



Sociedad de Transmisión Austral S.A.

U.S.\$390,000,000 4.000% Senior Notes due 2032

We, Sociedad de Transmisión Austral S.A. (“STA”), are offering U.S.\$390,000,000 aggregate principal amount of our 4.000% senior notes due January 27, 2032 (the “Notes”).

The Notes will mature on January 27, 2032. Interest on the Notes will be payable on July 27 and January 27 of each year, beginning July 27, 2022. We may redeem the Notes in whole or in part at any time at a redemption price equal to the greater of par and, if applicable, a make-whole amount described herein, except that if we redeem the Notes, in whole or in part, on a date that is 90 days or fewer prior to the scheduled maturity of the Notes, the redemption price will equal 100% of the principal amount of the Notes to be redeemed, plus in each case, accrued and unpaid interest, if any, on the principal amount of the Notes being redeemed to the date of redemption. In addition, we may redeem all the Notes in whole, but not in part, at par if the laws or regulations affecting certain taxes change in certain respects, as described herein. See “Description of the Notes.”

The Notes will be STA’s unsecured and unconditional general obligations and will rank equally with all our existing and future unsecured and unsubordinated indebtedness. The Notes will not have the benefit of any collateral, nor will they be guaranteed by any of our subsidiaries and, therefore, the Notes will be (i) effectively subordinated to STA’s existing and future secured indebtedness and (ii) structurally subordinated to all existing and future indebtedness of STA’s consolidated subsidiaries.

Investing in the Notes involves risks. See “Risk Factors” beginning on page 17.

Issue Price: 97.933% plus accrued interest, if any, from January 27, 2022

The Notes have not been registered, and will not be registered, under the United States Securities Act of 1933, as amended (the “Securities Act”) or the securities laws of any other jurisdiction. The Notes may not be offered or sold within the U.S. or to U.S. persons except to qualified institutional buyers within the meaning of, and in reliance on the exemption from registration provided by, Rule 144A under the Securities Act (“Rule 144A”), and outside the U.S. to non-U.S. persons in accordance with Regulation S under the Securities Act (“Regulation S”). Prospective purchasers that are qualified institutional buyers are hereby notified that the seller may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of certain restrictions on transfer of the Notes, see “Transfer Restrictions.”

There is currently no public market for the Notes. Application will be made for the listing of the Notes on the Official List of the Singapore Exchange Securities Trading Limited (the “SGX-ST”). The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this offering memorandum. Approval in-principle from, admission to the Official List of, and the listing and quotation of any Notes on, the SGX-ST are not to be taken as an indication of the merits of the offering, STA, its subsidiaries, its affiliates or the Notes. The Notes will be in minimum denominations of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof. Under the rules of the SGX-ST, the Notes if traded on the SGX-ST, are required to be traded in a minimum board lot size of S\$200,000 (or its equivalent in other currencies). The Notes will be traded on the SGX-ST in a minimum board lot size of U.S.\$200,000 for so long as the Notes are listed on the SGX-ST.

Neither the U.S. Securities and Exchange Commission (the “SEC”), nor any U.S. state securities commission, the Financial Market Commission of Chile (*Comisión para el Mercado Financiero*, the “CMF”) or any securities regulatory authority has approved or disapproved of these securities or determined whether this offering memorandum is accurate or complete. Any representation to the contrary is a criminal offense. The Notes may not be offered or sold, directly or indirectly, by means of a “Public Offer” (as defined under Law No. 18.045, as amended (the “Chilean Securities Market Law”) in Chile or to any resident in Chile, except as permitted by applicable Chilean law. The Notes will not be registered under Chilean Securities Market Law with the CMF and, accordingly, the Notes may not and will not be offered or sold to persons in Chile except in circumstances which have not resulted and will not result in a public offering under Chilean law, and in compliance with NCG (*Norma de Carácter General*) 336, dated June 27, 2012, as amended by NCG 452, dated February 22, 2021, both issued by the CMF. Pursuant to NCG 336, the Notes may be privately offered in Chile to certain “qualified investors,” identified as such therein (which in turn are further described in NCG 216, dated June 12, 2008, of the CMF) and in compliance with regulations applicable to such investors.

We expect that delivery of the Notes will be made to investors in book-entry form through The Depository Trust Company (“DTC”), for the accounts of its direct and indirect participants, including Euroclear Bank S.A./N.V., as operator of the Euroclear System (“Euroclear”) and Clearstream Banking, *société anonyme*, (“Clearstream, Luxembourg”), on or about January 27, 2022.

Joint Book-Running Managers

Itau BBA

Scotiabank

The date of this offering memorandum is January 21, 2022

TABLE OF CONTENTS

GLOSSARY	vi
FORWARD-LOOKING STATEMENTS	xii
SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES	xiv
PRESENTATION OF FINANCIAL AND CERTAIN OTHER INFORMATION	xvi
SUMMARY	1
THE OFFERING	11
SUMMARY COMBINED FINANCIAL DATA	14
RISK FACTORS	17
USE OF PROCEEDS	46
EXCHANGE RATES AND EXCHANGE CONTROLS IN CHILE	48
CAPITALIZATION	50
SELECTED COMBINED FINANCIAL DATA	51
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	54
DESCRIPTION OF OUR INDEBTEDNESS	71
BUSINESS	74
INDUSTRY	89
PERMITS AND REGULATORY APPROVALS	101
MANAGEMENT	102
OUR SHAREHOLDERS	105
CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS	106
DESCRIPTION OF THE NOTES	107
TAXATION	125
CERTAIN CONSIDERATIONS FOR ERISA AND OTHER U.S. EMPLOYEE BENEFIT PLANS	130
PLAN OF DISTRIBUTION	132
TRANSFER RESTRICTIONS	138
LEGAL MATTERS	142
INDEPENDENT AUDITORS	143
COMBINED CARVE-OUT FINANCIAL STATEMENTS	Annex A

Neither we nor Scotiabank Capital (USA) Inc., and Itau BBA USA Securities, Inc., as initial purchasers (the “Initial Purchasers”) have authorized anyone to provide you with information different than what is in this offering memorandum. This offering memorandum may only be used where it is legal to sell the Notes. You should assume that the information appearing in this offering memorandum is accurate as of the date on the front cover of this offering memorandum only. Neither the delivery of this offering memorandum nor any sale made hereunder will under any circumstances imply that the information herein is correct as of any date subsequent to the date on the front cover of this offering memorandum.

NOTICE TO INVESTOR

This offering memorandum does not constitute an offer to sell or a solicitation of an offer to buy the Notes to any person in any jurisdiction where it is unlawful to make such an offer or solicitation. Neither we nor any of the Initial Purchasers is making an offer of the Notes in any jurisdiction where such an offer is not permitted. You must comply with all applicable laws and regulations in force in your jurisdiction and you must obtain any consent, approval or permission required by you for the purchase, offer or sale of the Notes under the laws and regulations in force in the jurisdiction to which you are subject or in which you make such purchase, offer or sale, and neither we nor the Initial Purchasers will have any responsibility therefor.

The Notes described in this offering memorandum have not been registered with, recommended by or approved by the SEC, the CMF or any other federal, state or foreign securities commission or regulatory authority, nor has the SEC or any other securities commission or authority, passed upon the accuracy or adequacy of this offering memorandum. Any representation to the contrary is a criminal offense. You should not construe the contents of this offering memorandum as investment, legal or tax advice. You should consult your own counsel, accountant and other advisors as to legal, tax, business, financial and related aspects of a purchase of the Notes. We are not, and the Initial Purchasers are not, making any representation to you regarding the legality of an investment in the Notes by you under applicable legal investment or similar laws.

In making an investment decision regarding the Notes offered by this offering memorandum, you must rely on your own examination of us and the terms of this offering, including, without limitation, the merits and risks involved. This offering is being made on the basis of this offering memorandum.

This offering is being made in reliance upon an exemption from registration under the Securities Act for an offer and sale of the Notes that does not involve a public offering under the Securities Act. The Initial Purchasers are relying on exemptions from the provisions of Section 5 of the Securities Act provided by Rule 144A and Regulation S in connection with the initial resale of the Notes. The Notes are subject to restrictions on transferability and resale and may not be transferred or resold in the United States or to U.S. persons (as defined in Regulation S) except as permitted under the Securities Act and applicable U.S. federal and state securities laws pursuant to a registration statement or exemption from registration. You should be aware that you may be required to bear the financial risk of this investment for an indefinite period of time. In making your purchase, you will be deemed to have made certain acknowledgements, representations and agreements as set forth under the caption “Transfer Restrictions.”

This offering memorandum is being provided on a confidential basis (i) to “qualified institutional buyers,” as defined in Rule 144A, for informational use solely in connection with their consideration of the purchase of the Notes and (ii) to non-U.S. persons outside the United States in reliance on Regulation S under the Securities Act. Its use for any other purpose is not authorized. This offering memorandum may not be copied or reproduced in whole or in part, nor may it be distributed or any of its contents be disclosed to anyone other than the prospective investors to whom it is being provided. By accepting delivery of this offering memorandum, you agree to these restrictions and you also acknowledge that this offering memorandum contains confidential information, and you agree that the use of this information for any purpose other than considering a purchase of the Notes is strictly prohibited.

Singapore Securities and Futures Act Product Classification — In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the “SFA”) and the Securities and Futures (Capital

Markets Products) Regulations 2018 of Singapore (the “CMP Regulations 2018”), STA has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA) that the Notes are “prescribed capital markets products” (as defined in the CMP Regulations 2018) and “Excluded Investment Products” (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

By acquiring a Note (or an interest therein), each purchaser and transferee (and if the purchaser or transferee is a Plan, its fiduciary) is deemed to represent, warrant and covenant that either (a) it is not acquiring the Note (or an interest therein) with the assets of an “employee benefit plan” as defined in Section 3(3) of the U.S. Employee Retirement Income Security Act of 1974, as amended (“ERISA”), that is subject to Title I of ERISA, a “plan” as defined in and subject to Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the “Code”), or any entity or account deemed to hold “plan assets” of the foregoing (each, a “Benefit Plan Investor”) or any other employee benefit plan that is subject to a U.S. federal, state, local or other law or regulation that contains one or more provisions that are similar to the fiduciary responsibility or prohibited transaction provisions of Title I of ERISA or Section 4975 of the Code (“Similar Law”), or (b) the acquisition and holding of the Note (or an interest therein) will not give rise to (i) a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code because such purchaser or transferee relied on an available prohibited transaction exemption, all of the conditions of which are satisfied, or (ii) a violation of any applicable Similar Law.

In addition, by acquiring a Note (or an interest therein), each purchaser and transferee that is a Benefit Plan Investor is deemed to represent, warrant and covenant that (i) none of us, the Initial Purchasers, another party involved with this offering or their respective affiliates (each, a “Transaction Party”) has provided any investment recommendation or investment advice to the Benefit Plan Investor, or any Plan Fiduciary, on which either the Benefit Plan Investor or Plan Fiduciary has relied in connection with the decision to invest in the Note (or an interest therein), (ii) the Transaction Parties are not otherwise acting as a “fiduciary”, as that term is defined in Section 3(21) of ERISA or Section 4975(e)(3) of the Code, to the Benefit Plan Investor or Plan Fiduciary in connection with the Benefit Plan Investor’s investment in the Note (or an interest therein) and (iii) the Plan Fiduciary is exercising its own independent judgment in evaluating the transaction.

