

# **INTERCHILE S.A**

Financial Statements for the years ended  
as of December 31, 2021, and 2020  
and independent auditor's Report



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## **INDEPENDENT AUDITOR'S REPORT**

To the Shareholders and Board of Directors of  
Interchile S.A.

We have audited the accompanying financial statements of Interchile S.A., which comprise the statement of financial position as of December 31, 2021, and the related statements of comprehensive income, changes in equity and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

## **Opinion**

In our opinion, the financial statement referred to above present fairly, in all material respects, the financial position of Interchile S.A. as of December 31, 2021, and the results of their operations and their cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IASB”).

## **Others matters**

The financial statements of Interchile S.A. as of December 31, 2020 were audited for other auditors who issued an unmodified opinion dated March 19, 2021.

The accompanying financial statements have been translated into English solely for the convenience of readers outside Chile.

The logo for Deloitte, written in a blue, handwritten-style font.

Santiago, Chile  
March 11, 2022

Financial Statements

**INTERCHILE S.A.**

December 31, 2021 and 2020

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CLP	:	Chilean Peso
ThCLP\$	:	Thousands of Chilean pesos
US\$	:	U.S. dollar
ThUS\$	:	Thousands of US dollars
EUR	:	Euro
UF	:	Unidad de Fomento (An inflation-linked unit of account used in Chile)

Financial Statements

**INTERCHILE S.A.**

December 31, 2021 and 2020

**INTERCHILE S.A.**

## Classified Statements of Financial Position

December 31,

(In thousands of United States dollars - ThUS\$)

<b>ASSETS</b>	<b>Note</b>	<b>2021 ThUS\$</b>	<b>2020 ThUS\$</b>
<b>Current Assets</b>			
Cash and cash equivalents	(6)	314,065	970
Other current financial assets	(7)	23,299	51,815
Trade and other receivables			
Current	(8)	18,091	37,191
Accounts receivable from related entities	(10)	393	105
Other non-financial current assets	(9)	548	294
Total current assets		<u>356,396</u>	<u>90,375</u>
<b>Non-Current Assets</b>			
Trade and other receivables			
Non-current	(8)	4,708	8,314
Other non-current non-financial assets	(9)	340	812
Property, plant and equipment, net	(12)	1,030,172	1,050,082
Intangible assets other than goodwill	(13)	110,123	109,774
Deferred tax assets	(11)	33,793	25,836
Total non-current assets		<u>1,179,136</u>	<u>1,194,818</u>
Total Assets		<u>1,535,532</u>	<u>1,285,193</u>

The accompanying notes 1 to 23 are an integral part of these financial statements.

**INTERCHILE S.A.**

## Classified Statements of Financial Position

December 31,

(In thousands of United States dollars - ThUS\$)

<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>Note</b>	<b>2021 ThUS\$</b>	<b>2020 ThUS\$</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other current accounts payable	(14)	17,376	44,209
Current financial liabilities	(15 1)	-	26,852
Accounts payable to related entities			
Current	(10)	253	47
Current tax liabilities	(11)	13	16
Total current liabilities		<u>17,642</u>	<u>71,124</u>
<b>Non-Current Liabilities</b>			
Trade and other non-current accounts payable	(14)	17,937	21,250
Accounts payable to related entities			
Non-current	(10)	-	78,440
Non-current financial liabilities	(15 1)	1,184,828	697,533
Other non-current financial liabilities		-	83,162
Total non-current liabilities		<u>1,202,765</u>	<u>880,385</u>
Total liabilities		<u>1,220,407</u>	<u>951,509</u>
<b>Shareholders' equity</b>			
Issued capital	(16)	370,136	370,136
Retained earnings	(16)	(55,011)	24,256
Other reserves		-	(60,708)
Total Shareholders' equity		<u>315,125</u>	<u>333,684</u>
Total Liabilities and Shareholders' Equity		<u>1,535,532</u>	<u>1,285,193</u>

The accompanying notes 1 to 23 are an integral part of these financial statements.



## INTERCHILE S.A.

### Statements of Comprehensive Income by Function

For the years ended December 31

(In thousands of United States dollars - ThUS\$)

	<b>Note</b>	<b>2021 ThUS\$</b>	<b>2020 ThUS\$</b>
<b>Income (Loss)</b>			
Income from ordinary activities	(17)	85,975	79,214
Cost of sales	(18)	<u>(37,493)</u>	<u>(34,959)</u>
Gross profit		48,482	44,255
Administrative expenses	(18)	(6,957)	(4,523)
Other income		(932)	(403)
Financial Income and Expenses	(18)	(144,545)	(38,213)
Income (loss) from inflation-adjusted units		-	-
Exchange differences		<u>(5,713)</u>	<u>1,946</u>
<b>Profit (loss) before taxes</b>		(109,665)	3,062
Income tax	(11)	<u>30,398</u>	<u>1,088</u>
Income (loss) for the year		<u>(79,267)</u>	<u>4,150</u>
<b>Income (loss)</b>		(79,267)	4,150
<b>Statement of Other Comprehensive Income</b>			
Components of other comprehensive income to be reclassified to profit or loss			
Cash flow hedges		<u>83,162</u>	<u>(47,338)</u>
Total other comprehensive income before tax		<u>83,162</u>	<u>(47,338)</u>
<b>Income taxes related to components of other comprehensive income to be reclassified to profit or loss</b>			
Income taxes related to cash flow hedges		<u>(22,455)</u>	<u>12,780</u>
Total other comprehensive income (loss)		<u>60,707</u>	<u>(34,558)</u>
Total comprehensive income (loss)		<u>(18,559)</u>	<u>(30,410)</u>

The accompanying notes 1 to 23 are an integral part of these financial statements.

## INTERCHILE S.A.

### Statements of Cash Flows (Direct Method)

For the years ended December 31,

(In thousands of United States dollars - ThUS\$)

STATEMENTS OF DIRECT CASH FLOWS	Note	2021 ThUS\$	2020 ThUS\$
<b>Cash Flows Provided by (Used in)</b>			
<b>Operating Activities</b>			
Proceeds from the rendering of goods and services		99,075	79,810
Payments to suppliers for the supply of goods and services		(128,554)	(31,318)
Payments to suppliers for the supply of goods and services (VAT)		(1,161)	(5,498)
Other cash inflows/outflows		1,281	71
Cash flows provided by (used in) operating activities		(29,359)	43,065
<b>Cash Flows Provided by (Used in)</b>			
<b>Investing Activities</b>			
Purchases of property, plant and equipment		(19,058)	(127,040)
Purchases of intangible assets		108	112
Amounts from operations with property, plant and equipment		(7,888)	-
Advances for works		-	-
Other cash inflows/outflows		36,400	(29,148)
Cash flows provided by (used in) investing activities		9,562	(156,076)
<b>Cash Flows Provided by (Used in)</b>			
<b>Financing Activities</b>			
Amounts received from share issuance		-	-
Amounts received from loans to related party		-	78,440
Debt repayments (Amortization to principal)		(856,525)	(22,203)
Amounts from long-term loans		1,200,000	94,000
Commissions and financial expenses paid		(40,330)	(34,956)
Finance lease		(505)	(354)
Other cash inflows (outflows)		35,919	189
Cash flows provided by (used in) financing activities		338,559	115,116
<b>Increase (Decrease) in Cash and Cash Equivalents before Effect of Changes in Exchange Rate</b>			
		318,762	2,105
<b>Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>			
		(5,667)	(1,946)
<b>Increase (Decrease) in Cash and Cash Equivalents</b>			
		313,095	159
<b>Cash and Cash Equivalents at the Beginning of the Period</b>			
		970	811
<b>Cash and Cash Equivalents at End of Period</b>			
		314,065	970

The accompanying notes 1 to 23 are an integral part of these financial statements.

**INTERCHILE S.A.**

Statements of Changes in Shareholders' Equity

December 31, 2021 and 2020

(In thousands of United States dollars - ThUS\$)

Statements of Changes in Shareholders' Equity	Issued Capital ThUS\$	Other Reserves ThUS\$	Retained earnings ThUS\$	Total Shareholders' Equity ThUS\$
<b>Opening balance for year 01.01.2021</b>	370,136	(60,708)	24,256	333,684
Capital increase	-	-	-	-
Profit for the year	-	-	(79,267)	(79,267)
Other comprehensive income	-	60,708	-	60,708
<b>Closing balance for the period 12.31.2021</b>	370,136	-	(55,011)	315,125
<b>Opening balance for the year 01.01.2020</b>	370,136	(26,150)	20,106	364,092
Capital increase	-	-	-	-
Profit for the year	-	-	4,150	4,150
Other comprehensive income	-	(34,558)	-	(34,558)
<b>Closing balance for the period 12.31.2020</b>	370,136	(60,708)	24,256	333,684

The accompanying notes 1 to 23 are an integral part of these financial statements.

## **INTERCHILE S.A.**

### Notes to the Financial Statements

December 31, 2021 and 2020

#### **Note 1 - General Information and Description of the Business**

INTERCHILE S.A. (hereinafter “the Company” or “INTERCHILE”) was incorporated as a closely-held corporation by a public deed dated December 13, 2012 executed at the Santiago Notary Office of Raúl Undurraga Laso. Its registered office is “Avenida Cerro El Plomo N° 5630 Piso 18 - oficina 1802, Comuna de Las Condes, Región Metropolitana, Santiago, Chile” and its Taxpayer Identification Number is 76.257.379-2.

The Company is registered under No. 266 in the Registry of Reporting Entities of the Financial Market Commission (“CMF” for its Spanish acronym), because registration is a requirement of the National Energy Commission as a requisite for the process of awarding the rights that the Company seeks to be awarded.

The Company's direct Parent Company is Interconexión Eléctrica S.A. E.S.P. (“ISA”) with headquarters at Calle 12 Sur No. 18-168, Medellín, Colombia. Interconexión Eléctrica S.A. E.S.P. is also the ultimate parent company of Grupo Empresarial ISA.

The sole purpose of the Company is the transmission of electric energy through national, zonal and/or dedicated transmission systems or any other classification of transmission installations that the regulations may contemplate in the future, either on its own or on behalf of third parties; the commercialization of the transmission and transformation capacity of electricity in the Central Interconnected System or in the Interconnected System of the Norte Grande; the construction, administration and/or operation of electric transmission installations, either on its own or on behalf of third parties; the rendering of services in activities related to the corporate purpose, either in the country or abroad; the performance of any other activities related to the electric power transmission and transportation industry; and, in general, the execution of all types of contracts and agreements directly or indirectly related to the corporate purpose, which may be developed directly or through other companies.

INTERCHILE is currently building the following projects:

- a) Synchronized control for 500/220 kV Autotransformers in Nueva Cardones Substation, Nueva Maitencillo Substation and Nueva Pan de Azúcar Substation.
- b) Increase the capacity of the 2x220 kV Line Maitencillo - Nueva Maitencillo.
- c) Expansion of Nueva Pan de Azucar substation.

# INTERCHILE S.A.

## Notes to the Financial Statements

December 31, 2021 and 2020

### **Note 1 - General Information and Description of the Business (continued)**

During 2021 the execution of the following project was completed:

- a) Expansion works of Nueva Maitencillo 220 kV Substation and Nueva Pan de Azúcar Substation -220 kV, in the National Transmission System, commissioned in December 2021.
- b) Expansion work called Reactive Compensation Project on line 2x500 kV Nueva Pan de Azúcar - Polpaico in the National Transmission System, commissioned in March 2021.

The Company is currently generating revenue from projects in operation related to the development of its main activity.

### **Note 2 - Basis of Preparation of Financial Statements**

#### **2.1) Basis of preparation**

These financial statements comprise the statements of financial position and the statements of comprehensive income, changes in net equity and cash flows for the years ended December 31, 2021 and 2020, and have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Certain specific instructions for the presentation of financial information and disclosures in the financial statements issued by the CMF were also applied.

The accounting policies adopted in the preparation of the financial statements have been designed in accordance with IFRS in effect as of December 31, 2021 and are consistent with those applied in the preparation of the Company's annual financial statements for the year ended December 31, 2021.

The financial statements have been prepared in accordance with the cost basis, modified by the valuation of derivative instruments at fair value.

These financial statements were approved by the Company's Board of Directors on March 11, 2022.

# INTERCHILE S.A.

## Notes to the Financial Statements

December 31, 2021 and 2020

### Note 2 - Basis of Preparation of Financial Statements (continued)

#### 2.2) Functional currency

The functional currency is the currency of the primary economic environment in which the Company operates, and that is the U.S. dollar, which is also the presentation currency of the financial statements.

All information in these financial statements is presented in thousands of US dollars (ThUS\$), except when otherwise indicated.

#### 2.3) Basis of translation

Transactions in foreign currencies and inflation-adjusted units (e.g. UF and UTM) are recorded at the exchange rate of the respective currency or inflation-adjusted unit at the date on which the transaction meets the requirements for initial recognition. At year-end, the balances of monetary assets and liabilities in Chilean pesos are valued at the exchange rate in effect at that date, and the exchange differences arising from such valuation are recorded in the statement of comprehensive income. Assets and liabilities in Euros, Chilean pesos and Unidades de Fomento (an inflation-linked unit of account used in Chile) are translated into U.S. dollars at the exchange rates in effect at the balance sheet date, as follows (US\$ 1 equivalents):

	<b>2021 US\$</b>	<b>2020 US\$</b>
Unidad de Fomento	0.0273	0.0244
Chilean Peso	0.0012	0.0014
Euro	<u>0.88</u>	<u>0.81</u>

#### 2.4) Responsibility for the information and estimates made

The information contained in these financial statements is the responsibility of the Company's Board of Directors, which expressly states that IFRS have been applied in full.

The preparation of the financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the amounts of expenses during the reporting period. These estimates are based on management's best knowledge of the reported amounts, events or actions.

These estimates have been made on the basis of the best information available at the date of issuance of these financial statements; however, it is possible that events that may occur in the future may make it necessary to modify them (upward or downward) in future periods, which would be done in accordance with the provisions of IAS 8 prospectively, recognizing the effects of the change in estimate in the corresponding future financial statements.

## INTERCHILE S.A.

### Notes to the Financial Statements

December 31, 2021 and 2020

#### **Note 2 - Basis of Preparation of Financial Statements (continued)**

##### **2.4) Responsibility for the information and estimates made (continued)**

Information about the most significant areas of uncertainties estimation and critical judgments in the application of accounting policies that have the most significant effect on the amount recognized in the financial statements is described in each applicable note.

The Company's estimates relate primarily to:

- Projections of curves and interest rates for valuation of the derivative (Interest Rate Swap) held by the Company, obtained from online market transactions for the type of financial instruments referenced in regards to terms, amounts and risks.
- Lease contracts; their classification is based on the degree of expected risks and benefits derived from the ownership of the asset, which includes the possibility of losses due to idle capacity or technological obsolescence and variations in performance due to changes in economic conditions. This classification is made at the beginning of the lease and is not changed during its term, unless the lessee and the lessor agree to modify the lease clauses. However, changes in the estimates - economic life or residual value of the asset - will not result in a new classification of such lease.
- Useful life of property, plant and equipment; which are reviewed and adjusted prospectively if any change is identified.
- Impairment of accounts receivable; the amount of such losses is updated at each reporting date to reflect changes in credit risk since initial recognition.
- Deferred tax recovery; professional judgment is required to determine whether deferred tax assets should be recognized in the statement of financial position. In order to use deferred tax assets, the probability that the Company will generate taxable income in future periods is assessed. In addition, future changes in tax laws could limit the Company's ability to obtain tax deductions in future periods. Any difference between estimates and subsequent actual expenditures is recorded in the year in which it occurs.
- Provision for legal and administrative proceedings: To estimate the value of the loss contingency in proceedings pending against INTERCHILE, the legal advisors evaluate, among other aspects, the merits of the claims, the jurisprudence of the courts in this regard and the current status of the proceedings. This provision is associated with the probability of occurrence, as well as the professional judgment and opinion of legal counsel.

In relation to the COVID-19 pandemic, it can be stated that the degree of uncertainty generated in the macroeconomic and financial environment in which the Company operates did not affect the valuations and estimates made by management to determine the carrying amounts of assets and liabilities, with a higher volatility as of December 31, 2021.

# INTERCHILE S.A.

## Notes to the Financial Statements

December 31, 2021 and 2020

### **Note 2 - Basis of Preparation of Financial Statements (continued)**

#### **2.5) Offsetting balances and transactions**

As a rule, assets and liabilities, income and expenses are not offset in the financial statements, except in those cases in which offsetting is required or permitted by a standard and such presentation reflects the economic substance of the transaction.

Income or expenses arising from transactions that, contractually or by operation of law, provide for the possibility of offsetting and the Company intends to settle the position on a net basis or to realize the asset and pay the liability simultaneously, are presented net in the statement of comprehensive income.

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

In the statement of financial position, balances are classified according to their maturities, i.e. as current those maturing in twelve months or less and as non-current those maturing in more than twelve months. In the event that there are obligations maturing in less than twelve months, but whose long-term refinancing is assured at the Company's discretion, through unconditionally available credit contracts with long-term maturity, they could be classified as non-current liabilities.

