	79,767
Other various reserves (*)	108,555,427	-	-	-	108,555,427
Total	117,209,514	10,906,508	(107,711)	130,744	128,139,055

On December 28, 2021, in the context of the reorganization process that the SAESA Group companies are carrying out as a result of the enactment of Law No. 21.194 that modified the General Electric Services Law, the Company carried out a capital increase through the exclusive issuance of new Series B shares. Said capital increase was subscribed and paid by Inversiones Eléctricas del Sur S.A. through the total contribution of the shares owned by Sistema de Transmisión del Sur S.A. (New STS). Thus, the transfer of New STS shares from Eléctricas to STA was 10.078.417.668.726 shares distributed in 416.201.830 Series A shares and 10.078.001.466.896 Series B shares. Those that originated an adjustment in other reserves of ThCLP\$154.339.821. As it is an operation between related parties, the effects that originate must form part of the equity. Under this guideline, the company reclassified this effect in Other reserves.

(*) On December 1, 2021, the merger was carried out by incorporating the transmission companies Former STS, Frontel Transmisión into New STS, leaving the new Company as legal successor. After the merger, the company was renamed Sistema de Transmisión del Sur S.A. or New STS This merger gave rise to a tax gain that gave rise to a deferred tax asset of ThCLP\$12.063 million. As it is an operation between related parties, the effects that originate must form part of the equity. Under this guideline, the Company reclassified this effect in Other reserves.

19.1.3 Translation Differences

The detail of the subsidiaries and related companies that present translation differences net of taxes as of September 30, 2022 and September 30, 2021 is as follows:

Reserves for translation differences		09-30-2022	09-30-2021
		ThCLP\$	ThCLP\$
Sociedad Generadora Austral S.A.	SGA	6,926,490	3,177,973
Sagesa S.A.	SAGESA	15,251,142	9,827,444
Sistema de Transmisión del Centro S.A.	STC	6,625,967	1,373,142
Sistema de Transmisión del Norte S.A.	STN	7,075,473	4,111,845
Sociedad Austral de Transmisión Troncal S.A.	SATT	6,691,150	2,706,968
Línea de Transmisión Cabo Leones S.A.	Cabo Leones	1,287,112	354,491
Sociedad de Transmisión Austral S.A.	STA	(9,263,509)	(2,105,913)
Tolchén Transmisión SpA	Tolchén	417,286	58,805
Total Reserves for translation differences		35,011,111	19,504,755

The translation reserve comes from exchange differences that arise from the conversion of the subsidiary which have functional currency dollar.

19.1.4 Retained Earnings

The detail of Retained earnings at September 30, 2022 and 2021 is as follows:

Movement Retained earnings (Accumulated deficit)	Accumulated distributable net earnings	Total
	ThCLP\$	ThCLP\$
Opening balance as of 01-01-2022	35,638,738	35,638,738
Gain attributable to owners of the controlling interest	9,029,448	9,029,448
Reversal of provision and dividend payment previous year	(24,674,040)	(24,674,040)
Provision minimum dividend for the year	(2,254,779)	(2,254,779)
Total movements	(17,899,371)	(17,899,371)
Closing balance at 09-30-2022	17,739,367	17,739,367

Movement Retained earnings (Accumulated deficit)	Accumulated distributable net earnings	Total
	ThCLP\$	ThCLP\$
Opening balance as of 01-01-2021	28,624,896	28,624,896
Gain attributable to owners of the controlling interest	20,717,551	20,717,551
Reversal of provision and dividend payment previous year	(803,295)	(803,295)
Provision minimum dividend for the year	(957,117)	(957,117)
Total movements	18,957,139	18,957,139
Closing balance at 09-30-2021	47,582,035	47,582,035

19.2 Capital management

The objective of the Company and its subsidiaries is to maintain an adequate level of capitalization to ensure that they can accomplish their operating and financial objectives in the medium and long term in order to generate returns for their shareholders.

19.3 Restrictions on the Disposal of Funds

As of September 30, 2022, the Company and its subsidiaries do not present restriction with the cash flow delivery to the shareholders.