In connection with the offering, the Initial Purchasers may purchase and sell Notes in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the Initial Purchasers of a greater number of Notes than they are required to purchase in the offering. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Notes while the offering is in progress.

The information contained in this Offering Memorandum has been furnished by us and derived from sources we believe to be reliable. No representation or warranty, express or implied, is made by the Initial Purchasers as to the accuracy or completeness of any of the information set forth in this offering memorandum, and nothing contained in this offering memorandum is or shall be relied upon as a promise or representation, whether as to the past or the future. This offering memorandum contains summaries, which we believe to be accurate, of some of the terms of specific documents, but reference is made to the actual documents for the complete information contained in those documents. All summaries are qualified in their entirety by this reference. Copies of those documents will be made available upon request to us at our address listed on the back cover page of this offering memorandum.

You should contact us or the Initial Purchasers with any questions about this offering or if you require additional information to verify the information contained in this offering memorandum.

No person is authorized in connection with any offering made by this offering memorandum to give any information or to make any representation not contained in this offering memorandum and, if given or made, any other information or representation must not be relied upon as having been authorized by us or the Initial Purchasers. The information contained in this offering memorandum is accurate as of the date of this offering memorandum and is subject to change without notice. The delivery of this offering memorandum at any time shall not under any circumstances create any implication that there has been no change in the information set forth in this offering memorandum or in our affairs since the date of this offering memorandum.

The information herein concerning exchange rates and exchange controls is furnished as a matter of information only and should not be regarded as indicative of the range of or trends in fluctuations in exchange rates or of exchange controls that may be imposed in the future. We disclaim any responsibility to advise prospective investors of changes in such exchange rates or exchange controls after the date of this offering memorandum.

By accepting delivery of this offering memorandum, you acknowledge that (1) you have been afforded an opportunity to request and to review all additional information considered by you to be necessary to verify the accuracy of, or to supplement, the information contained in this offering memorandum, (2) you have not relied on the Initial Purchasers, or their respective agents, or any person affiliated with the Initial Purchasers, or their respective agents, in connection with the investigation of the accuracy of such information or your investment decision and may not comply in important respects with SEC rules that would apply to an offering document relating to a public offering of securities, (3) this offering memorandum relates to an offering that is exempt from registration under the Securities Act, and (4) no person has been authorized to give information or to make any representations concerning us, this offering or the Notes described in this offering memorandum, other than those contained in this offering memorandum and information given by our duly authorized officers and employees in connection with an investor's examination of us and the terms of the offering of the Notes.

NOTICE TO INVESTORS OF THE UNITED KINGDOM

This offering memorandum is not a prospectus for the purposes of the UK Prospectus Regulation (as defined below).

The Notes are not intended to be offered, sold, or otherwise made available to and should not be offered, sold, or otherwise made available to any retail investor in the United Kingdom ("UK"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended, the "EUWA"); or (ii) a customer within the meaning of the provisions of Financial Services and Markets Act 2000 (as amended, the "FSMA") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129, as amended, as it forms part of domestic law by virtue of the EUWA (the "UK Prospectus Regulation"). Consequently, no key information document required by Regulation (EU) No 1286/2014, as amended, as it forms part of domestic law by virtue of the EUWA (the "UK PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

This offering memorandum has been prepared on the basis that any offer of Notes in the UK will be made pursuant to an exemption under the UK Prospectus Regulation from the requirement to publish a prospectus for offers of Notes. This offering memorandum has not been approved by an authorized person for the purposes of Section 21 of the FSMA. This offering memorandum is for distribution only to persons who: (i) are outside the UK; (ii) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Financial Promotion Order"); (iii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations, etc.") of the Financial Promotion Order; or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This offering memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this offering memorandum relates is available only to relevant persons and will be engaged in only with relevant persons.

NOTICE TO INVESTORS OF THE EUROPEAN ECONOMIC AREA

This offering memorandum is not a prospectus for the purposes of Regulation (EU) 2017/1129 (as amended, the “EU Prospectus Regulation”). The Notes are not intended to be offered, sold, or otherwise made available to and should not be offered, sold, or otherwise made available to any retail investor in the European Economic Area. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the “Insurance Distribution Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the EU Prospectus Regulation. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the “EU PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the European Economic Area has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the European Economic Area may be unlawful under the EU PRIIPs Regulation.

This offering memorandum has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area will be made pursuant to an exemption under the EU Prospectus Regulation from the requirement to publish a prospectus for offers of Notes.

NOTICE TO INVESTORS IN CHILE

The following information is provided to prospective investors pursuant to NCG 336 issued by the CMF. The offer of the Notes is subject to NCG 336. The Notes being offered will not be registered under the Chilean Securities Market Law in the Chilean Securities Registry (*Registro de Valores*) or in the Foreign Securities Registry (*Registro de Valores Extranjeros*) of the CMF and, therefore, the Notes are not subject to the supervision and oversight of the CMF. As unregistered securities, we are not required to disclose public information about the Notes in Chile. Accordingly, the Notes cannot and will not be publicly offered to persons in Chile unless they are registered in the corresponding Chilean Securities Registry or they are offered in reliance with NCG 452. The Notes may only be offered in Chile in circumstances that do not constitute a public offering subject to registration requirements under Chilean law or in compliance with NCG 336 or NCG 452. Pursuant to NCG 336, the Notes may be privately offered in Chile to certain “qualified investors” identified as such therein (which in turn are further described in General Rule No. 216, dated June 12, 2008, issued by the CMF as amended). Pursuant to NCG 452, the Notes may be publicly offered under no registration requirements provided they are offered exclusively to “qualified investors”, as defined by General Rule No. 216.

WHERE YOU CAN FIND MORE INFORMATION

We are not subject to the information requirements of the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”), and the Notes will not be registered under the Securities Act. In order to preserve the exemptions from registration under the Securities Act available to holders of Notes for resale and transfers of the Notes under Rule 144A, we have agreed that, unless we furnish information to the SEC pursuant to Sections 13 or 15(d) of the Exchange Act, we will provide a holder of a Note or the owner of a beneficial interest in a Note or any prospective purchaser designated by a holder of a Note or beneficial owner, upon the request of such holder, beneficial owner or prospective purchaser, information meeting the requirements of Rule 144A(d)(4) under the Securities Act to permit compliance with Rule 144A in connection with the resale of the Notes. Any such request should be directed to us at our principal office at Isidora Goyenechea 3621, 3rd floor, Santiago, Republic of Chile, P.C. 7550110, Republic of Chile. For so long as the Notes are outstanding, such information will be available at our specified offices and on our website in Spanish and English at <https://web.gruposaes.cl/web/saes> and, for so long as the Notes are listed and quoted on the SGX-ST, through announcements made which will be published on the website of the SGX-ST. No part of our website or the SGX-ST website is or will be incorporated by reference in this offering memorandum.

Descriptions of our company are included in this offering memorandum. The descriptions of documents included in this offering memorandum are not comprehensive or definitive and the descriptions are qualified in their entirety by reference to each of the documents themselves. Until the Notes are issued, any prospective investor may inspect such documents at our executive offices located at the address listed on the back cover of this offering memorandum.

GLOSSARY

Unless otherwise indicated or the context otherwise requires, all references in this offering memorandum to “we,” “us,” “our” and words of similar effect refer to STA and the following entities: (i) from the date of incorporation of STA on December 31, 2019 until December 31, 2020, Sistema de Transmisión del Centro S.A. (“STC”), Sistema de Transmisión del Norte S.A. (“STN”), Sociedad Austral de Transmisión Troncal S.A. (“SATT”) and Línea de Transmisión Cabo Leones S.A. (“Cabo Leones”), (ii) from January 1, 2021 until September 30, 2021, STC, STN, SATT, Cabo Leones, and Tolchén Transmisión SpA (“Tolchén”) (acquired on July 9, 2021 and incorporated in the financial statements from that date); and (iii) from October 1, 2021 until the date of this offering memorandum, STC, STN, SATT, Cabo Leones, Tolchén and Sistema de Transmisión del Sur S.A. (“STS”), a company formed through the merger of Grupo Saesa’s indirect subsidiaries Frontel Transmisión S.A. (“Frontel TX”), Saesa Transmisión S.A. (“Saesa TX”) and Sistema de Transmisión del Sur S.A. (“Predecessor STS”).

Average Interruption Index	<i>Índice de Duración Promedio en horas de Interrupciones en el Sistema</i>), measured by dividing the sum of the number of clients affected by the interruption time by the total number of clients (in hours).
Availability Factor	Percentage of time in which a transmission facility is available.
AVI	Annuity of Investment Value (<i>Anualidad del Valor de Inversión</i>), is an annual rate payable by consumers to transmission companies in monthly installments. Transmission companies receive a separate AVI per facility. The AVI is calculated for each facility based on the following components: <ol style="list-style-type: none">(1) the VI of such facility,(2) a discount rate established by the CNE, which ranges from 7% to 10% after taxes, and

- (3) the service life of such facility, which is a fixed number of years established by the CNE based on the type of facility (e.g., transmission line, substation or transformer), each of which is subject to certain parameters set forth under the Chilean Electricity Law.

CEN	The coordinator of the National Electric System (<i>Coordinador Independiente del Sistema Eléctrico Nacional</i>) is an autonomous authority with powers to coordinate the operation of the SEN (as defined below) and the operation of generation assets to satisfy the electricity demands of the Chilean electricity system. The CEN replaced the Economic Load Dispatch Center (<i>Centro de Despacho Económico de Carga, “CDECs”</i>) in 2017 pursuant to the Chilean Transmission Law.
Central Bank of Chile	Chilean Central Bank (<i>Banco Central de Chile</i>)
Chile	The Republic of Chile
Chilean Bankruptcy Law	Law for the Reorganization and Liquidation of Assets of Companies and Individuals (<i>Ley de Reorganización y Liquidación de Empresas y Personas</i>) or Law No. 20,720 of the Chilean Ministry of Economy, as amended.
Chilean Government	The Government of the Republic of Chile.
Chilean Electricity Law	Decree with Force of Law (<i>Decreto con Fuerza de Ley</i>) No. 4/20,018 of the Ministry of Economy, Development and Reconstruction, General Law of Electric Services (<i>Ley General de Servicios Eléctricos, contenida en el Decreto con Fuerza de Ley No. 4/2006, del Ministerio de Economía, Fomento y Reconstrucción</i>), as amended, including amendments made pursuant to the Chilean Transmission Law.
Chilean Environmental Law	Law No. 19,300, as amended, Law on General Basis for the Environment (<i>Ley de Bases Generales del Medio Ambiente</i>) of 1994, enacted in March 1994 and amended in 2010 by Law No. 20,417, and as further amended.
Chilean CPI	Consumer Price Index (<i>Índice de Precios al Consumidor</i>), as calculated and reported by the Chilean National Institute of Statistics (<i>Instituto Nacional de Estadísticas</i>).
Chilean Securities Market Law	Law No. 18,045 (<i>Ley de Mercado de Valores</i>), as amended.
Chilean Securities Registry.	The Registry of issued of publicly traded securities in Chile (<i>Registro de Valores</i>), carried out by the CMF pursuant to Article 5 of the Chilean Securities Market.
Chilean Transmission Law	Law No. 20,936, published on July 20, 2016, which extensively amended the Chilean Electricity Law, in particular with regard to electricity transmission regulations, as amended.
CMF	Chilean Financial Markets Commission (<i>Comisión para el Mercado Financiero</i>), a governmental entity in charge of regulating the financial markets of Chile, including Chilean banks, publicly listed Chilean companies and also non-listed companies that are registered in any of the registries of the