### **Note 3 - Accounting Policies Applied**

The principal accounting policies adopted in the preparation of these financial statements are described below. As required by IFRS, these policies have been defined based on IFRS in effect as of December 31, 2021, and have been applied consistently throughout the periods presented in these financial statements.

#### **3.1) Financial assets**

Acquisitions and disposals of financial assets are recognized on the trade date, i.e. the date on which the Company undertakes to acquire or sell the asset.

Financial assets are classified into the following categories:

- Financial assets at fair value through profit or loss
- Financial assets at amortized cost
- Financial assets at fair value through comprehensive income.

The classification depends on the nature and purpose for which the financial assets were acquired. The Company's management determines the classification of its financial assets at the time of initial recognition.



# INTERCHILE S.A.

## Notes to the Financial Statements

December 31, 2021 and 2020

### Note 3 - Accounting policies applied (continued)

#### 3.1) Financial assets (continued)

##### Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are held principally for the purpose of selling them in the short term. Assets in this category are classified as current assets.

Investments in marketable securities are initially recorded at cost and subsequently their value is restated based on their market value (fair value); changes in their value are recorded in income when they occur.

##### Financial assets at amortized cost

This category includes those financial assets that meet the following conditions:

- (a) The underlying business model is intended to hold the financial assets to obtain the contractual cash flows and, in turn,
- b) The contractual terms of the financial assets give rise on specific dates only to cash flows comprised of principal and interest payments. The financial assets that meet the conditions established in IFRS 9, to be valued at amortized cost in the Company are: cash equivalents, accounts receivable and loans. These assets are recorded at amortized cost, which corresponds to the initial fair value, less principal repayments made, plus uncollected accrued interest calculated through the effective interest rate method.

##### Financial assets at fair value through other comprehensive income

These are equity investments that are not held for trading nor do they correspond to a contingent consideration from an acquirer in a business combination. For these investments, INTERCHILE may elect at initial recognition and irrevocably, to present at fair value through other comprehensive income, the gains or losses from subsequent measurement.

These instruments are measured at fair value. Gains and losses arising from the remeasurement at fair value are recognized in other comprehensive income until the asset is derecognized.

##### Derecognition of financial assets

A financial asset, or part of it, is derecognized when the contractual rights or cash flows of the instrument are sold, transferred, expire or when control over the contractual rights or cash flows of the instrument is lost. When substantially all the risks and rewards of ownership are retained by INTERCHILE, the financial asset continues to be recognized in the statement of financial position at full value.

# INTERCHILE S.A.

## Notes to the Financial Statements

December 31, 2021 and 2020

### Note 3 - Accounting policies applied (continued)

#### 3.1) Financial assets (continued)

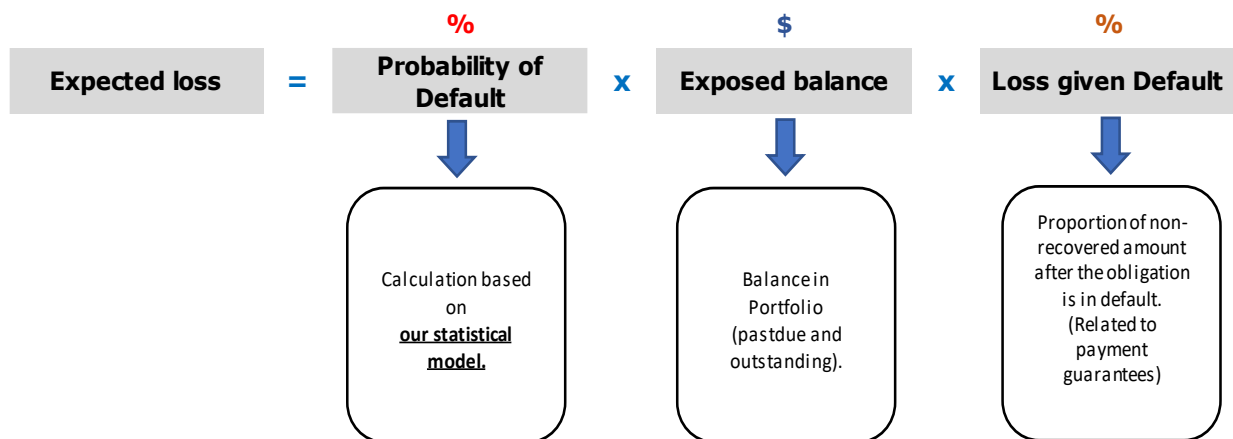
##### Impairment of financial assets

Financial assets, other than those measured at fair value through profit or loss, are evaluated at each reporting date to establish the presence of impairment indicators. Financial assets are considered impaired when there is objective evidence that, as a result of one or more events occurring after initial recognition, the estimated future cash flows of the investment have been impacted.

IFRS 9 requires recording expected credit losses on all its debt securities, loans and trade debtors, either on a 12-month or lifetime basis. INTERCHILE applied the simplified model and recorded expected losses over the life of all trade accounts receivable.

For the determination of impairment due to expected loss, reasonable and substantiated information on past events, present conditions and reasonable forecasts with respect to future economic conditions has been used, provided that obtaining such information does not involve excessive cost or effort. Additionally, the use of certain practical expedients to estimate the expected loss is contemplated, if they are consistent with the principles included in the standard.

As of December 31, 2021, the Company uses the following methodology for the calculation:



# INTERCHILE S.A.

## Notes to the Financial Statements

December 31, 2021 and 2020

### Note 3 - Accounting policies applied (continued)

#### 3.1) Financial assets (continued)

##### Impairment of financial assets (continued).

Where:

##### - Exposed balance

The exposed balance of the asset is understood as the current balance of principal, interest and other accounts receivable of the obligations or portfolio analyzed.

##### - Probability of default

Corresponds to the probability that during the life of the instrument or over the life of the instrument, the debtors of a given obligation or portfolio will default.

##### - Loss Given Default - LgD

It is defined as the economic impairment that the Entity would incur in the event that any of the default situations materialize. The LgD for receivables classified in the default category will gradually increase in accordance with the days elapsed after classification in such category.

##### Impairment of non-financial assets

##### - Estimation of the recoverable amount of a non-financial asset

The carrying amount of non-financial assets, excluding deferred taxes, is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated and charged to income for the year.

##### - Effective interest rate method or amortized cost method

The effective interest rate method corresponds to the method of calculating the amortized cost of a financial asset or liability and the allocation of interest income or costs over the entire period. The effective interest rate is the rate that exactly discounts estimated future cash flows receivable or payable (including all costs on points paid or received that are an integral part of the effective interest rate, transaction costs and other premiums or discounts) over the expected life of the financial instrument.

## INTERCHILE S.A.

### Notes to the Financial Statements

December 31, 2021 and 2020

#### **Note 3 - Accounting policies applied (continued)**

##### **3.2) Property, plant and equipment and construction advances**

Property, plant and equipment are recorded at cost, less accumulated depreciation and impairment losses.

The cost of items of property, plant and equipment comprises their acquisition price plus all costs directly related to the location of the asset and to bringing it into operating condition as planned by Management and the initial estimate of any cost of dismantling and removing the item or rehabilitating the physical site on which it is located.

Construction and work in progress includes the following items accrued only during the construction period:

- a) Financial expenses related to external financing that are directly attributable to the constructions, whether specific or generic in nature. In relation to generic financing, capitalized financial expenses are obtained by applying the weighted average cost of financing to the average cumulative capitalizable investment.
- b) Directly related personnel expenses and other expenses of an operating nature attributable to construction.
- c) Estimated expenditures necessary for future dismantling, removal or rehabilitation of the site on which the asset is constructed, only when they constitute obligations incurred by the Company as a result of using the asset during a given period.

Repairs, upkeep and maintenance expenses are charged to comprehensive income in the year in which they are incurred.

Additions and costs of expansion, modernization or improvements are capitalized as an increase in the value of the related assets, provided that they increase their useful life, expand their productive capacity and operating efficiency, improve the quality of services or allow for a significant reduction in costs.

At the closing date or whenever there is an indication that there may be an impairment in the value of the assets, the recoverable value of the assets will be compared with their net carrying amount. Any recording or reversal of an impairment loss, which arises as a result of this comparison, is recorded with a charge or credit to comprehensive income as appropriate.

The gain or loss resulting from the disposal or withdrawal of an asset is calculated as the difference between the price obtained on disposal and the value recorded in the books, and the charge or credit is recognized in comprehensive income for the period.

# INTERCHILE S.A.

## Notes to the Financial Statements

December 31, 2021 and 2020

### Note 3 - Accounting policies applied (continued)

#### 3.2) Property, plant and equipment and construction advances (continued)

Advances made to contractors to finance the manufacture of equipment and the progress of construction work are considered as non-monetary assets and are recognized at the value of the disbursement actually made. In the case of advances in foreign currency, they are translated into U.S. dollars at the exchange rate prevailing at the date of disbursement. Advances are presented as non-current assets and are reclassified to work in progress (property, plant and equipment under construction) based on the actual progress of the work.

#### - Depreciation

The Company depreciates the items of property, plant and equipment as soon as these assets are in working condition, allocating their cost on a straight-line basis over their estimated useful lives. The estimated useful lives are summarized as follows:

<b>Assets</b>	<b>Range of Years</b>
Real Estate	6
Transmission Lines	40
Electric Substations	15 - 40
Communications Equipment	10
Industrial Tools and Machinery	10
Furniture and fixtures	3
Vehicles	5
Computer equipment	<u>2 - 3</u>

#### **Assets under construction and assembly**

Property used during the course of construction for management, production, supply or undefined purposes is recorded at cost, less any impairment loss recognized. When these assets under construction and assembly are ready for their intended use, they are classified in the appropriate categories of property, plant and equipment and depreciation begins at that time, i.e., when they are in the location and condition necessary to be capable of operating as intended.

## INTERCHILE S.A.

### Notes to the Financial Statements

December 31, 2021 and 2020

#### **Note 3 - Accounting policies applied (continued)**

##### **3.3) Intangible assets other than goodwill**

An intangible asset is recognized as such when the condition of being identifiable and separable is met, when the item will generate future economic benefits and the Company has the ability to control these benefits.

Intangible assets are initially recognized at acquisition or production cost and are subsequently measured at cost net of accumulated amortization and any impairment losses.

An intangible asset is derecognized upon disposal or when no future economic benefits are expected to arise from its use or disposal. The gain or loss arising on derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss when the asset is derecognized.

Residual values, useful lives and amortization methods are reviewed at the end of each annual period and are applied prospectively, if necessary.

##### **- Easements**

Easements are rights obtained for the use of a strip of land for the installation of a transmission line.

This type of intangible assets are permanent rights whose term of use is indefinite, although the transmission lines to which the easements are related have a finite life. INTERCHILE has the possibility of replacing the transmission lines when their useful life is exhausted or it can use the acquired easement right for any other service related to the transmission of energy and telecommunications, according to the stipulations in the agreements underlying the easements. Easements have an indefinite useful life and are not amortized; therefore, they are evaluated for impairment on an annual basis. Once the easement has been evaluated, if there is evidence of impairment, its recoverable value is analyzed and calculated. The recoverable amount is the higher of fair value less costs to sell and value in use. To estimate the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects both the current market conditions of the time value of money, as well as the specific risks associated with the asset.

# INTERCHILE S.A.

## Notes to the Financial Statements

December 31, 2021 and 2020

### **Note 3 - Accounting policies applied (continued)**

#### **3.3) Intangible assets other than goodwill (continued)**

##### **- Software and licenses**

Software is amortized using the straight-line method over a maximum period of three years. Licenses are amortized using the straight-line method over the periods in which the benefits are expected to be received, according to the feasibility studies for their recovery.

Charges for studies and research on projects are treated as expenses when incurred.

#### **3.4) Interest capitalization**

Interest costs that are directly attributable to the acquisition, construction or production of assets that necessarily require a substantial period of time before they are ready for their intended use are capitalized as part of the cost of such assets.

#### **3.5) Financial liabilities**

The Company's financial liabilities currently include trade accounts payable, other accounts payable and interest-bearing loans.

Financial liabilities are initially recognized at fair value, and are subsequently measured at amortized cost using the effective interest rate method unless the difference with the nominal value is not material.

In the case of interest-bearing loans, on initial recognition they are recognized at fair value less costs directly attributable to the transaction.

##### **Cash flow hedges**

The portion of changes in the fair value of derivatives that is determined to be an effective cash flow hedge is recognized in other comprehensive income and accumulated in "cash flow hedge reserve" in "Other reserves" in equity. The ineffective portion of the gain or loss on the hedging instrument will be recognized immediately in profit or loss for the period, in the line "Other gains and losses". The effectiveness of the hedge is verified by applying the "dollar offset" methodology using a hypothetical derivative and performing prospective and retrospective tests.

# INTERCHILE S.A.

## Notes to the Financial Statements

December 31, 2021 and 2020

### **Note 3 - Accounting policies applied (continued)**

#### **3.5) Financial liabilities (continued)**

##### **Cash flow hedges (continued)**

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss for the period in which the hedged item is recognized in profit or loss, in the same line of the statement of comprehensive income/statement of income of the recognized hedged item. However, if the hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the gains or losses previously accumulated in equity are transferred and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

##### **Offsetting financial assets and liabilities**

Financial assets and liabilities are offset and reported net in the financial statements if, and only if, there is a legally enforceable right at the balance sheet date to receive or settle the amounts recognized at their net value, and when there is an intention to offset on a net basis, to realize the assets and settle the liabilities simultaneously.

#### **3.6) Provisions**

Provisions are recognized when:

- a) The Company has a present obligation, whether legal or constructive, as a result of past events;
- b) It is probable that an outflow of resources will be required to settle the obligation; and
- c) The amount has been reliably estimated.

The Company periodically reviews the quantification of the provisions considering the best information available.

#### **3.7) Employee benefits**

The costs associated with employee benefits, related to the services rendered by employees during the year, are charged to comprehensive income in the corresponding period.



# INTERCHILE S.A.

## Notes to the Financial Statements

December 31, 2021 and 2020

### **Note 3 - Accounting policies applied (continued)**

#### **3.8) Income taxes and deferred taxes**

Income tax expense represents the sum of current income tax and deferred tax.

The Company determines the current income tax charge based on tax laws enacted or substantively enacted at the end of the period. Management periodically evaluates the position taken in tax returns with respect to situations where tax laws are subject to interpretation. In addition, where appropriate, it makes provisions for amounts expected to be payable to the tax authorities.

Deferred taxes are calculated on the temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are also recognized for tax losses and tax credits. Deferred tax is determined using tax rates (and laws) enacted or substantively enacted at the end of the reporting period and is expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which such differences can be used.

#### **3.9) Cash flow statements**

In preparing the Statement of Cash Flows, the Company has defined that cash and cash equivalents comprise cash on hand, time deposits with credit institutions, other short-term highly liquid investments with an original maturity of three months or less from the date of origin, accounting overdrafts and fixed income Mutual Funds with daily maturities. In the statement of financial position, bank overdrafts are classified as bank obligations under current liabilities.

The Company prepares cash flow statements using the direct method.

##### **- Operating activities**

These are the activities that constitute the principal source of the Company's ordinary income, as well as other activities that cannot be classified as investing or financing activities.

##### **- Investing activities**

These are activities of acquisition, sale or disposal by other means of long-term assets and other investments not included in cash and cash equivalents.

# INTERCHILE S.A.

## Notes to the Financial Statements

December 31, 2021 and 2020

### **Note 3 - Accounting policies applied (continued)**

#### **3.9) Statements of cash flows (continued)**

##### **- Financing activities**

Activities that result in changes in the size and composition of shareholders' equity and financial liabilities.

Restricted cash is a monetary resource classified separately for specific and previously determined purposes, such as: payment of debt, acquisition of capital assets, or to be used in the event of an emergency and/or unforeseen losses. Therefore, it has certain limitations on its availability, whether legal or contractual, and cannot be freely used to cover current financial commitments resulting from the Company's normal activities.

#### **3.10) Revenue, costs and expenses recognition**

##### **3.10.1) Revenue**

The Company recognizes revenue from ordinary activities to describe the transfer of promised goods or services to customers in exchange for a value that reflects the consideration to which it expects to be entitled in exchange for these goods or services.

Revenue is recognized only when all of the following criteria are met:

Stage 1: identify the contract with the customer.

Step 2: identify the performance obligations in the contract.

Stage 3: determine the transaction price

Stage 4: allocate the transaction price to the performance obligations in the contract

Step 5: recognize revenue when (or as) the Entity satisfies a performance obligation.