20 Income from ordinary activities and other income

The details of this item of the income statement accounts as of September 30, 2022 and 2021 is as follows:

Revenue from ordinary activities	01-01-2022	01-01-2021	07-01-2022	07-01-2021
	09-30-2022	09-30-2021	09-30-2022	09-30-2021
	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
Revenue recognition over time				
Transmission	60.829.821	50.499.845	21.962.009	24.104.578
Generation and commercialization	10.737.709	8.470.776	2.582.222	3.272.399
Total revenue recognition over time	71.567.530	58.970.621	24.544.231	27.376.977
Total revenue recognition over time	-	-	-	-
Total revenue from ordinary activities	71.567.530	58.970.621	24.544.231	27.376.977
Other income				
	01-01-2022	01-01-2021	07-01-2022	07-01-2021
	09-30-2022	09-30-2021	09-30-2022	09-30-2021
	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
Revenue recognition over time				
Leases	2.000	153.588	2.000	49.739
Demand management revenues and mobile equipment	4.133	3.214	1.183	1.388
Other revenues	16.005	77.116	4.735	(100.393)
Total revenue recognition over time	22.138	233.918	7.918	(49.266)
Recognition of revenue at a point in time				
Sale of material and equipment	9.453.994	4.822.211	3.789.769	1.789.538
Total revenue recognized at a point in time	9.453.994	4.822.211	3.789.769	1.789.538
Revenue recognition over time				
Construction of works and works to third parties	1.782.438	1.314.732	778.960	605.762
Credits and loans interests	10.106	24.294	3.658	1.936
Total revenue recognition over time	1.792.544	1.339.026	782.618	607.698
Total other revenues	11.268.676	6.395.155	4.580.305	2.347.970

21 Expenses for Benefits to Employees

The details of this item of the income statement accounts as of September 30, 2022 and 2021 is as follows:

Employee benefits expenses	01-01-2022 09-30-2022	01-01-2021 09-30-2021	07-01-2022 09-30-2022	07-01-2021 09-30-2021
	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
Wages and remunerations	10,815,572	6,965,148	4,130,022	2,330,779
Other benefits to employees, short-term	1,569,434	904,086	624,473	348,876
Expenses for post employment benefits, defined benefit plans	551,630	434,510	189,373	185,472
Capitalization employee expenses	(1,552,133)	(2,087,414)	(517,282)	(700,201)
Total employee benefits expenses	11,384,503	6,216,330	4,426,586	2,164,926

22 Expense for depreciation and amortization

The details of this item of the income statement accounts as of September 30, 2022 and 2021 is as follows:

Depreciation and amortization expense	01-01-2022 09-30-2022	01-01-2021 09-30-2021	07-01-2022 09-30-2022	07-01-2021 09-30-2021
	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
Depreciation of property, plant and equipment	11,703,811	8,521,551	4,170,992	2,911,224
Amortization of intangibles	335,267	126,745	116,795	48,529
Amortization for right of use assets	133,659	78,880	46,280	27,282
Total depreciation and amortization expense	12,172,737	8,727,176	4,334,067	2,987,035

23 Other expenses by nature

The details of this item as of as of September 30, 2022 and 2021 is as follows:

Other expenses, by nature	01-01-2022 09-30-2022	01-01-2021 09-30-2021	07-01-2022 09-30-2022	07-01-2021 09-30-2021
	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
Shared services	2,605,169	2,863,970	952,053	1,013,255
Operations and maintenance of electrical system	5,684,544	3,848,276	2,152,340	1,465,702
Operation vehicles, travel and expenses	1,342,186	1,038,343	517,172	392,804
Rental of machinery, equipment and facilities	365,240	360,531	102,684	99,904
Provisions and write offs	(2,301)	(12,916)	(390)	7,530
Administrative expenses and other services provided	3,191,637	3,592,334	1,306,499	1,585,841
Expenses for construction work to third parties	185,334	-	162,059	-
Other expenses by nature	398,435	494,662	55,157	98,335
Total Other expenses by nature	13,770,244	12,185,200	5,247,574	4,663,371

24 Financial Results

The detail of the financial income and expenses as of September 30, 2022 and 2021, is as follows:

Financial income (loss)	01-01-2022 09-30-2022	01-01-2021 09-30-2021	07-01-2022 09-30-2022	07-01-2021 09-30-2021
	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
Income from cash and cash equivalents	1,097,603	2,994	833,703	1,387
Other financial income	33,920	65,268	11,866	36,146
Financial income	1,131,523	68,262	845,569	37,533
Bank loans expenses	-	(4,312)	-	-
Bond expenses	(12,094,286)	(2,430,691)	(4,627,454)	(823,260)
Other financial expenses	(3,436,240)	(4,903,336)	(1,655,457)	(1,806,492)
Capitalization financial expenses	2,928,220	2,521,056	1,072,635	877,189
Financial expenses	(12,602,306)	(4,817,283)	(5,210,276)	(1,752,563)
Profit (loss) per indexed unit	(12,064,118)	(3,569,211)	(4,343,986)	(1,234,882)
Positive	19,870,176	671,288	3,474,796	85,767
Negative	(35,421,011)	(3,024,010)	(8,344,783)	(2,374,332)
Profit (loss) from exchange differences	(15,550,835)	(2,352,722)	(4,869,987)	(2,288,565)
Total financial income (loss)	(39,085,736)	(10,670,954)	(13,578,680)	(5,238,477)