	CMF for the local securities markets or the local insurance sector and the banking sector.
CNE	National Energy Commission (<i>Comisión Nacional de Energía</i>) is the governmental authority responsible for: (1) developing and coordinating plans, policies and standards for the energy industry, (2) overseeing and advising the Chilean government on energy matters, (3) calculating node prices, which are either (a) long-term tariffs applicable to Regulated Consumers, or (b) the short-term prices paid by generation companies, in each case for the sale of electricity, and (4) preparing four-year grid expansion plans in respect of the National and Zonal Transmission Systems.
COMA	Operation, Maintenance and Administration Costs (<i>Costos de Operación, Mantenimiento y Administración</i>), payable by consumers to transmission companies, in monthly installments, that are determined in accordance with the parameters set by the Chilean Electricity Law.
Compendium	Compendium of Foreign Exchange Regulations of the Chilean Central Bank (<i>Compendio de Normas de Cambios Internacionales</i>).
Dedicated Contract	A privately negotiated contract between a Dedicated Customer, which may be a power generation company or Unregulated Consumer, and a transmission company, which establishes the terms and tariffs for transmission services in connection with power transmission infrastructure comprising the Dedicated Transmission System.
Dedicated Customers	Unregulated Consumers and generation companies that have entered into Dedicated Contracts for the use of power transmission infrastructure comprising the Dedicated Transmission System.
Dedicated Transmission System	The Dedicated Transmission System (<i>Sistema de Transmisión Dedicado</i>), defined in Article 76 of the Chilean Electricity Law, as consists of all transmission lines and Substations used to connect power generation companies and Unregulated Consumers to the National and Zonal Transmission Systems. The Dedicated Transmission System allows power generation companies to inject electricity into the SEN and Unregulated Consumers to access such electricity through the Dedicated Transmission System to supply their energy needs. Under certain limited circumstances, Regulated Consumers may also use the Dedicated Transmission System.
Development Zone System	The Development Zone System (<i>Sistema de Transmisión para Polos de Desarrollo</i>) is defined in Article 75 of the Chilean Electricity Law and comprises all transmission lines and substations used for the transportation of energy generated from development zones, as defined under Chilean law, to the National Transmission System. The Development Zone System aims at increasing the efficiency of energy transmission from development zones to different parts of Chile.

Experts Panel	Entity entitled to settle controversies between authorities and companies and between companies in the Chilean electrical sector, pursuant to the Chilean Electricity Law.
Gigawatt (GW)	One billion watts, a unit of power.
Gigawatt hour (GWh)	One gigawatt of power supplied or demanded for one hour, or one billion watt hours. It is a unit of energy.
Grupo Saesa	Inversiones Grupo Saesa Limitada.
Kilovolt (kV)	One thousand volts, a unit of electric voltage.
Kilowatt (kW)	One thousand watts, a unit of power.
Kilowatt hour (kWh)	One kilowatt of power supplied or demanded for one hour, or one thousand watt hours, a unit of energy.
Km	Kilometers.
Lost Day Rate.	A standardized metric that provides a measure of the total number of working days lost within a workplace due to occupational injury or illness. This metric represents the number of days that injured workers are absent, measured for every 200,000 worked hours in a certain period of time.
Megawatt (MW)	One million watts, a unit of power.
MVA	Megavolt-Amperes.
Ministry of Economy	The Chilean Ministry of Economy, Development and Tourism (<i>Ministerio de Economía, Fomento y Turismo</i>).
Ministry of Energy	The Chilean Ministry of Energy (<i>Ministerio de Energía</i>).
National Transmission System	National Transmission System (<i>Sistema de Transmisión Nacional</i>), as defined in article 74 of the Chilean Electricity Law is the backbone of the SEN transmission system, with transmission lines distributed from Arica, in the north, to Chiloé, in the south of Chile. The flow of electricity in the National Transmission System is bidirectional, depending on supply and demand, and serves a wide and unspecified range of suppliers and consumers.
Project Decree	The decree through which the Ministry of Energy awards a transmission line project bidder the right to develop, construct, own, operate and maintain such project in accordance with the Chilean Electricity Law.
Regulated Consumers	Residential and small industrial and commercial electricity consumers with a connected capacity that is less than or equal to 5,000kW, subject to price regulation, except for such consumers with a connected capacity between 500 kW and 5,000kW that elect to be treated as Unregulated Consumers.
Regulated Transmission System	The National Transmission System and the Zonal Transmission System, collectively.
Rate of injuries resulting in days away	A health and safety rating that indicates the accidents rate. This rating represents the number of days that injured workers are absent from work, measured for every 200,000 worked hours within a certain period of time.

SDEC	Superintendency of Electricity and Fuels (<i>Superintendencia de Electricidad y Combustibles</i>), a governmental entity in charge of supervising the Chilean electricity market and of imposing administrative penalties upon breaches of applicable electric law and regulations, among other functions.
SEA	Environmental Assessment Service (<i>Servicio de Evaluación Ambiental</i>).
SEN	The Chilean National Electric System (<i>Sistema Eléctrico Nacional</i>), which is comprised of the former SING and the former SIC (which merged in 2017, becoming one sole major interconnected system) and embodies all the electric facilities and players (generation, transmission, distribution and customers) being coordinated and managed by the CEN. The SEN comprises the National Transmission System, the Zonal Transmission System and the Dedicated Transmission System.
SIC	The Central Interconnected Electricity System (<i>Sistema Interconectado Central</i>), Chile's former main interconnected power transmission grid, covering most of Chile except the North and the extreme South.
SING	Far North Electricity System (<i>Sistema Interconectado del Norte Grande</i>), Chile's former second largest power grid. It was mainly used by mining operations.
Substation	An assemblage of equipment that switches and/or changes or regulates the voltage of electricity in a transmission and distribution system.
Tariff Decree	Decree issued every four years by the Ministry of Energy to set the VATT applicable to each transmission facility in the National and Zonal Transmission System, except for new or upgraded facilities that were awarded pursuant to a Project Decree.
TFVS	Transmission Facilities Valuation Study. Assessment made by the CNE to set tariffs in the electric transmission system.
UF	<i>Unidad de Fomento</i> , a Chilean inflation-indexed peso-denominated monetary unit, calculated by the Central Bank of Chile.
Urbanism and Construction General Law	Decree with Force of Law (<i>Decreto con Fuerza de Ley</i>) No. 458 of the Ministry of Housing and Urban Planning, General Law of Urbanism and Construction (<i>Ley General de Urbanismo y Construcciones del Ministerio de Vivienda y Urbanismo</i>) published in 1976, as amended from time to time.
U.S. CPI-U	Consumer Price Index for All Urban Consumers as calculated and reported by the Bureau of Labor Statistics of the United States Department of Labor.
Unregulated Consumers	Consists of: (1) Electricity consumers with a connected capacity of more than 5,000 kW who pay privately negotiated tariffs established under Dedicated Contracts, and (2) residential and small industrial and commercial electricity

consumers with a connected capacity between 500 kW and 5,000kW that elect to be treated as Unregulated Consumers.

VATT	Annual Transmission Value per Section (<i>Valor Anual de Transmisión por Tramo</i>), is an annual fee payable by consumers to transmission companies. For assets in the Regulated Transmission System, the VATT is calculated as the sum of AVI, COMA and AEIR. For most assets in the Dedicated Transmission System, the VATT is calculated as the sum of the AVI and COMA.
VI	Investment value (<i>Valor de la Inversión</i>), defined by the Chilean Electricity Law, is the replacement value of transmission facility, calculated as the sum of the replacement values of the various components of a transmission facility (e.g., circuits and conductors) at the current market prices.
Volt	The basic unit of electric force, equivalent to one joule of energy per coulomb of charge.
Watt	The basic unit of electrical power, equivalent to one joule of energy per second.
Zonal Transmission System	Zonal Transmission System (<i>Sistema de Transmisión Zonal</i>), defined in Article 77 of the Chilean Electricity Law, consists of transmission facilities that connect the National Transmission System with distribution concession areas, subject to open access requirements.

FORWARD-LOOKING STATEMENTS

Specific statements contained in this offering memorandum are forward-looking statements. Forward-looking statements can usually be identified by the use of terminology such as “believes,” “expects,” “may,” “estimates,” “plans,” “intends,” “will,” “shall,” “should” or “anticipates,” or the negative thereof or other variations thereon or comparable terminology. You can also identify forward-looking statements by discussions of business goals, strategy, plans and intentions, but not all forward-looking statements include these words. All statements other than statements of historical fact included in this offering memorandum are forward-looking statements. Although we believe these statements are based upon reasonable current assumptions and expectations, no assurance can be given that the future results referred to by the forward-looking statements will be achieved. If one or more of the assumptions underlying our forward-looking statements proves incorrect, then actual results, levels of activity, performance and achievements could differ significantly from those expressed in, or implied by, the forward-looking statements contained in this offering memorandum. Therefore, we caution you not to place undue reliance on our forward-looking statements.

Forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from future results expressed or implied by the forward-looking statements. The most significant of the risks, uncertainties and other factors are discussed under the heading “Risk Factors” and prospective investors are urged to consider these factors carefully.

Each investor in the Notes offered in this offering memorandum will be deemed to have represented and agreed that it has read and understood the description of the assumptions and uncertainties underlying the projections that are set forth in this offering memorandum, and to have acknowledged that neither we nor the Initial Purchasers are under an obligation to update the information and do not intend to do so.