## INTERCHILE S.A.

Notes to the Financial Statements

December 31, 2021 and 2020

### Note 3 - Accounting policies applied (continued)

#### 3.10) Revenue, costs and expenses recognition (continued)

##### 3.10.1) Revenue (continued)

INTERCHILE applies the following criteria for revenue recognition:

The legal framework governing the electricity transmission business in Chile is regulated by DFL No. 4/2006, which establishes the consolidated, coordinated and systematized text of Decree with Force of Law No. 1, of Mining, of 1982, General Electric Services Law (DFL(M) No. 1/82) and its subsequent amendments, which include Law 19,940 (Short Law I), enacted on March 13, 2004, Law 20. 018 (Short Law II), enacted on May 19, 2005, Law 20,257 (Generation with Non-Conventional Renewable Energy Sources), enacted on April 1, 2008 and Law 20,936 (establishes a new electricity transmission system and creates an independent coordinating body of the national electricity system), enacted July 11, 2016. These regulations are complemented by the Regulations of the General Electric Services Law of 1997 (Supreme Decree No. 327/97 of the Ministry of Mining) and its respective amendments, and also by the Technical Standard on Safety and Quality of Service (R.M.EXTA No. 40 of May 16, 2005) and its subsequent amendments..

The Company's revenues are derived from the remuneration it obtains for the use of the Company's electric transmission assets. A portion of the revenues is subject to regulated amounts, while another portion is derived from contractual agreements with the users of the Company's facilities. Total revenues generated by the use of the facilities include two components: i) the AVI, which is the annuity of the investment value (VI) and ii) the COMA, operation, maintenance and administration costs, which correspond to the revenue associated with the cost required to operate, maintain and administer the corresponding facilities. The New Works awarded to the Company in the bidding processes of the State of Chile, will be remunerated with the AVI and the COMA, presented for a period of 240 months. Once the aforementioned period has elapsed, the facilities and their valuation must be reviewed in the study of valuation of Transmission Systems. The Company's Expansion Works will be remunerated with the AVI calculated in such a way that the present value of these annuities (using a real annual discount rate and the economic life of each of the facilities) equals the cost of replacing the existing transmission facilities with new facilities with similar characteristics at current market prices, plus the COMA assigned in the Decree.

# INTERCHILE S.A.

## Notes to the Financial Statements

December 31, 2021 and 2020

### **Note 3 - Accounting policies applied (continued)**

#### **3.10) Recognition of revenues, costs and expenses (continued)**

##### 3.10.1) Revenue (continued)

Revenues from both types of agreements, regulated and contractual, are recognized and billed monthly using the values stipulated in the contracts or, in the case of regulated agreements, the payment tables prepared by the National Electric Coordinator. In both cases these values are updated with the corresponding indicators. The Company's regulated revenues are collected through (i) tolls and (ii) tariff revenues, which are billed in the month following the month in which the service was rendered.

Financial income is accrued on a time basis, by reference to the principal receivable and the applicable effective interest rate.

##### 3.10.2) Operating costs and expenses

Costs and expenses are recognized on an accrual basis. Interest expense is recorded based on the effective interest rate applicable to the principal outstanding during the corresponding accrual period.

Expenses that are not capitalizable as part of work in progress are recognized in the statement of income as they accrue, regardless of when they are paid, and are recorded in the periods to which they relate.

#### **3.11) Leases**

A lease is a contract that conveys the right to use, for a period of time, an asset, capacity or other portion of the asset, in exchange for receiving a series of installments or payments commonly known as lease payments.

IFRS 16 was issued in January 2016 and replaced IAS 17, which prescribes the accounting policies for accounting for and disclosing information relating to leases; IFRIC 4, which determines whether an arrangement contains a lease; SIC-15, which establishes the treatment of incentives arising from an operating lease; and SIC-27, which assesses the substance of transactions involving the legal form of a lease. IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize their contracts under a model similar to that for finance leases under IAS 17. It is effective for annual periods beginning on or after January 1, 2019. The required disclosures are presented in note 14.

## **INTERCHILE S.A.**

Notes to the Financial Statements

December 31, 2021 and 2020

### **Note 3 - Accounting policies applied (continued)**

#### **3.11) Leases (continued)**

##### **Leases when INTERCHILE acts as lessee**

INTERCHILE initially recognizes lease payments for low-value, short-term assets as an expense on a straight-line basis over the term of the agreement. Other leases are recognized as a right-of-use asset and a lease liability.

The right-of-use asset is measured at cost, which comprises:

- The amount of the initial measurement of the lease liability.
- Lease payments made prior to or as of the commencement date, less lease incentives received.
- Initial direct costs incurred by the lessee.
- An estimate of the costs to be incurred by the lessee to dismantle and dispose of the asset, restore the site on which it is located or restore the asset to the condition required by the terms and conditions of the lease.

Lease liabilities are measured at the present value of the lease payments that have not been paid at that date. Lease payments are discounted using the interest rate implicit in the lease, if that rate is readily determinable; otherwise, INTERCHILE uses the lessee's incremental borrowing rate.

After the commencement date, INTERCHILE measures its right-of-use assets by applying the cost model and amortizes them in accordance with the term of the lease and expectations of use. Lease liabilities are measured:

## **INTERCHILE S.A.**

Notes to the Financial Statements

December 31, 2021 and 2020

### **Note 3 - Accounting policies applied (continued)**

#### **3.11) Leases (continued)**

##### **Leases when INTERCHILE acts as lessee (continued)**

- Increasing the carrying amount to reflect the interest on the lease liability.
- Reducing the carrying amount to reflect lease payments made.
- Re-measuring the carrying amount to reflect remeasurements or lease modifications, and also to reflect fixed lease payments in substance that have been revised.

##### **Leases when INTERCHILE acts as lessor**

INTERCHILE classifies each of its agreements as either an operating lease or a finance lease, depending on the substance of the transaction and not on the form of the contract. A lease will be classified as a finance lease when it transfers substantially all the risks and rewards incidental to ownership of the asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of the asset.

INTERCHILE initially recognizes payments from operating leases as revenue on a straight-line basis. Also, the initial direct costs incurred in negotiating and agreeing an operating lease are added to the carrying amount of the leased asset, and recognized on a straight-line basis over the term of the lease. In subsequent periods, lease assets are depreciated and/or impaired based on the Group's policies.

However, INTERCHILE recognizes in its financial statements lease payments as a receivable, for an amount equal to the net investment in the lease. The net investment in the lease is the sum of the lease payments to be received by the lessor and any unguaranteed residual value corresponding to the lessor, discounted at the implicit interest rate of the lease. Initial direct costs are included in the initial measurement of the net investment in the lease and reduce the amount of revenue recognized over the term of the lease.

In subsequent measurements, INTERCHILE recognizes finance income over the lease term, based on a pattern that reflects a constant rate of return on the net financial investment made in the lease. They also apply lease payments related to the period to the gross investment in the lease, to reduce both principal and unearned finance income; and they apply the derecognition and impairment requirements of IFRS 9 to the net investment in the lease.

# INTERCHILE S.A.

## Notes to the Financial Statements

December 31, 2021 and 2020

### Note 3 - Accounting policies applied (continued)

#### 3.12) Fair value measurement

The fair value of an asset or liability is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value measurement assumes that the transaction to sell an asset or transfer a liability takes place in the principal market, i.e. the market with the highest volume and level of activity for the asset or liability. In the absence of a principal market, it is assumed that the transaction takes place in the most advantageous market to which the Company has access, that is, the market that maximizes the amount that would be received to sell the asset or minimizes the amount that would be paid to transfer the liability.

In determining fair value, the Company uses valuation techniques that are appropriate in the circumstances and for which there is sufficient data to make the measurement, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

In consideration of the hierarchy of inputs used in the valuation techniques, assets and liabilities measured at fair value are classified into the following levels:

- Level I: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level II: valuation techniques for which the inputs and variables that have a significant effect on the determination of the fair value recorded are observable, either directly or indirectly.
- Level III: internal valuation techniques, using variables estimated by the Company that are not observable for the asset or liability (there is no observable market information).

When measuring fair value, the Company takes into account the characteristics of the particular asset or liability.

For non-financial assets, a fair value measurement takes into account the ability of the market participant to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use it in its highest and best use.

For liabilities and own equity instruments, the fair value assumes that the liability will not be settled and the equity instrument will not be cancelled or otherwise extinguished at the measurement date. The fair value of the liability reflects the effect of nonperformance risk, i.e., the risk that a Company will not meet an obligation, which includes, but is not limited to, the Company's own credit risk.

For financial assets and financial liabilities with offsetting positions in market risk or counterparty credit risk, fair value is measured on a net basis, consistent with how market participants would price the net risk exposure at the measurement date.

# INTERCHILE S.A.

## Notes to the Financial Statements

December 31, 2021 and 2020

### Note 3 - Accounting policies applied (continued)

#### 3.13) Environment

The Company adheres to the principles of sustainable development, which make economic development compatible with care for the environment and the safety and health of its employees.

The Company does not currently carry out activities that are contrary to or have a negative impact on the environment, therefore, it has not made any investments to minimize adverse environmental impacts and to protect and improve the environment.

#### 3.14) Capital stock

The Company's capital stock is represented by issued common shares, which are recorded at the amount of the consideration received, net of direct issuance costs.

The Company currently has only single series shares issued.

#### 3.15) New standards, interpretations and amendments

The Company applied for the first time certain standards, interpretations and amendments, which are effective for periods beginning on or after January 1, 2021. The Company has not adopted early any standards, interpretations or amendments that have been issued and are not yet effective.

The standards, interpretations and amendments to IFRS that became effective at the date of the financial statements, their nature and impact are detailed below:

Amendments to IFRS		Effective Date
IFRS 9, IAS 39, IFRS 7, IFRS 4, IFRS 16	Interest Rate Benchmark Reform - Phase 2	January 1, 2021
IFRS 16	COVID-19 Related Lease Concessions beyond June 30, 2021	April 1, 2021



## **INTERCHILE S.A.**

Notes to the Financial Statements

December 31, 2021 and 2020

### **Note 3 - Accounting policies applied (continued)**

#### **3.15) New standards, interpretations and amendments (continued)**

##### **Interest Rate Benchmark Reform - Phase 2 (amendments to IFRS 9, IAS 39 and IFRS 7)**

The amendments of the Interest Rate Benchmark Reform - Phase 2 (amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) introduce a practical expedient for amendments required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR ("Interbank Offered Rates") reform, and introduces disclosures that enable users to understand the nature and extent of the risks arising from the IBOR reform to which the entity is exposed and how the entity manages those risks as well as the entity's progress in transitioning from IBOR to alternative reference rates and how the entity is managing that transition.

The amendments are effective for annual periods beginning on or after January 1, 2021 and should be applied retrospectively. Earlier application is permitted. Restatement of prior periods is not required, however, an entity may restate the prior period if, and only if, it is possible without the use of retrospective information.

The amendment is applicable for the first time in 2021, however, it does not have an impact on the entity's financial statements.

##### **Lease Concessions Related to COVID-19 beyond June 30, 2021 (amendments to IFRS 16)**

In May 2020, the IASB issued COVID-19 Related Lease Concessions (Amendments to IFRS 16) to provide lessees with an exemption to assess whether COVID-19 related lease concessions are a lease modification.

At the date of issuance, the practical expedient was limited to lease concessions for which any reduction in lease payments affected only payments originally due on or before June 30, 2021. Given that lessors continue to grant COVID-19 related lease concessions to lessees and given the continuing and significant effects of the pandemic, the IASB decided to extend the period over which the practical expedient is available.

# INTERCHILE S.A.

## Notes to the Financial Statements

December 31, 2021 and 2020

### Note 3 - Accounting policies applied (continued)

#### 3.15) New standards, interpretations and amendments (continued)

##### **Lease Concessions Related to COVID-19 beyond June 30, 2021 (amendments to IFRS 16) (Continued)**

The changes amend IFRS 16 to:

- a) Allow a lessee to apply the practical expedient to lease concessions for which any reduction in lease payments affects only payments originally due on or before June 30, 2022 (rather than only payments originally due on or after June 30, 2021);
- b) Require a lessee that applies the amendments to do so for annual reporting periods beginning on or after April 1, 2021;
- c) Require a lessee that applies the amendments to do so retrospectively, recognizing the cumulative effect of initially applying the amendment as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which the lessee first applies the amendments; and
- d) Specify that, in the reporting period in which a lessee first applies the amendments, a lessee is not required to disclose the information required by paragraph 28(f) of IAS 8.

The amendment is effective for annual periods beginning on or after April 1, 2021 (earlier application is permitted, including in financial statements that have not yet been authorized for issue at the date the amendment was issued).

The amendment is applicable for the first time in 2021, however, it does not have an impact on the entity's financial statements.

##### **New accounting pronouncements (standards, interpretations and amendments) with effective application for annual periods beginning on or after January 1, 2022.**

The standards and interpretations, as well as amendments to IFRS, that have been issued but have not yet become effective at the date of these financial statements are detailed below. The Company has not applied these standards early:

<b>Standards and Interpretations</b>		<b>Effective Date</b>
IFRS 17	Insurance Contracts	January 1, 2023

# INTERCHILE S.A.

## Notes to the Financial Statements

December 31, 2021 and 2020

### Note 3 - Accounting policies applied (continued)

#### 3.15) New standards, interpretations and amendments (continued)

##### **New accounting pronouncements (standards, interpretations and amendments) with effective application for annual periods beginning on or after January 1, 2022 (continued)**

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

IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts and replaces IFRS 4 Insurance Contracts.

IFRS 17 establishes a general model, which is modified for insurance contracts with discretionary participation features, described as the "Variable Fee Approach". The general model is simplified if certain criteria are satisfied by measuring the liability for the remaining coverage using the Premium Allocation Approach.

The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and explicitly measures the cost of that uncertainty; it takes into account market interest rates and the impact of policyholder options and guarantees.

In June 2020, the IASB issued Amendments to IFRS 17 to address implementation considerations and challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual periods beginning on or after January 1, 2023. At the same time, the IASB issued Extension of the Temporary Exception from Applying IFRS 9 (Amendments to IFRS 4) which extend the fixed expiration date of the temporary exception from applying IFRS 9 in IFRS 4 to annual periods beginning on or after January 1, 2023.

IFRS 17 should be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.

For purposes of the transition requirements, the date of initial application is the beginning of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

The Entity shall assess the impact of the amendment when it becomes effective.

## INTERCHILE S.A.

### Notes to the Financial Statements

December 31, 2021 and 2020

#### Note 3 - Accounting policies applied (continued)

##### 3.15) New standards, interpretations and amendments (continued)

###### New accounting pronouncements (standards, interpretations and amendments) with effective application for annual periods beginning on or after January 1, 2022 (continued)

	Amendments	Mandatory Application Date
IAS 1	Classification of Liabilities as Current or Non-Current	January 1, 2023.
IFRS 3	References to the Conceptual Framework	January 1, 2022.
IAS 16	Property, Plant and Equipment - Revenue Before Intended Use	January 1, 2022.
IAS 37	Onerous Contracts - Costs of Fulfilling a Contract	January 1, 2022.
IFRS 1 IFRS 9 IFRS 16 IAS 41	Annual Improvements to IFRS, 2018-2020 cycle.	January 1, 2022.
IAS 1	Disclosure of Accounting Policies	January 1, 2023.
IAS 8	Definition of Accounting Estimates	January 1, 2023.
IAS 12	Deferred Taxes Related to Assets and Liabilities Arising from a Single Transaction	January 1, 2023.

##### IAS 1 Classification of Liabilities as Current or Non-Current

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amounts or timing of recognition of any asset, liability, income or expense, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current should be based on rights existing at the end of the reporting period; specify that the classification is not affected by expectations about whether an entity will exercise its right to defer settlement of a liability; explain that rights are existing if covenants are met at the end of the reporting period; and introduce a definition of "settlement" to clarify that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments apply retrospectively for annual periods beginning on or after January 1, 2023. Earlier application is permitted.

The entity shall assess the impact of the amendment when it becomes effective.

# INTERCHILE S.A.

## Notes to the Financial Statements

December 31, 2021 and 2020

### Note 3 - Accounting policies applied (continued)

#### 3.15) New standards, interpretations and amendments (continued)

##### **New accounting pronouncements (standards, interpretations and amendments) with effective application for annual periods beginning on or after January 1, 2022 (continued)**

##### **IFRS 3 Reference to the Conceptual Framework**

The amendments update IFRS 3 to refer to the 2018 Conceptual Framework instead of the 1989 Conceptual Framework. The amendments also add a requirement to IFRS 3 that for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a lien that should be in the scope of IFRIC 21 Liens, the acquirer applies IFRIC 21 to determine whether the obligating event giving rise to a liability to pay the lien has occurred at the acquisition date.

Finally, the amendments add an explicit statement that an acquirer does not recognize contingent assets in a business combination.

The amendments are effective for business combinations for which the acquisition date is on or after the first annual period beginning on or after January 1, 2022. Earlier application is permitted if an entity also applies all other updated references (issued in conjunction with the updated Conceptual Framework) on or before the same date.

An entity shall assess the impact of the amendment once it becomes effective.

##### **IAS 16 Property, Plant and Equipment: Proceeds before Intended Use**

The amendments prohibit the deduction from the cost of an item of property, plant and equipment of any revenue from the sale of items produced before the asset is available for use, i.e. revenue while the asset is being brought to the location and condition necessary for it to be capable of operating in the manner intended by management. Accordingly, an entity recognizes sales revenue and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

The amendments also clarify the meaning of "testing whether an asset is functioning properly". IAS 16 now specifies this by assessing whether the technical and fixed performance of the asset is such that it is capable of being used in the production or delivery of goods and services, for leasing to others, or for administrative purposes.