25 Guarantees Pledged to Third Parties

Guarantees granted as of September 30, 2022 are as follows:

Relationship	Committed assets			2022	2023	2024	2025	2026
	Type of guarantee	Currency	Total					
			ThCLP\$					
Guarantees construction work	Performance bond	CLP	1,349,411	1,955	71,424	1,224,896	51,136	-
Guarantees construction work	Performance bond	UF	2,998,332	47,277	913,254	1,166,010	454,491	417,300
Guarantees construction work	Performance bond	USD	15,741,192	1,847,750	9,483,814	1,632,038	2,777,590	-
Total			20,088,935	1,896,982	10,468,492	4,022,944	3,283,217	417,300

26 Sureties Obtained from Third Parties

As of September 30, 2022 and 2021, the Company and its subsidiaries has received guarantees from clients, suppliers and contractors guaranteeing, primarily, performance under power supply contracts, works to be performed and advance payments for ThCLP\$13,205,048 and ThCLP\$10,932,802, respectively.

27 Commitments and Restrictions

Subsidiary STS's bond issue contracts impose obligations in addition to the payment obligations, including financial ratios of various types over the term of these contracts.

STS must report quarterly on compliance with these ratios. As of September 30, 2022, STS is in compliance with all the financial ratios required in those contracts and complies with the aforementioned covenants.

On January 10, 2019, the STS (the "Company") placed the Series A bonds, for a total amount of UF 4,000,000, with the following main restriction, maintain at the end of each quarter, a combined adjusted EBITDA / Net Financial Expenses not exceeding 6.75, which will be measured using the financial statements of the Company.

As of September 30, 2022 and December 31, 2021, the subsidiary STS complies with the covenants stipulated in their financial contracts.

STA bonds do not maintain any financial covenants.

28 Summarized Financial Information of the Subsidiaries that are part of the Company

Taxpayer ID	Company	Country	Nature of relationship	Currency	09-30-2022							
					Current assets	Non-current assets	Current liabilities	Non-current liabilities	Ordinary income	Net income (loss)	Comprehensive income	
					ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	
77.312.201-6	Sistema de Transmisión del Sur S.A.	Chile	Subsidiary	CLP	61,802,335	519,158,050	32,125,941	305,867,111	48,715,902	5,729,095	6,015,285	
99.528.750-1	Sociedad Generadora Austral S.A.	Chile	Subsidiary	USD	30,140,352	9,700,982	31,648,660	816,331	56,042,798	152,082	1,385,554	
76.410.374-2	Sistema de Transmisión del Norte S.A.	Chile	Subsidiary	USD	11,520,352	65,911,049	3,986,083	39,141,908	6,736,660	2,428,916	5,918,940	
76.440.111-5	Sistema de Transmisión del Centro S.A.	Chile	Subsidiary	USD	2,919,464	81,848,121	1,065,267	49,653,089	3,065,762	521,270	4,412,297	
76.519.747-3	Sociedad Austral de Transmisión Troncal S.A.	Chile	Subsidiary	USD	12,535,537	136,768,840	8,617,281	110,259,217	7,079,114	4,128,125	7,584,146	
76.186.388-6	Sagesa S.A.	Chile	Subsidiary	USD	21,560,902	139,103,358	4,800,715	108,131,698	23,536,875	985,748	5,886,523	
76.429.813-6	Línea de Transmisión Cabo Leones S.A.	Chile	Subsidiary	USD	2,038,532	50,713,572	1,226,001	45,684,548	3,852,077	1,440,508	2,201,530	
76.389.448-7	Tolchén Transmisión SpA	Chile	Subsidiary	USD	867,422	33,299,471	361,766	31,239,159	2,118,015	529,595	825,898	