We do not undertake any obligation to release publicly any revisions to such forward-looking statements after the date of this offering memorandum to reflect later events or circumstances or to reflect the occurrence of unanticipated events. These cautionary statements should be considered in connection with any written or oral forward-looking statements that we may issue in the future. Our actual results may differ materially from those contemplated by the forward-looking statements. They are neither statements of historical fact nor guarantees or assurances of future performance. The matters referred to in the forward-looking statements contained in this offering memorandum may not in fact occur. We caution you therefore against relying on any of these forward-looking statements. Important factors that could cause actual results to differ materially from those in the forward-looking statements include regional, national or global political, economic, business, competitive, market and regulatory conditions and the following:

- our ability to operate and maintain available our electricity transmission infrastructure;
- adverse changes in the valuation of our transmission line facilities or adverse regulatory changes that may affect our operations, including the recategorization of our transmission facilities;
- our ability to recover our invested capital and operation and maintenance costs through regulated and unregulated tariffs;
- the continued performance and creditworthiness of our Dedicated Customers;
- the impact of the global novel coronavirus (COVID-19) pandemic, including any new strain and any associated economic downturn globally or on our future operating and financial performance;
- changes in our results of operations arising from the outcome of ongoing and future periodic tariff reviews or revisions;
- legislative and regulatory changes (including any changes in taxation laws and regulations);
- our ability to service our debt and fund our working capital requirements;
- changes in the political or regulatory environment affecting us, including regulation of the energy, electric power and power transmission markets by the Chilean Government and the costs of complying with environmental regulations;

- payment risks relating to the settlement of the National Transmission System (which replaced the former trunk transmission system) tariffs;
- our ability to fund and implement our capital expenditure programs;
- the condition of the Chilean and world economies;
- exchange rate fluctuations as between the Chilean peso and the U.S. dollar;
- inflation;
- the effects of competition;
- early termination of electricity transmission and service contracts in case of material breaches, contract expirations or non-renewals before the maturity of the Notes;
- the effects of natural disasters, casualties and other catastrophic events and conditions on our operations;
- the effects of service interruptions in our business affecting our financial condition and results of operations;
- increases in interest rates;
- plans for construction of facilities and timing and method of funding;
- our ability to raise capital and to continually gain access to financing sources;
- treatment of our activities under governmental regulatory regimes, labor, environmental, tax and other laws and regulations;
- delays in obtaining required environmental and other licenses;
- capital expenditure programs and the timing and method of financing thereof;
- additions or departures of key management personnel;
- changes in our ownership; and
- other factors that are described herein under the heading “Risk Factors.”

The forward-looking statements herein are based on a number of assumptions and/or estimates and are subject to known and unknown risks, uncertainties and other factors that may or may not occur in the future. As such, we caution you that forward-looking statements are not guarantee of future performance and that our actual result of operations, including our financial condition and liquidity and the development of the industry in which we intend to operate, may differ materially from those expressed or implied by our forward-looking statements.

We urge you to read the sections of this offering memorandum entitled “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” (presented based on a Combined Carve-Out Financial Statements, as defined herein), “Summary”, “Business” and “Regulatory Permits and Environmental Matters” for a more complete discussion of the factors that could affect our future performance and the markets in which we intend to operate. The forward-looking statements herein speak only as of the date on which the statements were made. We undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or developments or otherwise.

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

STA is a closely-held corporation (*sociedad anónima cerrada*) organized under the laws of Chile. All of STA's directors, and officers mentioned in this offering memorandum reside outside the United States (mainly in Chile), and all or a substantial portion of STA's assets and the assets of these persons are located outside the United States. As a result, except as described below, it may not be practicable for investors to effect service of process within the United States upon STA or such persons or to enforce against them U.S. court judgments predicated upon the civil liability provisions of the U.S. federal securities laws.

We have been advised by Carey y Cía. Limitada, our external Chilean counsel, that no treaty exists between the United States and Chile for the reciprocal enforcement of foreign judgments, except in case of arbitration in which arbitral awards may be enforced under the New York Convention (Recognition and Enforcement of Foreign Arbitral Awards, 1958). However, Chilean courts have enforced final judgments rendered by U.S. courts by virtue of the legal principles of reciprocity and comity, subject to review in Chile of any such U.S. judgment by the Chilean Supreme Court in order to ascertain whether certain basic principles of due process and public law and principles of public policy have been followed, without reviewing the merits of the subject matter. If a U.S. court grants a final judgment for the payment of money, enforceability of this judgment in Chile will be subject to obtaining the relevant *exequatur* (i.e., recognition of enforceability of the foreign judgment) in a proceeding before the Chilean Supreme Court, according to Chilean civil procedure law in effect at that time and satisfying certain legal requirements. Currently, the most important of these requirements are (except when a treaty between the United States and Chile exists for the reciprocal enforcement of foreign judgments):

- a) if at the time of enforcement there is a treaty between Chile and the country where the judgment was rendered with respect to the enforcement of foreign judgments, the provisions of such treaty shall be applied;
- b) if there is no treaty, the judgment will be enforced if there is reciprocity as to the enforcement of judgments (i.e. the foreign court would enforce a judgment of a Chilean court under comparable circumstances);
- c) if the judgment has been rendered by the courts of a country which systematically or pursuant to a legal provision does not enforce the judgment of Chilean courts, such judgment will not be enforced in Chile;
- d) if reciprocity cannot be proved to exist, the judgment may be enforced, nonetheless if (i) it does not contain anything contrary to Chilean Law, notwithstanding differences in procedural rules, (ii) it is not contrary to Chilean jurisdiction and public policy of Chile, (iii) it has been duly served, although the defendant may prove that for other reasons it has been prevented from using defect in services of process as a defense (with respect to service of process, the Chilean Supreme Court has decided that, to determine that process was duly served, service should be considered valid in the jurisdiction where the case was decided and it can be proven that the defendant has actual knowledge of the suit) and (iv) it is final under the laws of the country where the judgment was rendered; and
- e) in any event, the foreign judgment must not be contrary to the public policy of Chile or Chilean law and must not affect in any way any property located in Chile, which are, as a matter of Chilean Law, subject exclusively to the jurisdiction of Chilean courts. Disclaimers of liability will only be enforceable if there is no gross negligence or willful misconduct on the part of the party making such disclaimer.

Upon compliance with the above, the courts in Chile will enforce a final and conclusive judgment in accordance with the procedure contemplated for the enforcement of final and conclusive foreign judgments in the Chilean Civil Procedure Code (*exequatur*). Further, note there is doubt as to the enforceability, in original actions in Chilean courts, of liabilities predicated solely upon the U.S. federal securities laws and as to the enforceability in Chilean courts of judgments of U.S. courts obtained in actions predicated upon the civil liability provisions of the U.S. federal securities laws.

In addition, we have been advised by our Chilean counsel that it may be necessary for investors to comply with certain procedures, including payment of a stamp tax (currently assessed at a maximum rate of 0.80% of the face value of a debt security), if applicable, in order to file a lawsuit with respect to the Notes in a Chilean court, if at such time the stamp tax has not been paid by STA.

Finally, foreign judgments specifically related to properties located in Chile, including the attachment of liens on such properties, could be considered to violate Chilean law because such properties are subject exclusively to Chilean law and to the jurisdiction of Chilean courts.

We have appointed Cogency Global Inc as our authorized agent upon whom process may be served in any action arising out of or based upon the Indenture. With respect to such actions, we have submitted to the jurisdiction of any federal or state court having subject matter jurisdiction in the Borough of Manhattan, the City of New York, New York.

PRESENTATION OF FINANCIAL AND CERTAIN OTHER INFORMATION

Currency of Presentation

In this offering memorandum, unless otherwise specified or if the context so requires:

- References to “\$,” “U.S.\$,” “U.S. dollars,” “dollars” and “USD” are to U.S. dollars, the lawful currency of the United States of America.
- References to “Chilean pesos”, “Ch\$” or “CLP” are to Chilean pesos, the lawful currency of Chile.
- References to “UF” are to *Unidades de Fomento*, an inflation-indexed Chilean monetary unit with a value in Chilean pesos that changes on a daily basis to reflect changes in the Chilean CPI. The UF is calculated by the Central Bank of Chile and published monthly in the Official Gazette (*Diario Oficial of Chile*) and appears on Bloomberg page “CHUF.”

Our Corporate Restructuring

Our controlling shareholder, Inversiones Eléctricas del Sur S.A. (“Inversiones Eléctricas del Sur”) is engaged in the power distribution, generation and transmission business. In accordance with the amendments to the Chilean Electricity Law that went into effect upon enactment of the Transmission Law in early 2020, Chilean power distribution companies are now required to carry out exclusively power distribution activities and are no longer permitted to be engaged in power generation or power transmission activities. As such, the entities consolidated by and/or components (segments) of entities consolidated by Inversiones Eléctricas del Sur engaged in the transmission business (STC, STN, SATT, Cabo Leones, Tolchen and STS) have been restructured and are in the process of being restructured (the “Corporate Restructuring”) so that (i) they are consolidated under STA (which is a holding company for the entities exclusively in the power transmission business) and (ii) STA will divest itself of the two entities in the power generation business. Prior to the consolidation by STA of these entities, various steps were/will be taken:

- 1) A spin-off of the power transmission assets and liabilities of Sociedad Austral de Electricidad S.A. to STA. This step was completed on December 31, 2019, which is STA’s formation date.
- 2) A spin-off of a component of Sociedad Austral de Electricidad S.A., into a separate legal entity, Saesa TX. (later, merged according to step 3) below) This step was completed on December 31, 2020.
- 3) The formation and merger into STS of certain predecessor legal entities (Saesa TX, Frontel TX and Predecessor STS) engaged in the transmission business, which was approved by the CMF on December 1, 2021.
- 4) The consolidation of STS into STA, which was approved by the shareholders of STA on December 20, 2021 and was completed on December 28, 2021.
- 5) The divestment of SAGESA S.A. (“SAGESA”) and Sociedad Generadora Austral S.A. (“SGA”) (generation business legal entities that are not part of our power transmission business) from STA. This last step of the Corporate Restructuring is expected to occur in the first half of 2022.

Upon completion of the Corporate Restructuring, STA’s organizational structure will be as follows:



Presentation of Financial Information

As discussed above, as of the date of this offering memorandum, certain steps in the Corporate Restructuring are pending (specifically, the transfer of STA's equity interests in SAGESA and SGA to another affiliate of Grupo Saesa). Also, as a result of the series of steps already taken as part of the Corporate Restructuring, the historical consolidated financial statements of STA do not contain complete information as to the economic activities of the transmission business which will ultimately be consolidated as a whole under STA upon completion of the Corporate Restructuring.

Therefore, the audited combined financial statements ("Audited Combined Carve-Out Financial Statements") included herein that represent the combined historical statements of financial position and results of operations of STA, STN, STC, SATT, Cabo Leones, Predecessor STS, Saesa TX and Frontel TX (or historical carve-outs of components' financial information where formation of the legal entity had not been effected as of January 1, 2019) as of and for the years ended December 31, 2020 and 2019 have been prepared solely for inclusion in this offering memorandum and represent the economic activities of the power transmission business under the umbrella of Inversiones Eléctricas del Sur, as further explained in the succeeding paragraph. This offering memorandum also includes the unaudited combined historical statements of financial position and results of operations of STA, STN, STC, SATT, Cabo Leones, Predecessor STS, Saesa TX, Frontel TX and Tolchen (or historical carve-outs of components' financial information where formation of the legal entity had not been effected as of January 1, 2020) as of September 30, 2021 and for the nine-month periods ended September 30, 2021 and 2020 (the "Unaudited Combined Carve-out Financial Statements" and, together with the Audited Combined Carve-Out Financial Statements, the "Combined Carve-Out Financial Statements"). For purposes of preparing the Combined Carve-Out Financial Statements, all intra-group balances, transactions, income and expenses, and profits and losses resulting from intra-group transactions were eliminated.