## **INTERCHILE S.A.**

Notes to the Financial Statements

December 31, 2021 and 2020

### **Note 3 - Accounting policies applied (continued)**

#### **3.15) New standards, interpretations and amendments (continued)**

**New accounting pronouncements (standards, interpretations and amendments) with effective application for annual periods beginning on or after January 1, 2022 (continued)**

##### **IAS 16 Property, Plant and Equipment: Proceeds before Intended Use (continued)**

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of revenues and costs included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and in which line(s) in the statement of comprehensive income such revenues and costs are included.

The amendments are applied retrospectively, but only to items of property, plant and equipment that were brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the most recent period presented in the financial statements in which the entity first applies the amendments.

The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that most recent period presented.

The amendments are effective for annual periods beginning on or after January 1, 2022. Earlier application is permitted.

An entity shall assess the impact of the amendment when it becomes effective.

##### **IAS 37 Onerous contracts - cost of fulfilling a contract**

The amendments specify that the "cost of fulfilling" a contract comprises "costs that relate directly to the contract". Costs that relate directly to the contract may be either incremental costs of fulfilling that contract (examples would be direct labor, materials) and an allocation of other costs that relate directly to fulfilling the contracts (an example would be the allocation of depreciation expense for an item of property, plant and equipment used to fulfill the contract).

# INTERCHILE S.A.

Notes to the Financial Statements

December 31, 2021 and 2020

## Note 3 - Accounting Policies Applied (continued)

### 3.15) New standards, interpretations and amendments (continued)

#### **New accounting pronouncements (standards, interpretations and amendments) with effective application for annual periods beginning on or after January 1, 2022 (continued)**

##### **IAS 37 Onerous contracts - cost of fulfilling a contract (continued)**

The amendments apply to contracts for which the entity has not yet performed all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparative information is not restated. Instead, an entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The amendments are effective for annual periods beginning on or after January 1, 2022. Earlier application is permitted.

An entity shall assess the impact of the amendment once it becomes effective.

##### **IFRS 1, IFRS 9, IFRS 16 and IAS 41 Annual Improvements to IFRS Standards, 2018-2020 cycle**

The annual improvements include amendments to four Standards:

IFRS 1 First-time Adoption of IFRS.

The amendment provides an additional exemption to a subsidiary that becomes a first-time adopter later than its parent with respect to accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) may now elect to measure cumulative translation differences for all foreign operations at the carrying amount that would have been included in the parent's consolidated financial statements, based on the date of transition to the parent's IFRS Standards, if no adjustments were made for consolidation purposes and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available for an associate or joint venture that uses the exception in IFRS 1: D16(a).

The amendment is effective for annual periods beginning on or after January 1, 2022. Earlier application is permitted.

The entity shall assess the impact of the amendment when it becomes effective.

# INTERCHILE S.A.

## Notes to the Financial Statements

December 31, 2021 and 2020

### Note 3 - Accounting policies applied (continued)

#### 3.15) New standards, interpretations and amendments (continued)

##### **New accounting pronouncements (standards, interpretations and amendments) with effective application for annual periods beginning on or after January 1, 2022 (continued)**

##### **IFRS 1, IFRS 9, IFRS 16 and IAS 41 Annual Improvements to IFRS Standards, 2018-2020 cycle (continued)**

###### IFRS 9 Financial Instruments

The amendment clarifies that in applying the "10 percent" test to assess whether to derecognize a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on behalf of the other.

The amendment applies prospectively to modifications or exchanges that occur on or after the date on which the entity first applies the amendment.

The amendment is effective for annual periods beginning on or after January 1, 2022. Earlier application is permitted.

An entity shall assess the impact of the amendment when it becomes effective.

###### IFRS 16 Leases

The amendment eliminates the illustration of the reimbursement of leasehold improvements. Since the amendment to IFRS 16 is only in respect of an illustrative example, an effective date is not established.

An entity shall assess the impact of the amendment when it becomes effective.

###### IAS 41 Agriculture

The amendment eliminates the requirement in IAS 41 for entities to exclude tax cash flows when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements in IFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and to allow preparers to determine whether to use pre-tax or after-tax cash flows and discount rates for the most appropriate fair value measurement.

The amendment is applied prospectively, that is, for fair value measurements on or after the date an entity first applies the amendment.

The amendment is effective for annual periods beginning on or after January 1, 2022. Earlier application is permitted.

The entity shall assess the impact of the amendment when it becomes effective.



# **INTERCHILE S.A.**

## Notes to the Financial Statements

December 31, 2021 and 2020

### **Note 3 - Accounting policies applied (continued)**

#### **3.15) New standards, interpretations and amendments (continued)**

##### **New accounting pronouncements (standards, interpretations and amendments) with effective application for annual periods beginning on or after January 1, 2022 (continued)**

###### **IAS 1 and IFRS Disclosure of Accounting Policies**

The amendments change the requirements in IAS 1 with respect to disclosure of accounting policies. The amendments replace all instances of the term "significant accounting policies" with "material accounting policy disclosures". An accounting policy information is material if, when considered in conjunction with other information included in an entity's financial statements, it can reasonably be expected to influence the decisions that primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 have also been amended to clarify that information in an accounting policy that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. The information in an accounting policy may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all information in an accounting policy that relates to material transactions, other events or conditions is itself material.

The IASB has also developed guidance and examples to explain and demonstrate the application of a "four-step materiality process" described in IFRS - Practical Statement 2.

The amendments to IAS 1 are effective for annual periods beginning on or after January 1, 2023, early application is permitted and they are applied prospectively. The amendments to IFRS - Practical Statement 2 do not contain an effective date or transition requirements.

The entity shall assess the impact of the amendment once it becomes effective.

# INTERCHILE S.A.

## Notes to the Financial Statements

December 31, 2021 and 2020

### **Note 3 - Accounting policies applied (continued)**

#### **3.15) New standards, interpretations and amendments (continued)**

##### **New accounting pronouncements (standards, interpretations and amendments) with effective application for annual periods beginning on or after January 1, 2022 (continued).**

##### **IAS 8 Definition of Accounting Estimates**

The amendments replace the definition of a change in an accounting estimate with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in the financial statements that are subject to measurement uncertainty".

The definition of a change in an accounting estimate was eliminated. However, the IASB retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in an accounting estimate that results from new information or new developments is not the correction of an error.
- The effects of a change in an input or measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not arise from the correction of prior period errors.

The IASB added two examples (Examples 4-5) to the IAS 8 Implementation Guidance, which is appended to the Standard. The IASB has removed one example (Example 3) as it could cause confusion in light of the amendments.

The amendments are effective for annual periods beginning on or after January 1, 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period. Earlier application is permitted.

An entity shall assess the impact of the amendment once it becomes effective.

##### **IAS 12 Deferred Taxes Relating to Assets and Liabilities Arising from a Single Transaction**

The amendments introduce additional exceptions to the initial recognition exception. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and does not affect either financial or taxable income. For example, this may arise when recognizing a lease liability and a corresponding right-of-use asset by applying IFRS 16 at the inception date of a lease.

## **INTERCHILE S.A.**

Notes to the Financial Statements

December 31, 2021 and 2020

### **Note 3 - Accounting policies applied (continued)**

#### **3.15) New standards, interpretations and amendments (continued)**

##### **New accounting pronouncements (standards, interpretations and amendments) with effective application for annual periods beginning on or after January 1, 2022 (continued)**

##### **IAS 12 Deferred Taxes Related to Assets and Liabilities Arising from a Single Transaction (continued)**

Following the amendments to IAS 12, an entity is required to recognize a corresponding deferred tax asset and liability, and the recognition of any deferred tax asset is subject to the recoverability criteria in IAS 12.

The IASB also added an illustrative example in IAS 12 that explains how the amendments apply.

The amendments apply to transactions occurring on or after the beginning of the most recent comparative period presented. In addition, at the beginning of the most recent comparative period an entity recognizes:

A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible tax difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with:

- Right-of-use assets and lease liabilities.
- Decommissioning, restoration and similar liabilities and the corresponding amounts recognized as part of the cost of the related asset

The cumulative effect of applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

The amendments are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted.

The entity shall assess the impact of the amendment once it becomes effective.

# INTERCHILE S.A.

## Notes to the Financial Statements

December 31, 2021 and 2020

### **Note 4 - Financial Risk Management**

The Company's activities are exposed to a variety of financial risks. Management reviews the main risks and uncertainties faced by the business and for such evaluation uses as a basis the ISA Group's Comprehensive Risk Management Policy, which states its criteria and defines the action framework for the management of risks that generate vulnerability in economic resources, and which are required in all processes that are critical for the continuity and competitiveness of the companies that make up the group. They clearly and explicitly define the conceptual and action framework for the objective, systematic and standardized application of risk management, among which financial risk is considered.

The financial risks to which the Company is exposed, which include interest rate, inflation, credit and liquidity risk, are managed within a framework of ISA Group guidelines, functional support by the corresponding management of the parent company and specific instructions authorized by the Board of Directors. These policies include definitions that instruct on acceptable risk limits, risk measurement metrics and the frequency of risk analysis. The Company's function is to administer these policies and also includes providing internal financial reports which analyze risk exposure.

#### **4.1) Market risk**

Market risk corresponds to unfavorable variations with respect to what is expected in a particular position, caused by adverse changes in variables such as the exchange rate, national and international interest rates, the price of indexes (macroeconomic variables), raw materials (commodities), etc.

Within INTERCHILE, market risk is generally low, since Chile has a stable regulatory body, which encourages free competition and investment in the expansion of generation, distribution and transmission capacity.

##### **4.1.1) Exchange rate risk**

This risk corresponds to unfavorable changes with respect to what is expected in a particular position due to variations in the price of the currencies in which they are denominated. The Company maintains consistency in the proportion of assets and liabilities in foreign currencies; therefore, the exchange rate risk is limited.

Payments related to the Company's current investments are mainly denominated in US\$. Its source of return is income on a US\$ basis. The way in which the risk of exchange rate variations is mitigated is the contracting of debt for construction financing in US\$, the constant evaluation of forward contracts, the evaluation of the contracting of currency hedges or equivalent, in addition to the natural hedges of the construction contracts, the periodic monitoring of the exchange rate in order to detect early warnings, to minimize the impacts of the exchange rate, with the contracting of a financial information service (Netgociando and Bloomberg).

# INTERCHILE S.A.

## Notes to the Financial Statements

December 31, 2021 and 2020

### **Note 4 - Financial Risk Management (continued)**

#### **Financial risk management (continued)**

##### **4.1.1) Market risk (continued)**

###### 4.1.1) Exchange rate risk (continued)

The investment is in the same currency as the USD financing, the income is indexed to the USD, there is a residual risk corresponding to the fact that the income is based on the USD, the costs contracted locally will be paid in CLP.

The way in which the risk of exchange rate variations is mitigated is by contracting a large part of the debt for construction financing in US\$, in addition to the constant monitoring of exchange rates and the execution of natural hedges in the construction contracts.

###### 4.1.2) Interest rate risk

This risk corresponds to unfavorable changes in the amount of financial obligations and temporary investments resulting from the variation (volatility) of domestic and international interest rates that are associated with the flows derived from these financial instruments, thus affecting their value.

###### - Financial obligations

As of December 31, 2021, INTERCHILE's debt corresponds 100% to a bond issued at a fixed rate, so this risk is nil with respect to existing obligations. In July 2021, the company refinanced its liabilities through a green bond 144 A RegS, for the amount of US\$1,200,000,000.

## **INTERCHILE S.A.**

### Notes to the Financial Statements

December 31, 2021 and 2020

#### **Note 4 - Financial Risk Management (continued)**

##### **Financial risk management (continued)**

##### **4.1.1) Market risk (continued)**

##### 4.1.2) Interest rate risk (continued)

##### - Temporary investments

As of December 31, 2021, INTERCHILE S.A. has temporary fixed-income investments, with the objective of maintaining the integrity of corporate resources, the continuity and sustainability of the business through the permanent management of the risks to which it is exposed.

##### 4.1.3) Risk of macroeconomic variables

As of December 31, 2021, INTERCHILE, the Company's revenues are associated with the behavior of the Consumer Price Index (CPI), the consumer price index of the United States and the Chilean Consumer Price Index (CPI) according to the remuneration scheme established in the Bidding Terms of the projects, which guarantees that our rates follow the variations of the dollar, which allows us to match the payments derived from the long-term debt (USD). Revenues to cover operating costs (COMA) are indexed to the CPI, which allows for consistency with variations in Operation and Maintenance contracts.

Throughout 2021, due to the pandemic derived from COVID - 19, the projections of macroeconomic variables in Chile changed constantly, due to future expectations of possible adjustments or worsening in the confinements or deconfinements of the population, due to the uncertainty that occurs, the budget and the country's indebtedness are directly hit, mainly a high volatility has been seen, in the exchange rate, the Central Bank through its different tools, has had to intervene to provide stability, to the market and to the long term projections. GDP had strong downward corrections throughout the year, while CPI data were upward. Faced with these uncertainties, INTERCHILE is constantly monitoring changes, which could be structural, in order to take the appropriate corrective and mitigating actions.

# INTERCHILE S.A.

## Notes to the Financial Statements

December 31, 2021 and 2020

### Note 4 - Financial Risk Management (continued)

#### Financial risk management (continued)

##### 4.1.1) Market risk (continued)

##### 4.1.3) Macroeconomic variables risk (continued)

The Annual Transmission Value per Tranche (VATT), offered by the Company in its Economic Offer in dollars, will be readjusted annually according to the variation of its components AVI (annuity of the investment value) and COMA (operation, maintenance and administration cost) according to the following formulas:

$$AVI_k = AVI_0 \cdot \frac{CPI_k}{CPI_0}$$

$$COMA_k = COMA_0 \cdot \frac{IPC_k}{IPC_0} \cdot \frac{DOL_0}{DOL_k}$$

Where, for all the above formulas:

- AVI: AVI value, which makes up the VATT awarded for the New Work for month k.
- COMA: Value of the COMA, which makes up the awarded VATT of the New Work for month k.
- CPI: Value of the Consumer Price Index in the second month prior to month k, published by the National Institute of Statistics (INE in Spanish) of Chile.
- DOL: Average exchange rate for USD reported by the Central Bank of Chile, in the second month prior to month k.
- CPI: Value of the Consumer Price Index (AllUrBanconsumers), in the second month prior to month k, published by the Bureau of Labor Statistics (BLS) of the Government of the United States of America.

##### 4.1.4) Liquidity risk

Liquidity risk is defined as the inability to obtain sufficient funds to meet obligations on their due date without incurring unacceptably high costs.

For purposes of proper liquidity risk management, there is an Annual Financial Planning and Budgeting model that allows constant monitoring of short and long term cash flow and thus identify specific temporary resource needs.

# INTERCHILE S.A.

## Notes to the Financial Statements

December 31, 2021 and 2020

### Note 4 - Financial Risk Management (continued)

#### Financial risk management (continued)

##### 4.1.1) Market risk (continued)

##### 4.1.4) Liquidity risk (continued)

The Company received in 2021 the issuance of a RegS 144A bond with which all financial obligations were prepaid. As a result, all investments in projects and other contingencies were financed, this credit contemplates the management of a Stand by LC of ThUS\$27,000.

The following table presents the remaining contractual maturities of non-derivative financial liabilities (existing debts) as of December 31, 2021:

<b>Long-Term Maturity Analysis</b>	<b>Amount ThUS\$</b>
Less than 1 year	54,000
From 1 to 5 years	270,000
From 5 to 10 years	<u>286,713</u>
Total	<u><u>610,713</u></u>

##### 4.2) Credit risk

Credit risk is defined as the contractual noncompliance, default or doubtful collection of obligations contracted by the Company's customers, as well as by the counterparties of the financial instruments acquired or used, which would result in financial losses.

In Chile, the electricity transmission business is regulated by the National Energy Commission; therefore, customers adhere to the rules established by said entity, representing for INTERCHILE a not very significant risk in the accounts receivable item.

In spite of the Covid-19 pandemic situation worldwide, Interchile was not affected by credit risks, the Company has a high concentration of first line customers, more than 45% of total sales are made to companies with investment grade rating. In addition, these commitments are supervised by the National Electric Coordinator, there is an active collection of receivables every month, and the company keeps track of them keeping rigorously.



## INTERCHILE S.A.

Notes to the Financial Statements

December 31, 2021 and 2020

### Note 4 - Financial Risk Management (continued)

#### Financial risk management (continued)

#### 4.2) Credit risk (continued)

In the year ended December 31, 2021, revenues from sales to eight clients exceeded 80% of total revenue, as summarized below:

Client	2021 ThUS\$
ENEL Generación Chile S.A.	16,202
Compañía General de Electricidad S.A.	11,009
Colbún S.A.	10,796
Enel Distribución Chile S.A.	9,940
AES Andes SA	8,878
Engie Energía Chile S.A.	8,202
Empresa Eléctrica Angamos S.A.	6,765
Other customers	14,183
Total	<u>85,975</u>
% Main clients	<u>83.50%</u>

The risk associated with financial instruments refers to the delinquency, doubtful collection or non-recovery of the obligations contracted with the counterparties of the financial instruments acquired or used by the Company. As of December 31, 2021 the acquired portfolio of financial instruments is with financial institutions considered to be of good credit quality.