Taxpayer ID	Company	Country	Nature of relationship	Currency	12-31-2021							
					Current assets	Non-current assets	Current liabilities	Non-current liabilities	Ordinary income	Net income (loss)	Comprehensive income	
					ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	
77.312.201-6	Sistema de Transmisión del Sur S.A.	Chile	Subsidiary	CLP	24,341,811	492,933,204	34,641,981	225,968,447	56,830,434	17,911,726	18,548,097	
99.528.750-1	Sociedad Generadora Austral S.A.	Chile	Subsidiary	USD	17,564,612	4,782,223	15,902,327	166,846	51,511,977	136,022	1,529,459	
76.410.374-2	Sistema de Transmisión del Norte S.A.	Chile	Subsidiary	USD	8,041,240	58,405,974	3,021,018	34,147,750	7,473,688	1,892,316	6,062,085	
76.440.111-5	Sistema de Transmisión del Centro S.A.	Chile	Subsidiary	USD	310,869	71,893,888	802,155	41,765,670	3,568,060	(30,653)	4,700,562	
76.519.747-3	Sociedad Austral de Transmisión Troncal S.A.	Chile	Subsidiary	USD	9,397,381	111,870,610	8,206,610	88,461,809	5,357,968	2,471,609	5,853,742	
76.186.388-6	Sagesa S.A.	Chile	Subsidiary	USD	8,957,855	98,153,296	5,853,034	59,475,216	17,422,538	713,624	6,943,152	
76.429.813-6	Línea de Transmisión Cabo Leones S.A.	Chile	Subsidiary	USD	1,040,447	45,004,789	1,148,205	41,294,807	4,241,672	1,539,120	2,137,441	
76.389.448-7	Tolchén Transmisión SpA	Chile	Subsidiary	USD	622,764	29,213,909	465,310	27,794,512	1,215,247	1,091,864	(1,168,081)	

29 Additional Information on Financial Debt

The following is an undiscounted maturity analysis by financial debt type:

a) Bonds

Debtor entity		Creditor entity		Bond Contract/Registration number	Type of currency	Effective interest rate	Nominal interest rate	09-30-2022										
Taxpayer ID	Company	Country	Creditor					Country	Current			Non-current						
									Up to 90 days	More than 90 days up to 1 year	Total current	More than 1 year up to 2 years	More than 2 year up to 3 years	More than 3 year up to 4 years	More than 4 year up to 5 years	More than 5 years	Total non-current	
77.312.443-4	Sociedad de Transmisión Austral S.A.	Chile	UBI BANK NATIONAL ASSOCIATION	Chile	Bond STA	USD	4.26%	4.26%	-	-	-	14,979,744	14,979,744	14,979,744	14,979,744	456,802,193	516,809,108	
77.312.201-6	Sistema de Transmisión del Sur S.A.	Chile	Banco de Chile	Chile	Issue of Line Series A / N° 923	UF	2.74%	2.80%	1,905,169	-	1,905,169	3,810,337	3,810,337	3,810,337	3,810,337	202,761,308	218,021,056	
Total									1,905,169	-	1,905,169	14,790,081	14,790,081	18,790,081	18,790,081	659,643,500	734,830,164	

Debtor entity		Creditor entity		Bond Contract/Registration number	Type of currency	Effective interest rate	Nominal interest rate	12-31-2021										
Taxpayer ID	Company	Country	Creditor					Country	Current			Non-current						
									Up to 90 days	More than 90 days up to 1 year	Total current	More than 1 year up to 2 years	More than 2 year up to 3 years	More than 3 year up to 4 years	More than 4 year up to 5 years	More than 5 years	Total non-current	
77.312.201-6	Sistema de Transmisión del Sur S.A.	Chile	Banco de Chile	Chile	Issue of Line Series A / N° 923	UF	2.80%	2.80%	-	3,309,764	3,309,764	3,309,764	3,309,764	3,309,764	3,309,764	177,778,026	181,017,182	
Total									-	3,309,764	3,309,764	3,309,764	3,309,764	3,309,764	177,778,026	181,017,182		

30 Foreign Currency

CURRENT ASSETS	Currency of origin	09-30-2022	12-31-2021
		ThCLP\$	ThCLP\$
Cash and cash equivalents	CLP	49,351,028	1,908,781
Cash and cash equivalents	USD	452,670	55,636
Other current financial assets	UF	-	174,202
Other current non-financial assets	CLP	2,503,396	1,169,233
Trade and other receivables, current	CLP	23,809,908	24,118,650
Trade and other receivables, current	UF	62,560	37,039
Due from related companies, current	CLP	6,030,484	4,119,150
Current inventories	CLP	4,627,898	3,196,824
Current tax assets, current	CLP	10,954,998	7,922,831
TOTAL CURRENT ASSETS		97,792,942	42,702,346
Non-current assets or groups of assets for disposal classified as held for sale or as held for distribution to owners	CLP	122,739,370	95,062,307
	USD	5,324,199	4,612,098
	UF	46,620	35,889
TOTAL CURRENT ASSETS	CLP	220,017,082	137,497,776
	USD	5,776,869	4,667,734
	UF	109,180	247,130
		225,903,131	142,412,640