The Combined Carve-Out Financial Statements represent the carve-out of the economic activities of the transmission business and combine, for accounting purposes, the legal entities and/or components or segments in the consolidation of Inversiones Eléctricas del Sur historically representing the whole of the transmission business. In order to present the transmission business on a stand-alone basis, the movements in the existing investments of the two power generation business legal entities are deconsolidated in the statement of parent group equity and comprehensive income for the years ended December 31, 2019 and 2020, as well as the existing investments in such legal entities in the opening balance sheet of parent group equity as of January 1, 2019. Unless otherwise indicated, references in this offering memorandum in the context of financial information, "results of operations," "liquidity," etc. are to the combined carve-out financial condition and/or combined results of operations included in the Combined Carve-Out Financial Statements. Additionally, unless otherwise indicated, references to "our business" or similar terms or terminology with respect thereto or the transmission business' manner of operation throughout the document are in reference to the economic activities of the transmission business as a whole excluding the generation and distribution businesses. (Please see page vi for a separate definition of STA). The entities included in the Combined Carve-Out Financial Statements are listed on Note 1 to each of the Audited Combined Carve-Out Financial Statements and the Unaudited Combined Carve-Out Financial Statements.

The Combined Carve-Out Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The Audited Combined Carve-Out Financial Statements have been audited by STA's independent auditors, Deloitte Auditores y Consultores Limitada ("Deloitte"). The audit report of Deloitte on such financial statements appears elsewhere in this offering memorandum. The Unaudited Combined Carve-Out Financial Statements have been prepared on the same basis as the Audited Combined Carve-Out Financial Statements, in accordance with International Accounting Standard 34 "Interim Financial Reporting." The results for the nine-month period ended September 30, 2021 are not indicative of results to be expected for the year ended December 31, 2021.

The Combined Carve-Out Financial Statements may not be indicative of our future operating results or financial performance, The Combined Carve-Out Financial Statements also include an allocation from

Sociedad Austral de Electricidad del Sur S.A., and Empresa Eléctrica de la Frontera S.A., for costs associated with certain management and support functions. These costs include, but are not limited to, executive management, finance, legal, information technology, employee benefits administration, treasury, risk management, procurement, and other shared services. The allocation of these additional expenses, which are included in the Combined Carve-Out Financial Statements, may not be indicative of the actual expenses that would have been incurred had we operated as a combined company independent of Grupo Saesa for the periods presented. See “Risk Factors — Risks Related to our Business and Industry — The historical combined financial information included in the Combined Carve-Out Financial Statements is not necessarily indicative of our future financial position, future results of operations or future cash flows.”

As of September 30, 2021, December 31, 2020 and December 31, 2019 and for the nine-months and years then ended, respectively, the Combined Carve-Out Financial Statements show negative working capital mainly due to the amounts of account payables for products and services for projects and related-company debt. For additional information, see Note 1 to each of the Audited Combined Carve-Out Financial Statements and the Unaudited Combined Carve-Out Financial Statements.

Special Note about Non-IFRS Financial Measures

The Non-IFRS measures in this offering memorandum use the Combined Carve-out Financial Statement information as their starting point and/or as the basis for reconciling items. This offering memorandum includes certain non-IFRS measures, for example, combined adjusted EBITDA. We calculate combined adjusted EBITDA (“Combined Adjusted EBITDA”) as follows: Revenue from ordinary activities plus Other revenue minus Raw materials and consumables used minus Employee benefit expenses minus Other expenses by nature. We present Combined Adjusted EBITDA in this offering memorandum because we believe that Combined Adjusted EBITDA provides useful information regarding our ability to service and incur indebtedness and as a measure of evaluating our performance. Combined Adjusted EBITDA is not a measure of operating performance under IFRS, and should not be considered a substitute for revenue, net income, cash flows from operating activities or other income statement data, or as a measure of profitability or liquidity, and does not necessarily indicate whether cash flow will be sufficient or available for cash requirements. Therefore, Combined Adjusted EBITDA and other related ratios should be viewed as supplementary to our financial statements included elsewhere in this offering memorandum and may not be indicative of our historical operating results nor are they meant to be predictive of potential future results. Because all companies do not calculate such measures identically, the presentation may not be comparable to similarly entitled measures of other companies and you are cautioned not to place undue reliance on such financial information.

Industry and Market Data

We obtained the market and industry data and other statistical information used throughout this offering memorandum from our own research, surveys or studies conducted by third parties, independent industry or general publications and other published independent sources, including the annual statistical compendium published by the CEN, public documents published by the CNE, the INE and the Chilean Generation Companies Association (*Asociación de Generadoras de Chile*) as well as the Ministry of Energy. To the extent any such data or other information relates to the Chilean government or Chilean macroeconomic data or other third-party publications or sources, such data or information has not been independently verified by us or the Initial Purchasers.

While we believe that each of these sources, including the estimates of CDEC — SIC, CEN, CNE and the Ministry of Energy, is reliable, they are themselves subject to assumptions and involve judgments and estimates, and neither we nor the Initial Purchasers have independently verified such data, and neither we nor the Initial Purchasers make any representations as to the accuracy of such information. Similarly, we believe our internal research is reliable, but it has not been verified by any independent sources. Where information in this offering memorandum has been sourced from third parties this information has been accurately reproduced and as far as STA is aware and is able to ascertain from the information published by such third parties no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third-party information is identified where used.

Translation of Chilean pesos into U.S. Dollars

This offering memorandum contains certain convenience translations of Chilean peso amounts into U.S. dollars at specified rates. Unless otherwise indicated, the U.S. dollar equivalent for information in Chilean pesos is based on the U.S. dollar “observed” exchange rate (Dólar Observado) (the “Observed Exchange Rate”) reported by the Central Bank of Chile as of the indicated date. The Observed Exchange Rate is published daily by the Central Bank of Chile on its webpage and on the next succeeding business day in the Official Chilean Gazette (Diario Oficial) and represents the weighted average exchange rate of the previous business day’s transactions in Chile’s Formal Exchange Market (Mercado Cambiario Formal) (the “Formal Exchange Market”), which is comprised of banks and other financial institutions authorized by the Central Bank of Chile. The Central Bank of Chile, in accordance with its statutory law, Law No. 18,840 (the “Chilean Central Bank Law”), may intervene by buying or selling foreign currency on the Formal Exchange Market to maintain the Observed Exchange Rate within a desired range. The U.S. Federal Reserve Board does not report a noon buying rate for Chilean pesos. On September 30, 2021, the Observed Exchange Rate for Chilean pesos as reported by the Central Bank of Chile and published in the Official Chilean Gazette was Ch\$811.90 to U.S.\$1.00.

The U.S. dollar equivalent information included in this offering memorandum is provided solely for convenience of investors, is not in accordance with generally accepted accounting principles and should not be construed as implying that the Chilean pesos amounts represent, or could have been or could be converted into, U.S. dollars at such rates or at any other rate. See “Exchange Rates and Exchange Controls in Chile — Exchange Rates.” Unless otherwise specified, references to the depreciation or the appreciation of the Chilean peso against the U.S. dollar are in nominal terms (without adjusting for inflation) based on the Observed Exchange Rates published by the Central Bank of Chile for the relevant period.

Rounding Adjustments

Certain figures included in this offering memorandum and in our Combined Carve-Out Financial Statements have been rounded for ease of presentation. Percentage figures included in this offering memorandum have not in all cases been calculated on the basis of such rounded figures but on the basis of such amounts prior to rounding. For this reason, percentage amounts in this offering memorandum may vary from those obtained by performing the same calculations using the figures in our Combined Carve-Out Financial Statements. Certain other amounts that appear in this offering memorandum may not sum due to rounding.

SUMMARY

This summary highlights information appearing elsewhere in this offering memorandum. This summary is not complete and does not contain all of the information that is important to you or that you should consider in making an investment decision in the Notes and is qualified in its entirety by, and should be read in conjunction with, the more detailed information included elsewhere in this offering memorandum, including the Combined Carve-Out Financial Statements and the notes thereto. Prospective investors should carefully consider the information set forth under “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” In addition, certain statements are forward looking statements which involve risks and uncertainties. See “Forward-Looking Statements.”

Overview

Through its consolidated subsidiaries STA owns and operates one of the largest Chilean power transmission businesses measured by kilometers of lines, with the third-largest transmission network within the Zonal Transmission System in Chile. We are responsible for reliably transmitting power to Chile’s population and industrial sector. Our power lines transport power from where power is generated to cities where the majority of the Chilean population lives, as well as to regions where large-scale industrial users are located and there is a significant amount of mining operations, including the north, center and south of Chile.

As of September 30, 2021, our combined power transmission infrastructure consisted of 88 power transmission assets in operation and 4 power transmission projects under construction featuring an aggregate of 1,961 Km of single and double circuit power transmission lines, of which 1,852 are in operation and 109 are under construction. Our power transmission lines are connected to 75 substations, with an aggregate transformation capacity of 3,248 MVA. Our transmission network spans 1,961 Km between the Antofagasta Region and Los Lagos Region.

The following table depicts key performance indicators of our power transmission infrastructure:

Performance Indicator	2019	2020	Nine-month period ended September 30, 2021
Availability Factor	99.87%	99.92%	99.92%
Average Interruption Index	0.64	0.39	1.02
Rate of Injuries Resulting in Days Away	0.12	0.17	0.22
Lost Day Rate	1.76	1.41	0.66

We operate regulated transmission lines pursuant to Project Decrees awarded by the Ministry of Energy and, therefore, in a highly regulated environment. The current Chilean regulatory framework for electricity transmission services has been in place since 1982, with most regulatory changes since then geared toward gradually improving and clarifying the rules to facilitate the development of the electricity transmission industry, improve the quality of services for users of the infrastructure and allow power transmission companies to recover their invested capital.

As of September 30, 2021, approximately 22.9% of the Chilean energy matrix was made up of renewable sources. According to the CNE, in the period from the beginning of 2021 through the end of 2023, approximately 92% of committed new generation projects expected to become operational in such period will be from renewable sources (hydro, solar, wind and geothermal), with approximately 8% from natural gas. The Chilean government expects to double the clean energy capacity coming online to its grid over the next three years.

Our Revenues

Our revenues are comprised of (i) regulated revenue derived from our operation of our transmission assets lines as part of the National Transmission System and Zonal Transmission System, and (ii) unregulated revenue derived from unregulated tariffs charged for dedicated transmission services, which are private

transmission services provided by us under Dedicated Contracts with Dedicated Customers, as well as from services under operation and maintenance agreements with third parties.

Our combined regulated revenues for the nine months ended September 30, 2021 and the year ended December 31, 2020 represented 66%, and 62%, respectively, of our combined revenues for such periods. These revenues derived from: (i) revenues from electricity transmission services provided through our transmission assets connected to the National Transmission System, which for the nine-month period ended September 30, 2021 and the year ended December 31, 2020 represented 12% and 15%, respectively, of our combined revenues for such periods and, (ii) revenues from electricity transmission services provided through our transmission assets connected to the Zonal Transmission system, which for the nine-month period ended September 30, 2021 and the year ended December 31, 2020 represented 55% and 48%, respectively, of our combined revenues for such periods. Our regulated revenues are indexed in U.S. dollars and Chilean CPI (and settled in Chilean pesos at the average exchange rate of the month preceding the applicable payment date and variation of the Chilean CPI rate in the two months prior to the month of payment,) and are calculated based on a formula designed to compensate the invested capital, operation and maintenance costs and a guaranteed (after tax) rate of return on the invested capital that ranges from 7% to 10%. These revenues are allocated to us based on the percentage that the power transmission assets owned by us that are connected to the National Transmission System and the Zonal Transmission System represent, compared to the total power transmission assets comprising the National Transmission System. As such, our regulated revenues are not contingent on the use of our power transmission infrastructure by power generation and distribution companies connected to the National Transmission System and the Zonal Transmission System or volume of electricity sold or transmitted through our power transmission infrastructure.