The maximum exposure to credit risk is equal to the book value of the balances of financial assets in the statement of financial position.

#### 4.3) Risk measurement

The Company periodically analyzes and measures its exposure to the various risks, as described in the preceding paragraphs.

## INTERCHILE S.A.

### Notes to the Financial Statements

December 31, 2021 and 2020

#### Note 5 - Business Segments

The Company has defined a single business segment, which includes operations related to the electricity transmission business and includes all of the Company's activities.

#### Note 6 - Cash and cash equivalents

Cash and cash equivalents correspond to cash balances held in cash and bank checking accounts and time deposits with maturities of less than 90 days from the date of acquisition.

Time deposits correspond to fixed-income funds in pesos and dollars and are recorded at amortized cost.

The composition of this item as of December 31, 2021 and 2020 is as follows:

Detail	Type of Currency	2021 ThUS\$	2020 ThUS\$
Cash and Banks	CLP	8,017	227
Cash and Banks	US\$	249,749	743
Fixed income term deposit CLP < 90 days	CLP	-	-
Fixed income term deposit USD < 90 days	US\$	56,299	-
Total		314,065	970

All cash and cash equivalents are not subject to availability restrictions.

#### Note 7 - Other Current Financial Assets

The composition of this item as of December 31, 2021 and 2020 is as follows:

Detail	Type of Currency	2021 ThUS\$	2020 ThUS\$
Pledged banks	CLP	20,817	13,803
Pledged banks	U.S. dollar	2,482	1,606
Fixed income term deposit CLP < 90 days	CLP	-	-
Fixed income term deposit USD < 90 days	US\$		36,400
Letter of Credit	U.S. dollar		1
Other Collateral Instruments	UF		5
Total		23,299	51,815

## **INTERCHILE S.A.**

### Notes to the Financial Statements

December 31, 2021 and 2020

#### **Note 7 - Other Current Financial Assets (continued)**

The balance of Other Current Financial Assets is comprised of balances in current bank accounts and temporary investments in Time Deposit instruments with maturities of less than 90 days from the date of acquisition, these are not in cash because they are restricted securities.

74% of the funds recorded in bank accounts and time deposits come from the disbursement of the green bond loan obtained in July 2021 to refinance the company's liabilities, while 26% of the funds recorded in bank accounts and time deposits are company cash, only 6.8% are pledged funds that come from operating income and a reserve account to pay interest.

As indicated above, these balances have restrictions on their use and can only be used for contractual payments according to such contracts.

## INTERCHILE S.A.

### Notes to the Financial Statements

December 31, 2021 and 2020

#### Note 8 - Trade and other current accounts receivable

Details of trade and other current accounts receivable as of December 31, 2021 and 2020 are as follows:

Detail	Type of Currency	2021		2020	
		Current ThUS\$	Non Current ThUS\$	Current ThUS\$	Non Current ThUS\$
<b>Trade accounts receivable</b>					
Trade accounts receivable (1)	CLP	13,015	-	25,805	-
Reliquidations (2)	CLP	5,010	4,708	11,097	8,314
Other accounts receivable	CLP	29	-	104	-
Impairment		(19)	-	(59)	-
<b>Total Trade Accounts Receivable</b>		<b>18,035</b>	<b>4,708</b>	<b>36,947</b>	<b>8,314</b>

#### Other accounts receivable

Funds receivable	CLP	7	-	5	-
Advances to domestic suppliers	CLP	-	-	217	-
Advance payment to foreign suppliers	CLP	42	-	8	-
Advances to personnel	CLP	7	-	14	-
VAT tax credit	CLP	-	-	-	-
<b>Total Other accounts receivable</b>		<b>56</b>	<b>-</b>	<b>244</b>	<b>-</b>
		<b>18,091</b>	<b>4,708</b>	<b>37,191</b>	<b>8,314</b>

The detail of the customer portfolio is as follows:

Trade accounts receivable by age	Past due	Balances at December 2021	Balances at December 2020
Current		-	88
Past due		13,015	25,717
Overdue between 1 and 90 days	13,014		
Overdue between 91 and 180 days	-		
More than 180 days	1		
<b>Total</b>		<b>13,015</b>	<b>25,805</b>

(1) The main accounts receivable at year-end correspond to Enel Distribución Chile S.A., Engi Energía Chile S.A. and Enel Generación Chile S.A..

(2) See note 14 Accounts payable and other accounts payable (\*\*).

## INTERCHILE S.A.

### Notes to the Financial Statements

December 31, 2021 and 2020

#### Note 8 - Trade and other current accounts receivable (continued)

Details of impairment of trade and other accounts receivable:

Detail	2021 ThUS\$	2020 ThUS\$
Opening balance	59	34
Write-off of trade receivables	-	-
Increases/decreases for the year	(40)	25
Total	19	59

#### Note 9 - Other non-financial assets

The composition of this item as of December 31, 2021 and 2020 is as follows:

Detail	Type of Currency	2021		2020	
		Current ThUS\$	Non Current ThUS\$	Current ThUS\$	Non Current ThUS\$
Advances on construction in progress (1)	U.S. dollar	-	-	-	392
Insurance (2)	CLP	548	-	294	-
Guarantees Granted	CLP	-	340	-	420
Total		548	340	294	812

- (1) Advances for works under construction correspond to advance payments made to Inprolec, the main supplier of engineering and civil works services for the projects being developed by the Company.
- (2) Insurance mainly corresponds to policies covering: all operating and construction risks, civil liability, fire and terrorism for the operation.

#### Note 10 - Related party information

Transactions between the Company and related parties are part of the Company's normal transactions in terms of their purpose and conditions.

##### a) Balances receivable

Company	Tax ID No	Country	Relationship	Currency	2021		2020	
					Current ThUS\$	Non Current ThUS\$	Current ThUS\$	Non Current ThUS\$
Internexa Chile S.A.	76.073.154-4	Chile	Common Parent	CLP	162	-	102	-
Interconexión Eléctrica S.A ESP	800.016.610-3	Colombia	Shareholders	US\$	-	-	3	-
Isa Inversiones Chile SPA	76.104.097-9	Chile	Shareholders	US\$	231	-	-	-
Total related party receivables					393	-	105	-

# INTERCHILE S.A.

## Notes to the Financial Statements

December 31, 2021 and 2020

### Note 10 - Related party information (continued)

#### b) Balances payable

Company	Tax ID No	Country	Relationship	Currency	2021		2020	
					Current	Non Current	Current	Non Current
					ThUS\$	ThUS\$	ThUS\$	ThUS\$
Interconexión Eléctrica S.A. ESP	800.016.610-3	Colombia	Shareholders	US\$	-	-	(29)	-
Isa Inversiones SPA(*)	76.104.097-9	Chile	Shareholders	US\$	-	-	-	(78,440)
Intercolombia S.A. E.S.P.	900.667.857-1	Colombia	Common Parent	US\$	(112)	-	-	-
XM Sociedad de Expertos de Mercados	900.042.857-1		Colombia	Parent	US\$	(54)	-	-
Internexa Chile S.A.	76.073.154-4	Chile	Common parent	CLP	(87)	-	(18)	-
<b>Total related payables</b>					<b>(253)</b>	<b>-</b>	<b>(47)</b>	<b>(78,440)</b>

(\*) Recognition of debt, does not accrue interest.

## INTERCHILE S.A.

### Notes to the Financial Statements

December 31, 2021 and 2020

#### Note 10 - Related party information (continued)

##### c) Transactions

Transactions with related entities are as follows:

##### 2021

Name of Related Party	Tax ID No	Nature of Relationship	Nature of Transactions	Type of Currency	Transaction Amount ThUS\$	Effect in Income ThUS\$
Interconexión Eléctrica S.A. E.S.P.	860.016.610-3	Shareholder	Engineering Services	U.S. dollar	(52)	-
Interconexión Eléctrica S.A. E.S.P.	860.016.610-3	Shareholder	Bank Commissions Financing	U.S. dollar	(33)	-
Isa Inversiones Chile SPA	76.104.097-9	Shareholder	Loan	U.S. dollar	(78,440)	-
Isa Inversiones Chile SPA	76.104.097-9	Shareholder	Expense recovery Of Projects	U.S. dollar	2,914	2,914
XM Sociedad de Expertos de Mercado S.A.	900.042.857-1	Common parent	Engineering and Technical Supervision Services	U.S. dollar	(201)	(170)
XM Sociedad de Expertos de Mercado S.A.	900.042.857-1	Common parent	Financial Advisory	U.S. dollar	(3)	(3)
Intercolombia S.A E.S:P	900.667.590-2	Common Parent	Consulting, SAP Maintenance	U.S. dollar	(264)	(264)
Intercolombia S.A E.S:P	900.667.590-2	Common Parent	Technical Service support O&M	U.S. dollar	(469)	(326)
Intercolombia S.A E.S:P	900.667.590-2	Common Parent	Human Resources Consulting	U.S. dollar	(13)	(13)
Internexa Chile S.A.	76.073.154-4	Common parent	Electromechanical Fiber Optic Service	CLP	65	65
Internexa Chile S.A.	76.073.154-4	Common parent	IT and Control Center Service	CLP	(756)	(746)

## INTERCHILE S.A.

### Notes to the Financial Statements

December 31, 2021 and 2020

#### Note 10 - Related party information (continued)

##### c) Transactions (continued)

Transactions with related entities are as follows: (continued)

#### 2020

Name of Related Party	Tax ID No	Nature of Relationship	Nature of Transactions	Type of Currency	Transaction Amount ThUS\$	Transaction Amount ThUS\$
Interconexión Eléctrica S.A. E.S.P.	860.016.610-3	Shareholder	Engineering Services	U.S. dollar	(478)	-
Interconexión Eléctrica S.A. E.S.P.	860.016.610-3	Shareholder	Bank Commissions Financing	U.S. dollar	(363)	(334)
Isa Inversiones Chile SPA	76.104.097-9	Shareholder	Loan	U.S. dollar	(78,440)	-
XM Sociedad de Expertos de Mercado S.A.	900.042.857-1	Common parent	Engineering and Technical Supervision Services	U.S. dollar	(172)	(172)
XM Sociedad de Expertos de Mercado S.A.	900.042.857-1	Common parent	Financial Advisory	U.S. dollar	(1)	(1)
Intercolombia S.A E.S:P	900.667.590-2	Common Parent	Consulting, SAP Maintenance	U.S. dollar	(220)	(220)
Intercolombia S.A E.S:P	900.667.590-2	Common Parent	Technical Service support O&M	U.S. dollar	(295)	(295)
Intercolombia S.A E.S:P	900.667.590-2	Common Parent	Human Resources Consulting	U.S. dollar	(6)	(6)
Internexa Chile S.A.	76.073.154-4	Common parent	Electromechanical Fiber Optic Service	CLP	87	703
Internexa Chile S.A.	76.073.154-4	Common parent	IT and Control Center Service	CLP	(811)	(689)

All transactions have been carried out at market value. The Company's exposure criterion is to disclose all transactions with related parties.



## INTERCHILE S.A.

### Notes to the Financial Statements

December 31, 2021 and 2020

#### Note 10 - Related party information (continued)

##### d) Management and Senior Management

The members of Senior Management and other individuals who assume the management of the Company, as well as the Shareholders or the individuals or legal entities they represent, have not participated as of December 31, 2021 and 2020, in unusual and/or relevant transactions of the Company.

The Company is managed by a Board of Directors comprised of 6 members, who remain in office for a period of 3 years with the possibility of being re-elected.

On October 6, 2021, Mr. Jorge Rodriguez Grossi resigned from the Board of Directors of InterChile S.A. effective immediately. His replacement, as of December 20, 2021, was Mrs. Sonia Margarita Abuchar Alemán.

##### e) Remuneration and other benefits

Directors may or may not be remunerated as determined by the respective Ordinary Shareholders' Meeting.

##### e.1) Remuneration of the Board of Directors

For the year ended December 31, 2021 the directors were remunerated as follows:

Tax ID No.	Name	Position	Country	ThUS\$
19360232	Bernardo Vargas Gibsone	Chairman of the Board	Colombia	46
42107940	Carolina Botero Londoño	Director	Colombia	46
4344455	Cesar Ramirez Rojas	Director	Colombia	46
5.141.013-0	Jorge Rodríguez Grossi	Director	Chile	28
6.379.415-5	Karen Poniachik Pollak	Director	Chile	33
Total				199

##### e.2) Other transactions

There are no other transactions between the Company and its directors and management.

##### e.3) Guarantees provided by the Company in favor of the Shareholders

During the years ended December 31, 2021 and 2020, the Company has not carried out this type of transaction.

## INTERCHILE S.A.

### Notes to the Financial Statements

December 31, 2021 and 2020

#### Note 10 - Related party information (continued)

##### e) Remuneration and other benefits (continued)

##### e.4) Incentive plans for key executives and managers

The Company has agreed with its non-management personnel an annual performance bonus equivalent to a monthly base salary. The form of payment is an advance payment of 30% at mid-year and a maximum of 70% for the balance according to the percentage of annual compliance. For personnel who joined the Company in the middle of the year, the calculation is proportional. The bonus applies to all employees hired by the Company.

##### Key management personnel

Name	Position
Gabriel Melguizo Posada	General Manager
Aquiles Vargas Fuenzalida	Finance Manager
José Cascante Chaves	Project Manager
Eduardo Sáez Manríquez	Operations Manager
Alvaro González De La Barra	Institutional Relations and Sustainability Manager

As of December 31, 2021, the variable and fixed salaries of the Company's senior executives totaled ThUS\$973.

#### Note 11 - Income taxes and deferred taxes

##### 11.1) Income taxes

The Company did not determine first category (Chilean corporate) income tax as of December 31, 2021 and 2020 due to accumulated tax losses amounting to ThUS\$ 717,152 and ThUS\$ 539,606, respectively.

The current tax liabilities of ThUS\$ 13 and ThUS\$ 16 as of December 31, 2021 and December 31, 2020, respectively, correspond to a provision to cover the disallowed expenses tax set forth in Article 21 of the Chilean Income Tax Act.

In accordance with current legislation, the tax years eventually subject to review by the Chilean IRS comprise, for most of the taxes affecting the Company's operations, the transactions generated from 2012 to date.

# INTERCHILE S.A.

## Notes to the Financial Statements

December 31, 2021 and 2020

### Note 11 - Income Taxes and Deferred Taxes (continued)

#### 11.1) Income tax (continued)

The Company, in the normal course of its operations, is subject to regulation and inspection by the Chilean Internal Revenue Service, as a result of which differences may arise in the application of criteria in the determination of taxes. Management estimates, based on the information available to date, that there are no significant additional liabilities to those already recorded for this concept in the financial statements.

#### 11.2) Tax expense recognized in profit or loss

<b>Benefit (Expense)</b>	<b>2021 ThUS\$</b>	<b>2020 ThUS\$</b>
Current tax expense (disallowed expenses)	(13)	(3)
Deferred taxes	30,411	1,091
Total income tax benefits (expense)	<u>30,398</u>	<u>1,088</u>

#### 11.3) Deferred taxes

Deferred tax assets and liabilities as of December 31, 2021 and 2020 are detailed below:

<b>Detail</b>	<b>2021</b>		<b>2020</b>	
	<b>Asset ThUS\$</b>	<b>Liabilities ThUS\$</b>	<b>Asset ThUS\$</b>	<b>Liabilities ThUS\$</b>
Tax Depreciation - Financial	-	159,704	-	123,124
Tax loss	193,631	-	145,694	-
Capitalized expenses	-	4,096	-	1,049
Other items	3,962	-	4,315	-
Subtotal	<u>197,593</u>	<u>163,800</u>	<u>150,009</u>	<u>124,173</u>
Net deferred tax balance	<u>33,793</u>	-	<u>25,836</u>	-

**INTERCHILE S.A.**

## Notes to the Financial Statements

December 31, 2021 and 2020

**Note 11 - Income Taxes and Deferred Taxes (continued)****11.4) Deferred taxes with effect in Shareholders' equity**

As of December 31, 2021 and 2020 the balance of deferred taxes related to items recorded in equity is as follows:

<b>Detail</b>	<b>2021 ThUS\$</b>	<b>2020 ThUS\$</b>
Hedging financial instruments	-	(22,454)
Total	<u>-</u>	<u>(22,454)</u>

**11.5) Reconciliation of tax expense using the statutory rate with the tax expense using the effective rate**

<b>Reconciliation of Tax Expense</b>	<b>2021 ThUS\$</b>	<b>2020 ThUS\$</b>
Income tax results using statutory rate	(29,610)	827
Disallowed expenses	13	3
Other increases (decreases) for deferred taxes	59,995	258
Tax benefit (expense) at effective rate	<u>30,398</u>	<u>1,088</u>

<b>Items</b>	<b>2021 %</b>	<b>2020 %</b>
Statutory tax rate	27.0	27.0
Other tax increases (decreases)	(65.0)	(62.5)
Tax benefit using effective tax rate	<u>(38.0)</u>	<u>(35.5)</u>

**INTERCHILE S.A.**

Notes to the Financial Statements

December 31, 2021 and 2020

**Note 12 - Property, Plant and Equipment**

a) The detail of this item is as follows:

<b>As of December 31, 2021</b>	<b>Asset Gross ThUS\$</b>	<b>Depreciation Accumulated ThUS\$</b>	<b>Asset Net ThUS\$</b>
Construction (work in progress) (1)	9,184	-	9,183
Real Estate	1,464	(868)	596
Transmission lines	732,638	(55,165)	677,472
Electrical substations	375,057	(32,675)	342,381
Furniture and fixtures	62	(32)	30
Computer equipment	56	(37)	19
Communication equipment	11	(3)	8
Vehicles	205	(131)	74
Machinery and Tools	457	(48)	409
<b>Total</b>	<b>1,119,134</b>	<b>(88,959)</b>	<b>1,030,172</b>

(1) The project was completed in 2021: New 1x750 MVA 500/220 kv autotransformer banks at S/E Nueva Cardones, S/E Nueva Maitencillo and S/E Nueva Pan de Azúcar.