NON-CURRENT ASSETS	Currency of origin	09-30-2022	12-31-2021
		ThCLP\$	ThCLP\$
Other non financial assets, non-current	CLP	29,960	32,960
Trade and other receivables, current	CLP	22,535,545	11,402,970
Trade and other receivables, current	UF	285,659	146,767
Trade and other receivables to related entities, non current	CLP	5,110,064	4,188,484
Intangible assets other than goodwill	CLP	69,548,683	64,411,025
Goodwill	CLP	75,718,651	75,718,651
Goodwill	USD	1,291,453	1,136,047
Property, plant and equipment	CLP	686,055,280	627,502,406
Rights for use assets	CLP	1,452,551	1,283,851
Deferred tax assets	CLP	33,995,069	29,110,771
TOTAL NON-CURRENT ASSETS		896,022,915	814,933,932
TOTAL NON-CURRENT ASSETS	CLP	894,445,803	813,651,118
	USD	1,291,453	1,136,047
	UF	285,659	146,767
		896,022,915	814,933,932

CURRENT LIABILITIES	Currency of origin	09-30-2022	12-31-2021
		ThCLP\$	ThCLP\$
Other financial liabilities, current	USD	2,579,225	-
Other financial liabilities, current	UF	1,745,388	724,835
Lease liabilities, current	CLP	15,157	25,323
Lease liabilities, current	USD	273,572	178,323
Lease liabilities, current	UF	236,732	125,963
Trade accounts payable and other payables	CLP	25,178,004	24,137,477
Due to related companies, current	CLP	3,383,106	10,183,903
Other provisions, current	CLP	2,011,607	2,081,521
Current tax liabilities, current	CLP	4,889,230	1,478,961
Current accruals for employee benefits	CLP	2,188,868	767,047
Other non-financial liabilities, current	CLP	570,407	556,881
TOTAL CURRENT LIABILITIES		43,071,296	40,260,234
Liabilities included in groups of assets for disposal classified as held for sale	CLP	35,332,475	29,276,287
	USD	-	-
	UF	-	-
TOTAL CURRENT LIABILITIES	CLP	73,568,854	68,507,400
	USD	2,852,797	178,323
	UF	1,982,120	850,798
		78,403,771	69,536,521

NON-CURRENT LIABILITIES	Currency of origin	09-30-2022	12-31-2021
		ThCLP\$	ThCLP\$
Other financial liabilities, non current	USD	369,005,158	-
Other liabilities, non current	UF	138,618,757	125,340,559
Lease liabilities, non-current	CLP	-	8,713
Lease liabilities, non-current	USD	1,276,800	1,150,471
Lease liabilities, non-current	UF	476,363	322,962
Trade and other accounts payable, non current	CLP	20,634	330,482
Due to related companies, non-current	CLP	109,875,701	331,055,584
Deferred tax liability	CLP	56,135,344	55,872,726
Non-current accruals for employee benefits	CLP	2,447,079	1,921,240
Other non-financial liabilities, non-current	CLP	11,575,314	11,543,595
TOTAL NON-CURRENT LIABILITIES		689,431,150	527,546,332
TOTAL NON-CURRENT LIABILITIES	CLP	180,054,072	400,732,340
	USD	370,281,958	1,150,471
	UF	139,095,120	125,663,521
		689,431,150	527,546,332

TOTAL LIABILITIES	CLP	253,622,926	469,239,740
	USD	373,134,755	1,328,794
	UF	141,077,240	126,514,319
		767,834,921	597,082,853

31 Sanctions

During the year ended September 30, 2022, no sanctions have been applied to the Company and its subsidiaries by the Commission for the Financial Market (CMF).

32 Subsequent events

On November 3, 2022, the Board of Directors of the subsidiary Sistema de Transmisión del Sur S.A., agreed to proceed with the partial early redemption of 25% of the outstanding Series A bonds issued under the subsidiary's bond line, registered in the Securities Registry under No. 923. The partial early redemption corresponds to a total amount of UF 1,000,000, which will be determined by means of a draw, to be held on November 25, 2022 at the Santiago Notary Office of Mr. Andrés Zavala. The redemption and payment will be made on December 21, 2022.

In the period between October 1, 2022 and the date of issuance of the accompanying Consolidated Interim Financial Statements, no other significant events have occurred that affect these.

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