Our combined unregulated revenues, which for the nine months ended September 30, 2021 and the year ended December 31, 2020 represented 24%, and 29%, respectively, of our combined revenues for such periods. These revenues derived from: (i) contractually agreed payments made to us under Dedicated Contracts, which are essentially “take or pay” agreements with Unregulated Customers that under the Chilean Electricity Law we are permitted to freely negotiate and enter into with our Dedicated Consumers, such as power generation companies and large mining companies, in order to meet their electricity needs. The rates payable to us under our Dedicated Contracts are also designed to compensate us for the invested capital, operation and maintenance costs and a guaranteed (after tax) rate of return ranging from 7% to 10%, (ii) operation and maintenance services that we provide to third parties; (iii) any other ancillary revenues derived from services that are not rendered with assets connected to the Regulated Transmission System.

Regulatory Framework

Pursuant to the Chilean Transmission Law, transmission systems are categorized into three groups: (i) the National Transmission System, (ii) the Zonal Transmission System and (iii) the Dedicated Transmission System (where Unregulated Customers are provided power transmission services under Dedicated Contracts). The National Transmission System and Zonal Transmission System provide service on an open access basis to any Regulated Consumers and Unregulated Consumers that require electricity transmitted through those systems. The Dedicated Transmission System is only available to Unregulated Consumers who sign Dedicated Contracts with the power transmission companies that own transmission infrastructure comprising the Dedicated Transmission System. In some exceptional circumstances, the Dedicated System also provide service to Regulated Consumers. Transmission services provided through the National Transmission System and the Zonal Transmission System are subject to regulated tariff consisting of charges to end users based on tariffs set periodically by the CNE. Transmission services provided through the Dedicated Transmission System (other than transmission services provided through such system to Regulated Consumers) are governed by private contracts. The use of the Dedicated Transmission System to supply Regulated Consumers is subject to regulated rates. The information used to set tariffs is public in all cases. The collection systems utilized by power transmission companies result in a tariff charged to generation companies and end users, which according to the Chilean Transmission Law will migrate over time to a system whereby the cost of transmitting electricity is entirely borne by end users of such electricity. This tariff allows companies that own transmission facilities to recover their investments in transmission assets and collect the costs associated with the operation of these assets.

Tariffs for transmission services provided through transmission infrastructure comprising the National Transmission System and the Zonal Transmission System are based on expected usage of the transmission

networks. These tariffs are set by the CNE every 4 years taking into account the replacement cost of the capital investment in assets, equipment and infrastructure (including an expected rate of return), as well as the estimated operation, maintenance and administration costs of transmission facilities and infrastructure. In some instances, such as expansion projects, tariffs are based on values included in the winning bid submitted by the power transmission company awarded the expansion project through an open bidding process regulated by law. For the existing assets in the National Transmission System and the Zonal Transmission System, the tariff is subject to review every four years. For new and mandatory expansion projects, the tariff is set for an initial 20-year period, with subsequent adjustments every four years thereafter.

The regulated tariffs applicable to transmission services provided through the National Transmission System and the Zonal Transmission System are governed by the Chilean Electricity Law which allows owners of those transmission facilities to charge their customers a tariff known as the VATT, which is, in turn, comprised of two components, AVI and COMA. VI corresponds to the investment value (*valor de inversión*), which is the replacement value of an infrastructure used by the customer at prevailing market replacement costs. AVI is an annuity calculated by applying to VI a discount rate based on an expected return on investment determined in accordance with the parameters set by the Chilean Electricity Law and for a period of time based on the estimated service life of the underlying asset. COMA refers to operation, maintenance and administration costs and is also determined in accordance with the parameters set by the Chilean Electricity Law. Both AVI and COMA are adjusted on an annual or monthly basis (as determined by applicable regulation) by means of indexing formulas, which take into account local inflation, the U.S. CPI-U (in respect of the U.S. dollar portion of revenue), the prevailing U.S. Dollar/Chilean Peso exchange rate, and other factors. Tariffs payable for transmission services provided through infrastructure comprising the National Transmission System, the Zonal Transmission System or the Dedicated Transmission System do not depend upon the amount of electricity transmitted.

The respective VATTs of the transmission lines and substations operating in the National Transmission System and the Zonal Transmission System (other than those new or mandatory expansions) are determined by the CNE based on evaluation studies of the transmission systems carried out by a consultant chosen through an international public tender. The VI used to determine a project's AVI is based on the CNE's estimation of the costs required to be incurred to develop and construct an identical new infrastructure project at prevailing replacement costs, after factoring in an after-tax return on the investment amount ranging from 7% to 10%. The rate of return applicable to the VI is determined by the CNE every four years based on prevailing market conditions (interest rates and other costs of capital). As of the date of this offering memorandum, the discount rate used to calculate AVI is equal to 10% before taxes. In 2019, the CNE announced a discount rate of 7% after taxes for the 2020-2023 tariff period, which will be implemented retroactively upon the conclusion of the ongoing tariff review process.

As of the date of this offering memorandum, the CNE is reviewing the applicable tariffs for the 2020-2023 tariff period with a panel of technical experts, which is expected to be completed by March 2022 (the "Ongoing Tariff Review Process"), and this new tariff will be applied retroactively from January 1, 2020, once the review process is completed. Pending conclusion of the Ongoing Tariff Review Process, transmission companies continue invoicing under the previous tariff structure, and compensation or reimbursements, based on the new tariff, will be applied once this process is completed. Following the conclusion of this process, the values of the different components used to calculate the VATT and tariffs applicable to the relevant facilities (including VI, AVI, COMA and indexation formulas, among others) may differ from the values currently in place, which would result in corresponding changes in the tariffs charged by us.

In relation to revenues from the Dedicated Transmission System, tariffs are freely negotiated and documented through Dedicated Contracts entered into between the owner of the transmission facilities and Unregulated Consumers to the extent a Regulated Consumer elect to access electricity transmission infrastructure comprising the Dedicated Transmission System, services provided to these consumers are required to be based on regulated tariffs similar to those applicable to services provided through the National Transmission System and the Zonal Transmission System

STA's Ownership Structure

As of the date of this offering memorandum, Inversiones Eléctricas del Sur directly owns 99.92% of the equity interests in STA. Inversiones Eléctricas del Sur is wholly owned by Grupo Saesa which, in turn, is

owned in equal percentages by: (i) Andescan SpA, an entity controlled by Ontario Teachers' Pension Plan Board; and (ii) Cóndor Holding SpA, and entity controlled by Alberta Investment Management Corporation.

Inversiones Eléctricas del Sur S.A. — Inversiones Eléctricas del Sur, is a closely-held corporation (*sociedad anónima cerrada*) organized under the laws of Chile and registered as an issuer in the Chilean Securities Registry (*emisor de valores*) held by the CMF under No. 1,016. Inversiones Eléctricas del Sur was established in 2008 in Santiago, Chile to invest in wide range of operating and financial assets, including equity interests in private and public corporations, bonds, and other types of securities, investment vehicles, as well as the management of those investments. Inversiones Eléctricas del Sur has investments in power distribution businesses (unrelated to Grupo Saesa) located in the south of Chile (Biobío, La Araucanía, Los Lagos, Los Ríos and Aisen del General Carlos Ibáñez del Campo regions), as well as in power transmission businesses located in other regions of Chile (Antofagasta, Atacama, Coquimbo, O'Higgins, Ñuble, Bío Bío, La Araucanía, Los Ríos and Los Lagos regions).

Grupo Saesa — Inversiones Grupo Saesa Limitada is a limited liability company (*sociedad de responsabilidad limitada*) organized under the laws of Chile. Grupo Saesa was established in 2008 in Santiago, Chile, to invest in wide range of operating and financial assets, including equity interests in private and public corporations, bonds, and other types of securities, investment vehicles, as well as the management of those investments. Group Saesa is owned in equal percentage ownership interests by Andescan SpA, an entity controlled by Ontario Teachers' Pension Plan Board, and Cóndor Holding SpA, an entity controlled by Alberta Investment Management Corporation. Grupo Saesa owns significant businesses in the power generation, transmission and distribution sector in Chile, directly and through its affiliates and subsidiaries. Grupo Saesa is a key player in the Chilean power sector with approximately U.S.\$845,426,722 in revenues for the year-ended December 31, 2020 and focused on social and environmental sustainability. As of September 30, 2021, Grupo Saesa had approximately 1,852 Km of electric power transmission lines (equivalent to approximately 3,248 mega volt amperes) in operation, and close to 109 kilometers in transmission lines under construction. Together with its affiliates, Grupo Saesa has a global workforce of 1,578 employees across 12 affiliates and subsidiaries.

Ontario Teachers' Pension Plan — Ontario Teacher's Pension Plan Board (the "Plan") is the largest single professionally-managed pension fund in Canada, with approximately U.S.\$227.7 billion in net assets. The Plan pays pensions and invests plan assets on behalf of 331,000 working and retired teachers. Currently, the Plan employs 1,200 employees in its head office in Toronto, Canada and through its investment offices in London, Singapore and Hong Kong. The Plan is cosponsored by the Government of Ontario, through the Ministry of Education and the Ontario Teachers' Federation (OTF). The OTF represents teachers while the government represents employers. The Plan owns \$17,8 billion Canadian dollars in infrastructure investments.

Alberta Investment Management Corporation — Alberta Investment Management Corporation ("AIMCO") is a Canadian corporation and institutional investor with approximately U.S.\$170 billion Canadian dollars in assets under management. AIMCO manages investments for 32 clients, including pension funds, endowments and government funds. Its headquarters are located in the province of Alberta, Canada. AIMCO owns approximately U.S.\$9,581 million in infrastructure investments.

For further information regarding STA's corporate history and STA's corporate structure, see "— STA's Corporate History" and "— STA's Corporate Structure" below.

Competitive Strengths

We believe that our business is supported by the following competitive strengths:

- ***Provision of Essential and Strategic Services.*** We provide an essential and strategic service for the development of the Chilean economy through power transmission networks. Our assets connect various electric power systems and allow for transmission of non-conventional renewable energy throughout various regions of Chile, including Antofagasta, Atacama, Coquimbo, O'Higgins, Ñuble and Bío Bío, La Araucanía, Los Ríos and Los Lagos Regions, among others. This has enabled the entry of numerous renewable energy sources that were being wasted as a result of the lack of

transmission infrastructure; therefore, contributing to a cleaner, more sustainable and lower priced energy matrix for individuals and businesses in Chile. Despite the essential nature of the transmission services we provide for the electric power system and for the entire Chilean economy, currently the National Transmission System charges account for approximately 10% of an average end user's power bill. Considering the relatively low share of power transmission costs for electricity in Chile, we believe that we operate a highly stable business that is capable of steadily and consistently collecting revenue in the coming years.