<b>As of December 31, 2020</b>	<b>Asset Gross ThUS\$</b>	<b>Depreciation Accumulated ThUS\$</b>	<b>Asset Net ThUS\$</b>
Construction (work in progress)	62,420	-	62,420
Real Estate	1,464	(579)	885
Transmission lines	732,638	(36,837)	695,801
Electrical substations	312,119	(21,497)	290,622
Furniture and fixtures	58	(27)	31
Computer equipment	47	(31)	16
Communication equipment	9	(2)	7
Vehicles	136	(119)	17
Machinery and Tools	306	(23)	283
<b>Total</b>	<b>1,109,197</b>	<b>(59,115)</b>	<b>1,050,082</b>

## INTERCHILE S.A.

### Notes to the Financial Statements

December 31, 2021 and 2020

#### Note 12 - Property, Plant and Equipment (continued)

b) Detail of movements

Detail	Construction	Real Estate	Transmission Lines	Electric Substations	Furniture and Fixtures	Computer Equipment	Communication Equipment	Vehicles	Machinery and Tools	Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
As of 01.01.2021	62,420	885	695,801	290,622	31	16	7	17	283	1,050,082
New registrations	9,702	-	-	62,938	4	10	2	69	151	72,873
Disposals	(62,938)	-	-	-	-	-	-	-	-	(62,938)
Depreciation expense	-	(289)	(18,328)	(11,178)	(5)	(7)	(1)	(12)	(25)	(29,845)
As of 12.31.2021	9,184	596	677,473	342,382	30	19	8	74	409	1,030,172

Detail	Construction	Real Estate	Transmission Lines	Electric Substations	Furniture and Fixtures	Computer Equipment	Communication Equipment	Vehicles	Machinery and Tools	Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
As of 01.01.2020	57,364	1,175	708,100	251,464	23	10	6	49	120	1,018,311
New registrations	53,447	-	7,156	48,391	13	11	2	-	178	109,198
Disposals	(48,391)	-	(65)	-	-	-	-	-	-	(48,456)
Depreciation expense	-	(290)	(19,390)	(9,233)	(5)	(5)	(1)	(32)	(15)	(28,971)
As of 12.31.2020	62,420	885	695,801	290,622	31	16	7	17	283	1,050,082

**INTERCHILE S.A.**

Notes to the Financial Statements

December 31, 2021 and 2020

**Note 12 - Property, Plant and Equipment (continued)**

b) Details of movements (continued)

**Capitalized financing costs**

Details of capitalized financing costs as of December 31, 2021 and December 31, 2020 are as follows:

**Capitalized interest cost disclosures:**

**Capitalized interest cost, Property, Plant and Equipment.**

	<b>2021</b>	<b>2020</b>
	<b>ThCLP\$</b>	<b>ThCLP\$</b>
Capitalized interest cost capitalization rate, property, plant and equipment	7.80%	2.47%
Amount of capitalized interest cost, property, plant and equipment	<u>1,878</u>	<u>1,117</u>

## INTERCHILE S.A.

### Notes to the Financial Statements

December 31, 2021 and 2020

#### Note 13 - Intangible assets other than goodwill

a) Details of intangible assets as of December 31, 2021 and 2020 are as follows:

<b>As of December 31, 2021</b>	<b>Asset Gross ThUS\$</b>	<b>Accumulated Amortization ThUS\$</b>	<b>Asset Net ThUS\$</b>
Easements	109,297	-	109,297
Licenses and software	613	(514)	99
Other Intangible assets	727	-	727
<b>Total</b>	<b>110,637</b>	<b>(514)</b>	<b>110,123</b>

<b>As of December 31, 2020</b>	<b>Asset Gross ThUS\$</b>	<b>Accumulated Amortization ThUS\$</b>	<b>Asset Net ThUS\$</b>
Easements	109,297	-	109,297
Licenses and software	583	(430)	153
Other Intangible assets	324	-	324
<b>Total</b>	<b>110,204</b>	<b>(430)</b>	<b>109,774</b>

b) Detail of movements

<b>Detail</b>	<b>Easement ThUS\$</b>	<b>Licenses and Software ThUS\$</b>	<b>Other Intangible assets ThUS\$</b>	<b>Total ThUS\$</b>
As of 01.01.2021	109,297	153	324	109,774
Additions	-	29	403	432
Transfers	-	-	-	-
Disposals	-	-	-	-
Amortization expense	-	(83)	-	(84)
<b>As of 12.31.2021</b>	<b>109,297</b>	<b>99</b>	<b>727</b>	<b>110,123</b>

<b>Detail</b>	<b>Easement ThUS\$</b>	<b>Licenses and Software ThUS\$</b>	<b>Other Intangible assets ThUS\$</b>	<b>Total ThUS\$</b>
As of 01.01.2020	109,409	18	222	109,649
Additions	-	186	102	288
Transfers	-	-	-	-
Disposals	(112)	-	-	(112)
Depreciation expense	-	(51)	-	(51)
<b>As of 12.31.2020</b>	<b>109,297</b>	<b>153</b>	<b>324</b>	<b>109,774</b>



## INTERCHILE S.A.

### Notes to the Financial Statements

December 31, 2021 and 2020

#### Note 14 - Trade and Other Accounts Payable

Trade and other payables as of December 31, 2021 and 2020 are detailed below:

Detail	Type of Currency	2021		2020	
		Current ThUS\$	Non Current ThUS\$	Current ThUS\$	Non Current ThUS\$
Suppliers	CLP	3,261	-	2,237	-
Social Security	CLP	58	-	54	-
Sundry creditors	CLP	34	-	38	-
Withholdings	CLP	1,486	-	568	-
Staff vacations	CLP	233	-	256	-
Lease liabilities	UF	-	638	293	656
Other accounts payable (*)	U.S. dollar	12,304	17,299	40,763	20,594
<b>Total</b>		<b>17,376</b>	<b>17,937</b>	<b>44,209</b>	<b>21,250</b>

The average period for payment to suppliers is 30 days in 2021, so the fair value does not differ significantly from book value.

(\*) The amounts of non-current liabilities in this item represent mainly the environmental obligations established in the RCA, in addition to the information reflected in the following note on Reliquidations:

In March 2020, CEN released its Review Report for the year (IRA 2019), establishing rules to transmission companies, to comply with the changes established in Law 20,936 of 2016 where it modified the transmission payment regime described in previous laws, assigning the totality of the transmission system payment to final customers, both free and customers subject to price regulation, through the payment of a single transmission charge (CUT); that is, it transferred the payment obligation from generating companies to final consumers. Therefore, in this report, the CEN applied the Equivalent Transmission Charge (CET) retroactively to January 2019 including the obligation to return, by the transmitters to the generators, the tolls paid during January to November 2019. However, this report received in May 2020 by INTERCHILE and other transmitters, before the Panel of Experts, discrepancies and comments, where the instructions issued were challenged.

In August 2020, the Panel of Experts accepted such discrepancies and issued Opinion 4-2020, where they proposed an alternative modification of the IRA 2019 through the common regime, establishing that the amounts paid during 2019 by the generation companies to INTERCHILE and other transmitters, for injection tolls, would be returned in the following terms:

## INTERCHILE S.A.

### Notes to the Financial Statements

December 31, 2021 and 2020

#### **Note 14 - Trade and other accounts payable (continued)**

- a) Within the framework of the IRA 2019, the aforementioned transmitting companies shall return to all the generating companies with free contracts under the CET mechanism, the amounts of the discounts that such generating companies have effectively made in such contracts to their customers for the year 2019, as of the date of this report.
- b) The balance, with respect to the total to be returned according to the discrepant IRA, will be gradually returned to the relevant generating companies, with the corresponding readjustments, to the extent that the indicated transmitting companies receive it through the collection of the CUT determined by the CNE for these purposes.

On December 30, 2020, the CEN released the Review Report for the year 2019 (IRA 2019) with the changes incorporated by application of the Opinion and established the following payment rules:

- a) The Balance, according to Ruling No.4-2020, of each transmitter will be expressed in UF (Unidades de Fomento), to consider the corresponding indexation indicated in the Ruling, considering the UF of the payment day of the Payment Schedule associated with the Application of literal a) of Dictamen N°42020.
- b) The Balance, according to Ruling No. 4-2020, will be returned to the generators in 24 (12+12) equal monthly installments in non-continuous UF, i.e. considering 12 initial monthly installments associated with the collection of Table No. 7 of CNE Exempt Resolution 229-2020 for Free Customers and then, 12 final monthly installments associated with the collection of Table No. 7 for Regulated Customers, which will begin once the collection of such charge starts.
- c) For the purposes of properly calculating the national transmission balance, the monthly apportionment of the Single Transmission Charges will continue to consider the results of the 2019 IRA, published in May 2020, leaving all transmitters in the same deficit proportion monthly with respect to their VATT (the proportion between accumulated balance and accumulated VATT is the same for all transmitters).
- d) The refund to the generators will be made monthly together with the distribution of the CUT, in the 24 installments in the terms indicated above, and the value of the Balance, according to Ruling No. 4-2020, will be updated monthly.
- e) The methodology applied converges to the balances resulting from the IRA 2019, at the end of the 24 installments indicated, the accumulated balances will be the actual balances of each transmitter.

## INTERCHILE S.A.

### Notes to the Financial Statements

December 31, 2021 and 2020

#### Note 14 - Trade and other accounts payable (continued)

Details of other liabilities are as follows:

Detail	2021		2020	
	Current ThUS\$	No Current ThUS\$	Current ThUS\$	No Current ThUS\$
Environmental and Legal Liabilities	5,128	12,280	10,494	12,280
Work in progress liabilities	1,161	-	17,334	-
AOM liabilities	-	-	163	-
Liabilities for CEN Reliquidations	3,133	5,018	10,495	8,314
Other liabilities	2,882	-	2,277	-
Total	12,304	17,298	40,763	20,594

#### Leases

##### 14.1) Leases as lessees

INTERCHILE has leases mainly related to real estate, vehicles and computer equipment for its operations, both with third parties and related companies.

Property leases generally have lease terms ranging from 4 to 10 years, vehicles for 2 years and computer and telecommunications equipment for 1 year.

In general, INTERCHILE contracts have periodic adjustment clauses according to inflation indexes, the company is restricted from subleasing the assets, and the leased assets are guaranteed by the lessor's title.

INTERCHILE applies the exceptions proposed by the standard for leases of underlying assets of low value and whose term ends in 12 months.

**INTERCHILE S.A.**

Notes to the Financial Statements

December 31, 2021 and 2020

**Note 14 - Trade and other accounts payable (continued)**

**Leases (continued)**

**14.1) Leases as lessees (continued)**

The carrying amounts of right-of-use assets and movements during the period are detailed below:

	Real Estate ThUS\$	Vehicles ThUS\$	Total ThUS\$
Balance at January 1, 2021	885	-	885
Additions and/or transfers	-	-	-
Sales and/or disposals	-	-	-
Depreciation	(289)	-	(289)
Impairment	-	-	-
Exchange difference	-	-	-
<b>Balance as of December 31, 2021</b>	<b>596</b>	<b>-</b>	<b>596</b>
Increase due to implementation of IFRS 16	1,175	23	1,198
Additions and/or transfers	-	-	-
Sales and/or disposals	-	-	-
Depreciation	(290)	(23)	(313)
Impairment	-	-	-
Exchange difference	-	-	-
<b>Balance as of December 31, 2020</b>	<b>885</b>	<b>-</b>	<b>885</b>

Also, the carrying amounts of lease liabilities and movements during the period are presented:

	2021 ThUS\$	2020 ThUS\$
Opening balance	949	1,198
Increase due to implementation of IFRS 16	-	-
Additions	-	-
Withdrawals	-	-
Exchange difference	(30)	41
Lease payments	(281)	(290)
<b>Closing Balance</b>	<b>638</b>	<b>949</b>

# INTERCHILE S.A.

## Notes to the Financial Statements

December 31, 2021 and 2020

### Note 14 - Trade and other accounts payable (continued)

#### Leases (continued)

#### 14.1) Leases as lessees (continued)

The analysis of the maturities of lease liabilities is as follows:

	<b>2021</b> <b>ThUS\$</b>	<b>2020</b> <b>ThUS\$</b>
Less than one year	281	294
Between one and five years	<u>638</u>	<u>655</u>
Total	<u><u>919</u></u>	<u><u>949</u></u>

These are the amounts recognized in the results of the period for leases:

	<b>2021</b> <b>ThUS\$</b>	<b>2020</b> <b>ThUS\$</b>
Income from subleases of assets under lease	-	-
Depreciation expense on leased assets	289	313
Interest expense from lease liabilities	40	64
Short-term lease expense	418	117
Expenses from leasing of low value assets	-	-
Expenses related to lease payments Variables	-	-
Gains (Losses) on sale with leaseback	-	-
Total amount recognized in the statement of income	<u><u>747</u></u>	<u><u>494</u></u>

The Company's total lease cash outflows during the year were \$458 (\$438 in 2020).

# INTERCHILE S.A.

## Notes to the Financial Statements

December 31, 2021 and 2020

### Note 15 - Financial Instruments

#### 15.1) Financial liabilities (interest-bearing loans)

On July 26, 2021, INTERCHILE carried out a placement of Green Bond (ESG) in the international markets of guaranteed debt securities, for a total amount of ThUS\$1,200,000, subject to rule number 144A issued by the "Securities and Exchange Commission" of the United States of America.

The local guarantee agent is SCOTIABANK CHILE and the foreign bond representative is CITIBANK N.A. The agreed rate is 4.5% fixed, and interest and principal are payable semiannually. These interests are payable as of December 30, 2021, the term of the instrument is 35 years and with principal amortization as of June 30, 2028.

i  
This information is summarized in the following tables:

Syndicated Loan	Amortization Period		Frequency of Principal Amortization	Frequency of Interest Interest
	Start4	Maturity		
144A Bond	30.06.2028	30.06.2056	Semiannual	Semiannual

At the closing of 12.31.2021 there were no defaults related to the payment of principal, interest or sinking funds, nor are there any amounts in the loan book payable that are unpaid beyond the term established in the contract.

## INTERCHILE S.A.

### Notes to the Financial Statements

December 31, 2021 and 2020

#### Note 15 - Financial instruments (continued)

##### 15.1) Financial liabilities (Interest-bearing loans) (continued)

Current and non-current financial liabilities are comprise the following

	<b>Maturities of Financial Obligations</b>			
	<b>Current</b>		<b>Non-Current</b>	
	<b>31.12.2021</b>	<b>31.12.2020</b>	<b>31.12.2021</b>	<b>31.12.2020</b>
	<b>ThUS\$</b>	<b>ThUS\$</b>	<b>ThUS\$</b>	<b>ThUS\$</b>
Interest-bearing loans	-	26,852	-	697,533
Interest-bearing bonds	-	-	1,184,828	-
Hedging Instruments	-	-	-	83,162
<b>Total</b>	-	<b>26,852</b>	<b>1,184,828</b>	<b>780,695</b>

The money received from the Green Bond is ThUS\$1,200,000 and as of December 2021 amortized costs were recorded for a net amount of ThUS\$15,172. Therefore the balance of the item financial liabilities is ThUS\$1,184,828.

**INTERCHILE S.A.**

Notes to the Financial Statements

December 31, 2021 and 2020

**Note 15 - Financial instruments (continued)**

**15.1) Financial liabilities (Interest-bearing loans) (continued)**

**a) Interest-bearing loans (continued)**

**Non-current 12.31.2021**

Source of Financing	Original Currency	Disbursement Date	Maturity Date	Type	Nominal	Effective Rate	Maturities			Total
							1 to 3 Years	3 to 5 Years	More than 5 Years	
							ThUS\$	ThUS\$	ThUS\$	
Banco Citibank N.A.	US\$	07.26.2021	06.30.2056	Fixed Rate	4.50%	4.64%	-	-	1,184,828	1,184,828
Grand total							-	-	1,184,828	1,184,828

Principal amortization of the Green Bond will begin on June 30, 2028 on a semi-annual basis.