- ***Diversified mix of regulated and unregulated revenues, limiting concentration risk and capitalizing on strategic synergies.*** We own approximately 451 Km of transmission assets located in the north of Chile, with the remaining 174 Km and 1,227 Km, respectively, located in the center and the south of Chile. Our strategy consists of participating in small projects that allow us to develop a large and diversified portfolio of transmission assets, thereby reducing construction risk and generating synergies and efficiencies due to the proximity of new projects to our existing assets. Furthermore, this strategy has allowed us to obtain better rates of return on our investments since public tenders for smaller projects tend to be less competitive than the large-scale ones. Additionally, 12% of our revenues are derived from the National Transmission System, 55% from the Zonal Transmission System and 24% from the Dedicated Transmission System. While we have a significant share of unregulated revenues from Dedicated Contracts, we maintain a diversified client Unregulated Customer portfolio consisting of more than 30 Dedicated Contracts.
- ***Experienced Management and Shareholders with Constructive Relationships with Regulators.*** The members of our management team are highly-trained professionals with significant experience in the power transmission sector and an average of over 18 years of experience in the electric power industry. We also have a highly-specialized and diverse team, illustrated by the fact that: 83% of our personnel have a post-graduate degree, 17% are women and 17% have more than 10 years of experience. Their management expertise has helped us achieve and maintain top-notch operating quality while helping to ensure favorable regulator relations.
- ***Stable and Predictable Cash Flow Generation.*** Most of our revenues come from our assets connected to the Regulated Transmission System, which is subject to a long-standing investor-friendly and transparent regulatory framework. This allows us to predict stable future cash flows. In addition to the above, our revenues from our assets connected to the Dedicated Transmission System are determined based on an average period of 20 years, with creditworthy counterparties. Lastly, the number of operating assets and diverse geographic coverage of our transmission network and of the power distribution and generation assets of our controlling shareholder Grupo Saesa allow us to achieve synergies and economies of scale.
- ***Strong Commitment to Environmental, Social and Governance (“ESG”).*** Our power transmission assets connect various electric power systems and allow for transmission of non-conventional renewable energy throughout various region of Chile, including Antofagasta, Atacama, Coquimbo, O’Higgins, Ñuble, Biobío, La Araucanía, Los Lagos and Los Ríos regions among others. This has facilitated the construction of numerous renewable energy generation assets to utilize renewable energy sources that were not been developed due to the absence of adequate power transmission infrastructure to connect such sources with the consumption centers. This has contributed to a cleaner and more sustainable energy matrix with lower prices and improved access for individual consumers and businesses in Chile. On November 29, 2021, we received a Second Opinion Party (“SPO”), certifying that we had developed a green financing framework for the financing of low-carbon energy generation and transmission infrastructure in Chile.
- ***Proven Track Record of Operational Excellence.*** Our power transmission services are highly reliable. Our Availability Factor for the years ended December 2019 and 2020 and the nine-month period ended September 30, 2021 was 99.87%, 99.92% and 99.92%, respectively, which we believe is one of the highest in the industry. In addition, our Average Interruptions Index for the years 2019 and 2020 and the nine-month period ended September 30, 2021 was 0.64, 0.39 and 1.02, respectively.
- ***Strong Regulatory Framework.*** The regulations in Chile governing the electricity transmission industry have been in force for approximately four decades, notwithstanding the amendments to the regulatory regime implemented by the Chilean Transmission Law. All transmission assets in Chile are

privately owned and may earn stable revenue in the long term as long as they continue to provide transmission service. The regulatory changes introduced in 2016 implemented by the Chilean Transmission Law improved the development process of transmission projects and reinforced the existing regulatory system by introducing, among other features: (1) a rate of return for the calculation of regulated transmission tariffs determined on a post-tax basis, which reduces the risk of changes in tax rates for the relevant transmission line owner; (2) an expansion in the planning horizon from ten to twenty years, which provides greater visibility to the National Transmission System on the need to perform new works; (3) participation of creditworthy distribution companies alongside existing generation companies as part of the compensation structure for transmission line owners; and (4) a cap on the penalties levied in the event of a transmission line outage, which provides greater certainty about the maximum liability in case of a service interruption that affects end users, which in turn increases certainty about the expected cash flow of transmission line owners. See “Industry — Chilean Electricity Law.”

Business Strategy

Our business strategy is comprised of the following key objectives:

- ***Provide Highly Reliable Service Availability, While Maximizing Efficiency.*** We continuously refine our operations and maintenance program for our system, with a focus on optimizing the service and maintenance of our assets to improve their lifespan and capacity to provide a return while minimizing costs. Our electricity transmission assets and operations are monitored in real-time in order to ensure proper functioning of the system, and to react quickly to address any irregularities. We have established relationships with proven and experienced affiliate contractors who provide maintenance and repair services and, where applicable, engineering and construction services, for our facilities.
- ***Maximize Return on Assets.*** Our objective is to utilize our portfolio of transmission assets to provide transmission services to both Regulated and Unregulated Consumers in the SEN. We continuously seek and implement plans to enhance the efficiency of our operations and internal processes and systems. We have proactive and constructive relationships with regulatory authorities and participate in all relevant industry discussions to ensure continuing development of the electric power transmission regulatory framework to gain returns from our existing assets and attract opportunities for developing or purchasing new assets.
- ***Maintain a Stable and Efficient Capital Structure.*** We expect to maintain a capital structure that will protect our investment grade ratings while providing attractive returns for our shareholders. In addition, we will seek to tailor our debt portfolio to ensure the debt partially amortizes throughout the life of the contracts, ensuring a reasonable cost of capital that can be supported by the stable nature of our asset base. We are also focused on maintaining appropriate levels of liquidity and expect to reinforce our capital
- ***Develop and Maintain Dialogue with all Stakeholders in the Community and Protect the Environment.*** In connection with the Corporate Restructuring, we intend to continue to work proactively to identify, evaluate and work to control safety risks in our power transmission infrastructure and to mitigate their negative impact on our employees and contractors, as well as the communities and the environment in the vicinity of our projects and existing assets. We intend to continue to implement strict policies for environmental protection with participation from our environmental teams at all stages of development and operations. Our goal is to develop trustworthy relationships based on transparency and mutual benefit with the communities, workers, subcontractors, suppliers, clients and other relevant stakeholders.
- ***ESG Commitment.*** We continue to have a strong commitment to the environment and the continued development of a low-carbon energy matrix in Chile. On November 29, 2021, we received an SPO certifying that we had developed a green financing framework for the financing of low-carbon energy transmission infrastructure in Chile. As attested to by the SPO, we are committed to the development of investment projects, through power transmission lines and substations that create energy efficiencies, by helping to decongest the system, reduce energy losses and connect renewable energy power generation sources to the Chilean interconnected system. In addition, when evaluating new

investment projects we will seek to perform comprehensive environmental, social and geographic analysis so as to mitigate our impact on the environment and local communities.

- ***Continue to Strategically Grow our Transmission Asset Base.*** We have a diversified investment portfolio both in terms of geographic location and type of customers (regulated vs unregulated) and will seek to continue to grow and diversify our transmission asset portfolio. In addition to the construction and operation of transmission lines connected to the Regulated Transmission System, which generated 66% and 62% of our combined revenues for the nine-month period ended September 30, 2021 and for the year ended December 31, 2020, respectively, we will seek to grow our revenues derived from services provided through our assets connected to the Dedicated Transmission System by entering into new Dedicated Contracts with Unregulated Consumers, and to increase the portion of our total revenues derived from the provision of operation and maintenance services to mining companies and electricity generating companies. We believe this will allow us to consistently grow our revenue and asset base while maintaining a sound financial profile.

Industry Overview

The industry in which we operate can be summarized as follows:

The electricity sector consists of three main business segments: generation, transmission, and distribution. These segments must operate in an interconnected and coordinated manner to supply electricity to clients at minimum cost and within the standards of quality and security required by the industry's rules and regulations. In general terms, generation is subject to market competition, while transmission and distribution, given their natural monopoly character, are subject to price regulation. Final customers may be regulated or unregulated depending on their connected capacity. Only Unregulated Consumers may freely choose a provider and freely agree to the energy price. Regulated Consumers are forced to contract with distribution companies and pay them a tariff defined by CNE and set by the Ministry of Energy. Chile's power transmission system is divided into two main networks: the SEN and several smaller isolated networks, mainly in the regions of Aysén and Magallanes, that account for less than 2% of Chile's power generation capacity. The CEN, a centralized dispatch center, coordinates the SEN's operations. The SEN comprises 35,919 Km of transmission lines as of the year 2021. The SEN operates at a national level with just a minor international interconnection with Argentina serving certain exceptional export surpluses.

The Chilean Interconnected System — SEN

The SEN spans approximately 3,100 Km throughout Chilean territory between the locality of Arica and Chiloé, with an installed capacity of 28,087 MW as of June 2021. The SEN is the largest power grid in Chile and accounts for 98.5% of the country's installed power generation capacity. The development of Chile's electric power sector is based on the unification of two formerly separated systems and allowed for transmission of non-conventional renewable energy from the former SING power grid in the North to the areas of consumption of the former SIC (both of which are currently interconnected under the SEN), covering the Atacama, Coquimbo, Valparaíso and Santiago regions.

This power generation and transmission, measured in GWh and MW respectively, of power produced and transmitted by the system over time has increased annually by an average of 2.92% over the last 10 years. The SEN investment has historically met the needs imposed by growing demand for power and future investment plans aim to satisfy growing needs.

Industry Participants

Chile's electricity industry is unique, since it is completely owned by the private sector, with multiple participants, both local and international.

The following table shows assets owned by us and by the leading power transmission companies in Chile:

Company	Power Grid (23kV-500kV, in km) as of September 30, 2021	Direct or Indirect Shareholders
STA	1,961 (including subsidiaries)	Alberta Investment Management Corporation (“AIMCO”) — 49.99% Ontario Teacher’s Pension Plan — 49.99% Other minority shareholders — 0.02%
Interchile	1,954	Interconexión Eléctrica S.A. E.S.P — 78.4% ISA Inversiones Chile SpA — 15.5%
Celeo Redes	506	Grupo Elecnor S.A. — 51% APG Infrastructure Pool — 49%
Transelec	9,857	China Southern Power Grid Co., Ltd — 27.79% Canada Pension Plan Investment Board — 27.73% British Columbia Investment Management Corp — 26% Public Sector Pension Investment Board — 18.48%

STA’s Corporate History

STA was incorporated on December 31, 2019, as a result of a spin-off from Sociedad Austral de Electricidad S.A., as a closely-held corporation (*sociedad anónima cerrada*), incorporated and existing under the laws of Chile.

STA’s Corporate Structure

The following diagram illustrates STA’s consolidated subsidiaries as of the date of this offering memorandum:



Upon completion of the Corporate Restructuring, STA’s organizational structure will be as follows:



Our Executive Offices

STA's principal executive offices are located at Isidora Goyenechea 3621, 3rd floor, Santiago, Republic of Chile, and STA's telephone number at that address is +56 (2) 2414 7010 — + 56 (2) 2 2414 7500. Its website is located at www.gruposaes.cl. The information on the website is not part of, and is not incorporated into, this offering memorandum.