**INTERCHILE S.A.**

Notes to the Financial Statements

December 31, 2021 and 2020

**Note 15 - Financial instruments (continued)**

**15.1) Financial liabilities (Interest-bearing loans) (continued)**

**a) Interest-bearing loans**

This information is summarized in the following tables:

**Current 12.31.2020**

Source of Financing	Original Currency	Disbursement Date	Maturity Date	Type	Nominal	Effective Rate	Maturities		
							Up to 90 Days	+ 90 Days up to 1 year	Total
							ThUS\$	ThUS\$	ThUS\$
Banco del Estado - NY Branch	US\$	24.05.2016	31.03.2031	Libor 3M + spread	2.47%	3.45%	566	1,698	2,264
Scotiabank Chile	US\$	24.05.2016	31.03.2031	Libor 3M + spread	2.47%	3.45%	743	2,230	2,973
Bank of Tokyo-Mitsubishi (BTMU)	US\$	24.05.2016	31.03.2031	Libor 3M + spread	2.47%	3.45%	680	2,039	2,719
Credit Agricole Corporate and Investment Bank	US\$	24.05.2016	31.03.2031	Libor 3M + spread	2.47%	3.45%	743	2,230	2,973
KFW IPEX- Bank GMBH	US\$	24.05.2016	31.03.2031	Libor 3M + spread	2.47%	3.45%	868	2,603	3,471
Caixa Bank S.A.	US\$	24.05.2016	31.03.2031	Libor 3M + spread	2.47%	3.45%	566	1,698	2,264
Natixis, New York Branch	US\$	24.05.2016	31.03.2031	Libor 3M + spread	2.47%	3.45%	565	1,695	2,260
Banco de Sabadell S.A. Miami Branch	US\$	24.05.2016	31.03.2031	Libor 3M + spread	2.47%	3.45%	578	1,733	2,311
Siemens Financial Services INC	US\$	24.05.2016	31.03.2031	Libor 3M + spread	2.47%	3.45%	567	1,702	2,269
Sumitomo Mitsui Banking Corporation (SMBC)	US\$	24.05.2016	31.03.2031	Libor 3M + spread	2.47%	3.45%	681	2,042	2,723
Sumitomo Mitsui Trust Bank Limited, New York Branch	US\$	24.05.2016	31.03.2031	Libor 3M + spread	2.47%	3.45%	156	469	625
<b>Overall total</b>							<b>6,713</b>	<b>20,139</b>	<b>26,852</b>

**INTERCHILE S.A.**

Notes to the Financial Statements

December 31, 2021 and 2020

**Note 15 - Financial instruments (continued)**

**15.1) Financial liabilities (Interest-bearing loans) (continued)**

**a) Interest-bearing loans (continued)**

**Non-current as of 12.31.2020**

Source of Financing	Original Currency	Disbursement Date	Maturity Date	Type	Nominal	Effective Rate	Maturities			Total
							1 to 3 Years	3 to 5 Years	More than 5 Years	
							ThUS\$	ThUS\$	ThUS\$	
Banco del Estado - NY Branch	US\$	24.05.2016	31.03.2031	Libor 3M + spread	2.47%	3.45%	6,090	7,535	45,185	58,810
Scotiabank Chile	US\$	24.05.2016	31.03.2031	Libor 3M + spread	2.47%	3.45%	7,998	9,896	59,344	77,238
Bank of Tokyo-Mitsubishi (BTMU)	US\$	24.05.2016	31.03.2031	Libor 3M + spread	2.47%	3.45%	7,315	9,051	54,274	70,640
Credit Agricole Corporate and Investment Bank	US\$	24.05.2016	31.03.2031	Libor 3M + spread	2.47%	3.45%	7,998	9,896	59,344	77,238
KFW IPEX- Bank GMBH	US\$	24.05.2016	31.03.2031	Libor 3M + spread	2.47%	3.45%	9,334	11,549	69,259	90,142
Caixa Bank S.A.	US\$	24.05.2016	31.03.2031	Libor 3M + spread	2.47%	3.45%	6,090	7,535	45,185	58,810
Natixis, New York Branch	US\$	24.05.2016	31.03.2031	Libor 3M + spread	2.47%	3.45%	6,080	7,523	45,115	58,718
Banco de Sabadell S.A. Miami Branch	US\$	24.05.2016	31.03.2031	Libor 3M + spread	2.47%	3.45%	6,216	7,691	46,122	60,029
Siemens Financial Services INC	US\$	24.05.2016	31.03.2031	Libor 3M + spread	2.47%	3.45%	6,103	7,551	45,281	58,935
Sumitomo Mitsui Banking Corporation (SMBC)	US\$	24.05.2016	31.03.2031	Libor 3M + spread	2.47%	3.45%	7,323	9,061	54,338	70,722
Sumitomo Mitsui Trust Bank Limited, New York Branch	US\$	24.05.2016	31.03.2031	Libor 3M + spread	2.47%	3.45%	1,681	2,083	12,487	16,251
Overall total							72,228	89,371	535,934	697,533

**INTERCHILE S.A.**

Notes to the Financial Statements

December 31, 2021 and 2020

**Note 15 - Financial instruments (continued)**

**15.1) Financial liabilities (Interest-bearing loans) (continued)**

The following detail is only a further disclosure of the financing liabilities shown below.

Financial Liabilities	Balance as of 12.31.2020	Cash Flows			Movements that are not Cash Flows			Balance at End 2021
		Capital Received	Principal Payments	Interest and Commissions Paid	Interest Accrued 2021	Changes in Fair Value	Other	
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Short-term loans with financial institutions	26,852	-	-24,086	-995	995	-2,766	-	-
Long-term loans with financial institutions	697,533	-	-720,439	-39,883	39,883	22,906	-	-
Long-term bond	-	1,200,000	-	-23,100	23,100	-	-15,172	1,184,828
Hedging derivative instruments	83,162	-	-	-71,122	-	-12,040	-	-
<b>Overall total</b>	<b>807,547</b>	<b>1,200,000</b>	<b>-744,525</b>	<b>-135,100</b>	<b>63,978</b>	<b>8,100</b>	<b>-15,172</b>	<b>1,184,828</b>

To disclose the accounting treatment applied to the early settlement of the Swap hedging instrument and the financial costs of the previous credit, resulting from the settlement of the hedged item as a consequence of the refinancing carried out with the placement of a bond under Rule 144-A RegS, for US\$1,200 million, which was used for the payment of the debt maintained until July 2021, for an amount of US\$746 million, debt that consisted of a Project finance which was used to finance the construction of the Cardones - Polpaico electric transmission line.

## INTERCHILE S.A.

### Notes to the Financial Statements

December 31, 2021 and 2020

#### Note 16 - Shareholders' Equity Disclosures

##### a) Subscribed and paid-in capital stock and number of shares

The subscribed and paid-in capital stock as of December 31, 2021 is ThUS\$ 370,136, represented by 94,109,640 ordinary, nominative shares, of a single series, of equal par value. Of the total 94,109,640 shares have been fully paid in, and the distribution of shares is as follows:

No. Shares	2021		2020	
	Subscribed and Paid-in	%	Subscribed and Paid-in	%
<b>Shareholder</b>				
Interconexión Eléctrica S.A. E.S.P.	73,788,480	78.40693	73,788,480	78.40693
ISA Inversiones Chile SPA.	20,321,160	21.59307	20,321,160	21.59307
Total subscribed and paid-in shares	94,109,640	100.000000	94,109,640	100.000000

During the year 2021 there was no capital variation.

ISA Inversiones Chile Limitada was transformed into ISA Inversiones Chile SPA.

##### b) Capital management

The main objective when managing the Shareholders' capital (equivalent to the Company's total equity) is to maintain an adequate credit risk profile and healthy capital ratios that allow the Company to access the capital and financial markets for the achievement of its medium and long-term objectives and, at the same time, maximize the return to the Shareholders.

There have been no changes in capital management objectives or policies in the year reported.

##### c) Distributable net income and dividends

In accordance with the provisions of the Chilean Corporations Act, the distribution of dividends must correspond to at least 30% of net income for the year (minimum dividend), unless otherwise unanimously agreed by the Shareholders' Meeting.

In years 2021 and 2020 no dividends were agreed, nor were dividends paid.

## INTERCHILE S.A.

### Notes to the Financial Statements

December 31, 2021 and 2020

#### Note 16 - Shareholders' Equity Disclosures (continued)

##### d) Retained earnings (losses)

The components of this caption for the year ended December 31, 2021 and 2020 are as follows:

<b>Retained Earnings (Losses)</b>	<b>2021 ThUS\$</b>	<b>2020 ThUS\$</b>
Retained Earnings (Losses)	24,256	20,106
Profit (loss) for the period or year	<u>(79,267)</u>	<u>4,150</u>
Total	<u><u>(55,011)</u></u>	<u><u>24,256</u></u>

#### Note 17 - Revenue

The detail of operating income is as follows:

<b>Detail of Revenue</b>	<b>2021 ThUS\$</b>	<b>2020 ThUS\$</b>
Energy transportation services, use of lines and networks	85,223	78,631
Connections	528	507
Other services within the line of business	<u>224</u>	<u>76</u>
Overall total	<u><u>85,975</u></u>	<u><u>79,214</u></u>

#### Note 18 - Expenses for the year

##### 18.1) Operating costs

The costs generated to produce income are detailed below:

<b>Detail</b>	<b>2021 ThUS\$</b>	<b>2020 ThUS\$</b>
Wages and salaries	1,799	1,405
Other operating personnel costs	348	245
Operating costs	1,655	1,283
Substation Maintenance Costs	1,772	1,058
Line Maintenance Costs	18	41
Environmental Costs	272	288
Legal Costs	12	86
Insurance	596	469
Other O&M costs	1,424	905
Bidding expenses	16	455
Depreciation	<u>29,581</u>	<u>28,724</u>
Total operations	<u><u>37,493</u></u>	<u><u>34,959</u></u>

# INTERCHILE S.A.

## Notes to the Financial Statements

December 31, 2021 and 2020

### Note 18 - Expenses for the year (continued)

#### 18.2) Administrative expenses

The detail of administrative expenses is as follows:

<b>Detail</b>	<b>2021 ThUS\$</b>	<b>2020 ThUS\$</b>
Remunerations	3,703	2,219
Other personnel expenses	289	166
Third-party services	472	292
Office Expenses	872	1,024
Legal and notary expenses	4	2
Communications expenses	403	326
Relationship expenses	216	69
Support, connection and regulation expenses	598	20
Other administrative expenses	92	82
Depreciation	348	298
Other losses	(40)	25
Total administrative expenses	<u>6,957</u>	<u>4,523</u>

#### 18.3) Financial results

The detail of administrative expenses is as follows:

<b>Detail</b>	<b>2021 ThUS\$</b>	<b>2020 ThUS\$</b>
<b>Income</b>		
Financial income	<u>299</u>	<u>144</u>
Total Financial Income	<u>299</u>	<u>144</u>
<b>Expenses</b>		
Bank commissions	7	6
Syndicated loan interest	112,677	26,120
Interest on Green Bond loans	23,100	0
Swap loan interest	7,444	10,348
Other financial expenses	1,616	1,883
Total financial expenses	<u>144,844</u>	<u>38,357</u>
Total financial income (loss)	<u>144,545</u>	<u>38,213</u>

# INTERCHILE S.A.

## Notes to the Financial Statements

December 31, 2021 and 2020

### Note 19 - Commitments and Contingencies

#### a) Third-party guarantees

INTERCHILE has commitments or covenants related to the delivery of information and to comply with obligations arising from the execution of contracts with bondholders.

A minimum debt service coverage ratio is required to::

- Incur additional debt.
- Pay dividends.

Additionally, it established commitments related to information reporting, compliance with insurance and guarantees, among other financial, environmental and legal commitments.

In relation to financing, INTERCHILE as of December 31, 2021, has complied with the commitments acquired.

At the date of issuance of the financial statements, the following guarantees are recorded in favor of Interchile S.A.:

Guarantee Provider	What is guaranteed	Original Currency	Nominal Value ThUS\$	Value US\$ ThUS\$	Expires on
ABB AB	Quality	US\$	52	52	08-17-22
Asesoría y servicios Biomapu	Compliance and payment of fines	CLP	26,403	31	02-27-23
Asesoría y servicios Biomapu	Labor obligations under contract	CLP	6,601	8	02-27-23
Asesoría y servicios Biomapu	Offer is real	CLP	1,000	1	02-01-22
AT-EME Consultores SpA	Labor obligations under contract	CLP	254	0	27-02-23
AT-EME Consultores SpA	Performance and Payment of Fines	CLP	1,015	1	27-02-23
AT-EME Consultores SpA	Labor obligations under contract	CLP	873	1	27-02-23
AT-EME Consultores SpA	Performance and Payment of Fines	CLP	3,491	4	27-02-23
B. Bosch SA	Labor obligations under contract	CLP	83,094	98	18-02-22
B. Bosch SA	Performance of Contract	CLP	83,094	98	18-02-22
B. Bosch SA	Performance of Contract	CLP	88,186	104	25-04-22
B. Bosch SA	Labor obligations under contract	CLP	88,186	104	25-04-22
Compañía Minera Teck Quebrada Blanca S.A.	Guaranteed Loss	US\$	300	300	28-02-22
Consultora EDAFOS S.A.	Labor obligations under contract	CLP	5,851	7	24-05-24
Consultora EDAFOS S.A.	Performance of Contract	CLP	11,702	14	24-05-24
CONSULTORA SOLYCIONES AMB ESTRATEG .SPA	Offer is real	CLP	1,000	1	05-01-22
CONSULTORA SOLYCIONES AMB ESTRATEG .SPA	Performance	CLP	9,334	11	20-05-22
CONSULTORA SOLYCIONES AMB ESTRATEG .SPA	Labor obligations under contract	CLP	4,667	5	20-05-22
Consultoría Colombiana S.A. Agency in Chile	Labor obligations under contract	US\$	123	123	19-12-22
DISTROCUYO CHILE S A	Performance and Payment of Fines	US\$	351	351	13-08-22
DISTROCUYO CHILE S A	Labor obligations under contract	US\$	452	452	13-08-22
DISTROCUYO CHILE S A	Performance of Contract	US\$	452	452	13-08-22
DISTROCUYO CHILE S A	Payment of Fines	US\$	452	452	13-08-22
DISTROCUYO CHILE S A	Performance of Contract	US\$	351	351	13-08-22
DISTROCUYO CHILE S A	Payment of Fines	US\$	351	351	13-08-22
ENERGIE ASESORÍAS E INVERSIONES SPA	Labor obligations under contract	CLP	2,269	3	01-07-23

# INTERCHILE S.A.

## Notes to the Financial Statements

December 31, 2021 and 2020

### Note 19 - Commitments and Contingencies (continued)

#### a) Third-party guarantees committed (continued)

Policyholder	What is guaranteed	Original Currency	Nominal Value ThUS\$	Value US\$ ThUS\$	Maturity
ENERGIE ASESORÍAS E INVERSIONES SPA	Performance of Contract	CLP	6,284	7	01-07-22
ENERGIE ASESORÍAS E INVERSIONES SPA	Performance of Contract	CLP	4,538	5	01-07-23
ENERGIE ASESORÍAS E INVERSIONES SPA	Offer is real	CLP	2,000	2	30-04-22
Engace Consultores Limitada	Performance of Contract	CLP	1,500	2	13-06-22
GE Grid Solutions	Fulfillment of delivery order	US\$	1,034	1,034	23-01-22
Gestión Ambiental S.A.	Labor obligations under contract	CLP	37,533	44	30-06-24
Gestión Ambiental S.A.	Performance of Contract	CLP	75,065	88	30-06-24
GS3 Consultores SpA	Faithful Compliance and Payment of Fines	UF	0	11	13-01-22
HP Chile	Performance of Contract	US\$	4	4	26-03-22
HP Chile	Labor obligations under contract	US\$	2	2	26-03-22
Hyosung	Quality	US\$	936	936	03-01-23
Engineering IEB Chile SpA	Labor obligations under contract	CLP	6,346	7	15-08-22
Inprolec SA	Labor obligations under contract	US\$	192	192	30-09-22
Inprolec SA	Labor obligations under contract	US\$	181	181	30-09-22
Inprolec SA	Quality	US\$	192	192	01-09-22
Inprolec SA	Quality	US\$	181	181	01-11-22
NUCLEO PAISAJISMO SA	Labor obligations under contract	CLP	13,429	16	06-05-22
NUCLEO PAISAJISMO SA	Performance of Contract	CLP	57	0	06-05-22
PERTIGA ASESORIAS SPA	Offer is real	CLP	1,000	1	31-01-23
Securitas S.A.	Labor obligations under contract	UF	2	71	17-06-24
Securitas S.A.	Performance of Contract	UF	4	143	17-06-24
EMISSION COMPENSATION SERVICES SA	Offer is real	CLP	1,000	1	03-01-22
Services and Investments PRAMAR SpA	Performance of Contract	UF	0	16	28-01-22
Siemens Energy SpA	Labor obligations under contract	UF	10	366	30-12-23
Siemens Energy SpA	Labor obligations under contract	US\$	9	9	30-12-23
Siemens Energy SpA	Quality	UF	44	1,615	31-05-24
Siemens Energy SpA	Quality	US\$	418	418	31-05-24
Siemens Energy SpA	Quality	Euro	1,124	1,275	31-05-24
Siemens Energy SpA	Quality	US\$	49	49	27-05-22
Siemens Energy SpA	Warranty for testing period	US\$	2,689	2,689	18-08-22
Siemens SA	Quality	US\$	101	101	31-08-22
SOCIEDAD ASEMAFOR SPA	Performance of Contract	CLP	8,505	10	31-12-26
SOCIEDAD ASEMAFOR SPA	Labor obligations under contract	CLP	4,252	5	31-12-26
Sociedad Eléctricas de Medellín SpA	Performance of Contract	UF	4	152	15-02-22
Systep Ingeniería y diseños SA	Offer is real	CLP	2,000	2	02-03-22
Transmisora Eléctrica del Norte	Performance of Contract	US\$	3,250	3,250	15-11-22
Tripan S.A.	Labor obligations under contract	CLP	11,534	14	01-04-24
Tripan S.A.	Performance of Contract	CLP	23,068	27	01-04-24
Unión Eléctrica Chile SA	Quality	US\$	4,349	4,349	08-03-22
Unisys Sudamericana Corporation	Performance of Contract	CLP	1,975	2	30-10-25
Valgesta Energía SpA	Offer is real	CLP	2,000	2	04-04-22
WSP Ambiental S.A.	Faithful Compliance and Payment of Fines	UF	1	34	11-12-22
WSP Ambiental S.A.	Labor obligations under contract	UF	0	8	11-12-22
WSP Chile S.A.	Labor obligations under contract	US\$	47	47	28-02-23
Xian Electric Engineering Company Limited	Offer is real	US\$	32,981	32,981	22-04-22



## INTERCHILE S.A.

### Notes to the Financial Statements

December 31, 2021 and 2020

#### Note 19 - Commitments and Contingencies (continued)

##### b) Guarantees committed with third parties

###### b.1) Guarantees associated with railroad crossings

As of December 31, 2021, the performance bonds issued are as follows:

<b>Guarantees associated with the crossing of roads</b>					
<b>Beneficiary</b>	<b>What is guaranteed</b>	<b>Original Currency</b>	<b>Balance in USD</b>	<b>Issue Date</b>	<b>Termination Date</b>
Regional Director of Vialidad Metropolitana	Guarantee payment of damages to third parties in crossing works.	UF	1,405	01.31.2019	Overdue Collection in transit
Regional Director of Vialidad Metropolitana	Guarantee payment of damages to third parties in crossing works.	UF	826	01.31.2019	Overdue Collection in transit
Regional Director of Vialidad Metropolitana	Guarantee payment of damages to third parties in crossing works.	UF	826	01.31.2019	Overdue Collection in transit
Regional Director of Vialidad Metropolitana	Guarantee payment of damages to third parties in crossing works.	UF	826	01.31.2019	Overdue Collection in transit

**INTERCHILE S.A.**

Notes to the Financial Statements

December 31, 2021 and 2020

**Note 19 - Commitments and Contingencies (continued)**

**b) Guarantees committed with third parties (continued)**

b.2) Guarantees associated with financing

Type of Guarantee	Beneficiary	What is guaranteed		Original Currency	Balance in US\$	Termination Date
First Degree Mortgage on Real Estate	"Scotiabank Chile -Local Agent". Citibank - Offshore Agent	To guarantee compliance with the bond payment obligations to bondholders through mortgages on the following real estate:	Lot 8 of the Huasco subdivision project, District of Freirina, Atacama Region.	US\$	1,200,000,000	30.06.2056
			Pan de Azúcar Lot, Fundo Martínez, in the Municipality of Coquimbo.			
Nonpossessory first lien on Assets	Bondholders	To guarantee compliance with the bondholders' payment obligations through mortgages on the following assets:	Fixed assets of Interchile			
Nonpossessory first lien on Rights	"Scotiabank Chile -Local Agent". Citibank - Offshore Agent Bondholders". "Scotiabank Chile -Local Agent".	To guarantee compliance with the payment obligations of the bond, through the SD Pledge on the Rights of the Bondholders:	Transec Contracts			
Nonpossessory First Lien on Rights of Electrical Concessions	Citibank - Offshore Agent	To guarantee the performance of the bond obligations, by means of the pledge of:	Electric Concessions			
Nonpossessory first lien on Permitted Cash and Investments	Bondholders".	To secure the performance of the payment obligations of the bond, by first degree pledge of:	Permitted Cash and Investments			

## INTERCHILE S.A.

### Notes to the Financial Statements

December 31, 2021 and 2020

#### Note 19 - Commitments and Contingencies (continued)

##### c) Insurance policies

Company	Policy	Amount Insured ThUS\$	Validity Up to
Zurich	Infidelity and Financial Risks (IRF)	10,000,000	12-01-22
MAPFRE	Electronic Equipment Insurance	1,020,232	04-20-22
Allianz	Civil Liability D&O	35,000,000	02-24-22
FID	Civil Liability (Office)	109,350	02-28-22
Southbridge	Civil Liability Operation	10,000,000	07-01-22
Zurich	Data Protection	52,000,000	02-28-22
VidaCámara	Life Insurance Collaborators	36,450	10-31-22
MAPFRE	Material Damage Operation	330,770,146	12-01-22
MAPFRE	Fire / Terrorism Operation	330,770,146	12-01-22
BCI Insurance	Motor Vehicles	357,211	08-31-22

##### d) Details of litigation and legal proceedings

###### Relevant legal proceedings

Venue for trial or appeal: Committee of Ministers for Sustainability. Subject matter: Complaint appeal (\*Recurso de Reclamación" "PAC") under Law No. 19,300 on General Bases of the Environment. Filed by persons residing in the area and legal entities, such as NGOs, which, during the citizen participation process established in the Environmental Impact Assessment System, submitted challenges against the Cardones Polpaico Project, which were not considered by the Environmental Assessment Service (SEA) to grant the Environmental Qualification Resolution. Claimants' claims: That RCA N°1608/2015 takes into account all their challenges filed during the citizen participation process. Status of the case: Ruling issued. The Committee of Ministers for Sustainability issued pronouncement rejecting the complaint appeals. The respective Resolution is yet to be issued.

## INTERCHILE S.A.

### Notes to the Financial Statements

December 31, 2021 and 2020

#### Note 19 - Commitments and Contingencies (continued)

##### d) Details of litigation and legal proceedings (continued)

###### Relevant legal proceedings (continued)

Venue for trial or appeal: 2nd Environmental Court. Subject matter: 3 Claims against the SEA for rejecting appeal for invalidation of the Environmental Qualification Resolution (RCA) N°1608/2015. Filed by: Comunidad Agrícola La Dormida, Cámara de Turismo de Olmué A.G. and Organización Comunitaria Funcional Vecinos Los Nogales Ex Fundo Loreto. Claimants' claims: That RCA N°1608/2015 be invalidated. Status of the case: Suspended pending the issuance of the resolution by the Committee of Ministers for Sustainability.

Venue for trial or appeal: 2nd Environmental Court, Case No. D-056-2020. Subject matter: Lawsuit for environmental damage. Claimants' claims: Reparation of environmental damage. Status of the case: The parties are in a process of rapprochement to seek an eventual settlement.

Venue for trial or appeal: Superintendencia del Medioambiente (SMA), Exempt Resolution No. 9/ROL D-096-2019 of November 24, 2020 reformulates charges. Subject Matter: sanctioning process for violation of RCA N°1608/2015 and Supreme Decree N°38/2011 of the Ministry of Environment. Status of the case: Sanctioning resolution was issued regarding which a claim was filed before 1° Environmental Court of Antofagasta, ROL R-49-2021 and R-50-2021.

Venue for trial or appeal: Superintendencia del Medioambiente (SMA), Exempt Resolution No. 9/ROL D-096-2019 of November 24, 2020 reformulates charges. Subject Matter: sanctioning process for violation of RCA N°1608/2015 and Supreme Decree N°38/2011 of the Ministry of Environment. Status of the case: Discharges were filed on December 30, 2020.

Venue for trial or appeal: Superintendencia del Medioambiente SMA, Resolución Exenta N° 1/ROL D-129-2020 dated September 25, 2020 formulates charges. Subject Matter: sanctioning process for violation of RCA N°1608/2015. Status of the case: Compliance program is submitted on October 19, 2020 and is awaiting approval or rejection....

Venue for trial or appeal: 2nd Labor Court of Vallenar, Lawsuit Case No. O-3-2018: Subject Matter: indirect termination of employment, nullity of dismissal and collection of labor benefits filed by Eyzaguirre Huanca and others (17 people in total) against EMI SPA and INTERCHILE S.A. Status of the case: awaiting new trial hearing. Claimants' claims: At the moment they are undetermined but determinable, depending on whether the Court accepts the claims after ruling that the indirect dismissal is not valid.

Venue for trial or appeal: Local Police Court, Subject matter; Complaint for non-compliance with Native Forest protection law. Filed by: Corporación Nacional Forestal. Status of the case: Court has to issue ruling. Claimants' claims: Sentence establishing a fine payable to the municipality and submittal of a remediation plan.

## **INTERCHILE S.A.**

Notes to the Financial Statements

December 31, 2021 and 2020

### **Note 19 - Commitments and Contingencies (continued)**

#### **d) Details of litigation and legal proceedings (continued)**

##### **Relevant legal proceedings (continued)**

Venue for trial or appeal: Civil Court of First Instance. Subject matter: Claim for appraisal. Status of the cases: from the discussion stage to the filing of appeals. Claimants' claims: Claimants' claims in each case are always disproportionate to the amount fixed by the Commission, sometimes exceeding 10 times the original amount. However, court rulings have consistently recognized increases of less than 50% of the amount originally fixed by the Commission. It should be considered that the appraisal claim is an action that is part of the project budget process, as it is considered to be part of the asset establishment business affecting the properties.

Venue for trial or appeal: Superintendencia de Electricidad y Combustibles (SEC) Oficio Ordinario nº2611 dated March 25, 2012 formulates charges. Matter: sanctioning process for infringement of electricity regulations. Filed by: SEC. Claimants' claims: application of fine, for the moment undetermined. Status of the case: discharges were filed with the SEC on May 6, 2020.

Venue for trial or appeal: Superintendencia de Electricidad y Combustibles (SEC) Oficio Ordinario nº2611 dated March 25, 2012 formulates charges. Matter: sanctioning process for infringement of electricity regulations. Filed by: SEC. Claimants' claims: application of fine, for the moment undetermined. Status of the case: discharges were filed with the SEC on May 6, 2020.

Venue for trial or appeal: Civil Court of First Instance. Subject Matter: New construction complaint. Filed by: different owners. Status of the cases: from the first instance judgment stage to the filing of appeals. Claimants' claims: stop the construction of works.

Venue for trial or appeal: Civil Court. Subject Matter: Compulsory performance of contract plus damages. Filed by: Felval s.a. Status of the case: End of the discussion period. Claimants' claims: to receive an estimated indemnity of ThUS\$ 139.

Venue for trial or appeal: Civil Court. Subject Matter: Compensation for damages. Filed by: Powerteck SPA. Status of the case: Appeal against the first instance decision. Claimants' claims: indemnity estimated in ThUS\$ 1,831.

## **INTERCHILE S.A.**

### Notes to the Financial Statements

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#### **Note 19 - Commitments and Contingencies (continued)**

##### **d) Details of litigation and legal proceedings (continued)**

###### **Relevant legal proceedings (continued)**

Venue for trial or appeal: Civil Court. Subject matter: Revocation action. Filed by: Creditors of ISOLUX Ingeniería, Agencia en Chile. Status of the case: Parties must submit evidence. Claimants' claims: indemnity estimated at ThUS\$11.6.

###### **Proceedings in favor**

Venue for trial or appeal: Civil Court. Subject Matter: Use of easement. Plaintiff: INTERCHILE S.A Filed by: Valdivia Flores estate. Status of the case: period of discussion. Claimants' claims: to receive an indemnity estimated at ThUS\$ 1,308.

#### **Note 20 - Relevant Events**

1. On April 12, 2021, the filing of a request for arbitration against the State of Chile before the International Centre for Settlement of Investment Disputes (ICSID) was reported as an essential event.
2. On July 26, 2021, the issuance and placement of a green bond in the United States of America was reported as an essential event. The issue was under Rule 144A and Regulation S of the United States Securities Act of 1933 and amounted to US\$ 1,200,000,000 (one billion two hundred million United States dollars). The term of the bond is 35 years, maturing on June 30, 2056. The bond will pay a fixed interest rate in dollars of 4.5% per annum.
3. On August 11, 2021, it was reported as an essential event that the Ministry of Finance and Public Credit of the Republic of Colombia (the "MHCP") and Ecopetrol S.A., a public-private partnership, incorporated and existing under the laws of the Republic of Colombia, entered into an agreement for the potential operation of direct acquisition by Ecopetrol of 51.41% of the subscribed and outstanding capital of Interconexión Eléctrica S.A. E.S.P. ("ISA") owned by the MHCP, with the latter being the holder of approximately 78.4% of the shares of Interchile S.A.
4. On August 20, 2021, it was reported as an essential event that Ecopetrol, a company controlled by the Ministry of Finance and Public Credit of the Republic of Colombia, became the holder of 51.41% of the shares of ISA, which owns approximately 78.4% of the shares of Interchile S.A.
5. On October 6, 2021, the resignation of Mr. Jorge Rodríguez Grossi from the Board of Directors of Interchile S.A. was reported as an essential event.

## **INTERCHILE S.A.**

### Notes to the Financial Statements

December 31, 2021 and 2020

#### **Note 21 - Environment**

The Company participates in the electricity transmission market. Its transmission assets are essential for the implementation of the decarbonization strategy of Chile's energy matrix, as they enable the entry of renewable energies (wind and solar) produced in Chile's "Norte Grande" region to the national electricity system.

In terms of environmental compliance, the Company performs a proactive and diligent management to improve its socio-environmental performance and management, within the framework of current legislation. It adheres to the Environmental Impact Assessment System (SEIA for its acronym in Spanish), through two Environmental Qualification Resolutions associated with its main assets: RCA 240/2016 for Transmission Line Encuentro-Lagunas and RCA 1608/2015 for Transmission Line Cardones-Polpaico.

To provide relief to the community, as a result of the Covid-19 pandemic, the Company established a contribution of US\$100,000, which was made through a competitive fund for community initiatives and direct donations through the donations law.

During the year 2021, in order to comply with the environmental obligations, both under the mandatory measures established in the RCA and under its voluntary commitments with the community, it made investments in the order of US\$ 3.5 million.

# INTERCHILE S.A.

## Notes to the Financial Statements

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### Note 22 - Foreign Currency

At the closing date of the financial statements, the Company maintains balances in Chilean pesos, as follows:

#### 22.1) Summary of balances in foreign currency

Type or Class of Assets or Liabilities in Foreign Currency, Summary	Amount Expressed in presentation currency		
	Type of original currency	2021 ThUS\$	2020 ThUS\$
Current assets	CLP	32,371	18,673
Total Assets		32,371	18,673
Current liabilities	CLP	6,676	5,465
Non-current liabilities	CLP	-	-
Total liabilities		6,676	5,465
Paid-in capital	CLP	370,136	370,136

#### 22.2) Currency balances, current and non-current assets

Type or Class of Foreign Currency Assets, Current Assets	Amount Expressed in presentation currency		
	Type of original currency	2021 ThUS\$	2020 ThUS\$
Cash and cash equivalents	CLP	7,619	227
Other current financial assets.	CLP	20,813	13,803
Trade and other receivables			
Current	CLP	3,599	4,223
Other non-financial current assets.	CLP	340	420
Current tax assets, current	CLP	-	-
Total current assets		32,371	18,673



## INTERCHILE S.A.

### Notes to the Financial Statements

December 31, 2021 and 2020

#### Note 22 - Foreign currencies (continued)

##### 22.3) Currency balances, current and non-current liabilities

	Amount Expressed in presentation Currency		
	Type of original currency	2021 ThUS\$	2020 ThUS\$
Trade and other accounts payable	CLP	5,804	5,118
Current tax liabilities, current	CLP	872	347
Non-current financial liabilities	CLP	-	-
Total current and non-current liabilities	CLP	6,676	5,465

#### Note 23 - Subsequent events

On January 21, 2022, we were notified that Mr. Bernardo Vargas Gibsone, identified with Colombian passport No. PE101369, voluntarily resigned from the Board of Directors of Interchile S.A., on which he served as Chairman.

As of the date of these financial statements, the Company is not aware of any other subsequent events affecting the financial position as of December 31, 2021.

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