Recent Developments

Impact of the COVID-19 Pandemic

In early March 2020, the Chilean government, the Central Bank of Chile and the CMF announced a series of measures aimed at mitigating the effects that the COVID-19 pandemic might have on the Chilean economy. On March 19, 2020, the Chilean President Sebastian Piñera announced a series of extraordinary economic relief measures aimed at protecting health, salaries and employment in light of the COVID-19 pandemic and its impact on the global economy. As COVID-19 has continued to affect the world, the Chilean government has further implemented additional social, economic and financial relief measures to support its citizens and its economy.

As of the date of this offering memorandum, the COVID 19 pandemic has not had a material adverse impact on the business of transmission companies, as these companies have maintained the same level of operations and continue to receive the same revenues for their services.

For additional information regarding the impact of the COVID-19 pandemic on us, see “Risk Factors — Outbreaks of communicable infections or diseases, or other public health pandemics, such as the COVID-19 pandemic, have impacted and may continue to further impact the areas in which we, our customers and our suppliers operate or market and sell products and could have a material adverse effect on our operations business, financial condition and results of operations.”

International Public Tender

Pursuant to the International Public Tender ordered by Decrees 185/20 and 171/20 of the Ministry of Energy STA was awarded four new power transmission projects connected to the National Transmission System, for an estimated investment value of U.S.\$50.2 million. These projects consist of the following three newly constructed assets and one expansion project: (i) the Gamboa Chonchi 2x220 Kv transmission line; (ii) the Eupulefu Angol 1x66 kV transmission line; (iii) the Epulefu Substation; and (iv) an expansion of the existing Angol Substation. The awarding decrees for these projects are expected to be issued during the first half of 2022.

Merger and acquisition by STA of Saesa TX, Predecessor STS and Frontel TX

On December 1, 2021, Frontel TX, Saesa TX, and Predecessor STS were merged. As a result of such merger, Saesa TX, as the surviving entity, acquired all of the assets and liabilities of Frontel TX and Predecessor STS. In addition, the surviving entity's name was changed to STS, its current name.

On December 20, 2021, STA's shareholders approved a capital increase of STA, which Inversiones Eléctricas del Sur subscribed and paid in by transferring all of the shares it owned in STS on December 28, 2021. This transaction resulted in STA becoming the parent company of STS, with 99,934% of its share capital.

THE OFFERING

The following is a brief summary of certain terms of this offering. For a more complete description of the terms of the Notes, see “Description of the Notes” in this offering memorandum.

Issuer	Sociedad de Transmisión Austral S.A.
Notes	U.S.\$390,000,000 aggregate principal amount of 4.000% Senior Notes due .
Issue Price	97.933%, plus accrued interest from January 27, 2022.
Maturity	January 27, 2032.
Interest	The Notes will bear interest at a rate of 4.000% per year from January 27, 2022.
Interest Payment Dates	Interest on the Notes will be payable semi-annually in arrears on July 27 and January 27 of each year, beginning on July 27, 2022.
Ranking	The Notes will rank equally with all of our existing and future senior unsecured indebtedness (other than obligations preferred by statute or by operation of law).
Optional Redemption	<p>The Notes will be redeemable, in whole or in part, at any time and from time to time, at our option at a redemption price equal to the greater of (i) 100% of the principal amount of the Notes to be redeemed and (ii) the sum of the present values of the Remaining Scheduled Payments of principal and interest on the Notes to be redeemed (exclusive of interest accrued to the applicable redemption date) discounted to that redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 40 basis points; plus, in the case of both clause (i) and clause (ii) above, accrued and unpaid interest on the principal amount of the Notes being redeemed to the date of redemption.</p> <p>In addition, the Notes will be redeemable, in whole or in part, at any time and from time to time, beginning on the date that is 90 days prior to the scheduled maturity of the Notes, at our option at a redemption price equal to 100% of the principal amount of the Notes to be redeemed, plus accrued and unpaid interest on the principal amount of the Notes being redeemed to the date of redemption. See “Description of the Notes — Optional Redemption.”</p>
Optional Redemption for Taxation Reasons	The Issuer may redeem the Notes in whole, but not in part, if the Issuer certifies to the Trustee that the Issuer has or will become obligated to pay any Additional Amounts with respect to the Notes on the next interest payment date in excess of the Additional Amounts that would be payable if payments of interest on the Notes were subject to withholding or deduction at a rate of 4.0% (the “Minimum Withholding Level”), as a result of any change in or amendment to the laws or regulations of the Republic of Chile or any other jurisdiction in which the Issuer is organized or engaged in business for tax purposes or, in each case, any political subdivision or governmental authority thereof or therein having the power to tax, or any change in the application or official interpretation of such laws or regulations, which change

or amendment occurs after the date of issuance of the Notes and such obligations cannot be avoided by the Issuer taking reasonable measures available to it. See “Description of the Notes — Redemption for Tax Reasons.”

Certain Covenants

The indenture relating to the Notes contains certain covenants, including limitations on liens, limitations on sale and leaseback transactions, and limitations on consolidations, mergers, sales or conveyances. All of these limitations and restrictions are subject to a number of significant exceptions. See “Description of the Notes — Covenants.”

Change of Control Event

Upon a Change of Control Event, holders of Notes will have the right to require us to purchase all or a portion of the Notes at a price equal to 101% of their principal amount plus accrued and unpaid interest, if any, through the date of purchase, upon the terms and conditions described under “Description of the Notes — Covenants — Change of Control Event.”

Events of Default

For a discussion of certain events of default that will permit acceleration of the principal of the Notes plus accrued interest, and any other amounts due with respect to the Notes, see “Description of the Notes — Defaults, Remedies and Waiver of Defaults — Events of Default.”

Additional Amounts

All payments by us in respect of the Notes, whether of principal or interest, will be made without withholding or deduction for or on account of any Taxes, unless required by law, in which case, subject to specified exceptions and limitations, we will pay such additional amounts as may be required so that the net amount received by the holders of the Notes in respect of principal, interest or other payments on the Notes, after any such withholding or deduction, will not be less than the amount that would have been received in the absence of any such withholding or deduction. See “Description of the Notes — Payment of Additional Amounts.”

Form of Notes, Clearing and Settlement

The Notes will be issued in the form of one or more global notes without coupons, registered in the name of a nominee of DTC, as depositary, for the accounts of its direct or indirect participants, including Euroclear and Clearstream. The Notes will be issued in denominations of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof. See “Description of the Notes — Form and Denominations” and “Form of Notes, Clearing and Settlement.”

Further Issuances

Subject to the covenants in the indenture governing the Notes, we may from time to time, without the consent of the holders of the Notes, issue further securities having the same terms and conditions (except issue date, price and first interest payment and, to the extent necessary, certain temporary securities law transfer restrictions) substantially identical to those of the Notes. Any further issue will be consolidated with, and form a single series with, the Notes sold in this offering.

Listing and Trading

Application will be made for the listing of the Notes on the Official List of the Singapore Exchange Securities Trading Limited (the “SGX-ST”).

Transfer Restrictions	We have not registered the Notes under the Securities Act. The Notes are subject to restrictions on transfer and may only be offered in transactions exempt from or not subject to the registration requirements of the Securities Act. See “Transfer Restrictions.”
Use of Proceeds	The gross proceeds from the sale of the Notes will be U.S.\$. We intend to use the net proceeds from the sale of the Notes in this offering (after deduction of certain fees, expenses and commissions) to finance a portion of our capital expenditures related to the green Projects (as defined below) for approximately U.S.\$55 million, including through refinancing intercompany loans the proceeds of which were used to finance such projects, and, the balance, if any, for general corporate purposes. See “Use of Proceeds.”
Risk Factors	Investing in the Notes involves certain risks. See “Risk Factors.”
Governing Law	State of New York.
Trustee, Registrar, Paying Agent and Transfer Agent	UMB Bank, National Association
Singapore Listing Agent	Rajah & Tann Singapore LLP
Securities Codes	The Notes will be assigned the following securities codes: <i>Rule 144A:</i> CUSIP: 83364A AA1 ISIN: US83364AAA16 <i>Regulation S:</i> CUSIP: P87163 AA2 ISIN: USP87163AA27

SUMMARY COMBINED FINANCIAL DATA

The following tables present our summary combined financial data as of the dates and for each of the periods indicated. You should read the following summary combined financial data in conjunction with the Combined Carve-Out Financial Statements, including the notes thereto, and the sections “Selected Combined Financial Data” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

The summary combined financial data as of September 30, 2021 and for the nine-month periods ended September 30, 2021 and 2020 was derived from our Unaudited Combined Carve-Out Financial Statements included elsewhere in this offering memorandum. The Unaudited Combined Carve-Out Financial Statements have been prepared on the same basis as the Audited Combined Carve-Out Financial Statements and, in accordance with International Accounting Standard 34 “Interim Financial Reporting.” The results for the nine-month period ended September 30, 2021 are not indicative of results to be expected for the entire year ending December 31, 2021.

The summary combined financial data as of December 31, 2020 and 2019 and for the years ended December 31, 2020 and 2019 was derived from the Audited Combined Carve-Out Financial Statements. The Audited Combined Carve-Out Financial Statements were audited by Deloitte Auditores y Consultores Limitada, as stated in their report included in this offering memorandum.

The Combined Carve-Out Financial Statements have been prepared in accordance with IFRS.

COMBINED STATEMENT OF COMPREHENSIVE INCOME DATA	For the Nine-Month Period ended September 30,		For the year ended December 31,	
	2021	2020	2020	2019
	(in thousands of Chilean pesos, except for percentages)			
Profit				
Revenue from ordinary activities	58,895,891	43,603,925	58,659,181	60,485,531
Other revenue.	6,395,155	3,377,446	5,548,228	1,838,441
Raw materials and consumables used	(424,479)	(335,535)	(283,265)	(550,239)
Employee benefits expenses	(6,216,330)	(4,629,099)	(6,538,641)	(4,750,748)
Depreciation and amortization expense	(8,727,176)	(8,209,485)	(10,932,691)	(9,954,259)
Other expenses, by nature	(12,112,057)	(8,698,869)	(13,506,962)	(12,157,957)
Other income (losses)	18,780	(1,782)	217,600	56,833
Financial income	52,912	105,478	109,503	1,159,754
Financial expenses	(4,801,932)	(4,680,742)	(6,171,215)	(7,513,310)
Exchange differences	(2,352,722)	873,630	1,737,177	119,324
Effect of inflation-indexation	(3,569,211)	(1,409,977)	(2,702,785)	(2,548,857)
Profit before tax	27,158,831	19,994,990	26,136,130	26,184,513
Income tax expense	(6,145,672)	(5,997,365)	(17,563,768)	(6,203,835)
Profit from continued operations	21,013,159	13,997,626	8,572,362	19,980,678
Profit from discontinued operations	—	—	—	—
Profit	21,013,159	13,997,626	8,572,362	19,980,678
Profit, attributable to:				
Owners of the Group	20,973,569	13,975,926	8,552,509	19,950,307
Non-controlling interest	39,590	21,700	19,853	30,371
Profit	21,013,159	13,997,626	8,572,362	19,980,678

	As of September 30, 2021	As of December 31,	
		2020	2019
	(in thousands of Chilean pesos)		
COMBINED STATEMENT OF FINANCIAL POSITION DATA			
Current Assets			
Cash and cash equivalents	999,657	1,458,987	1,071,210
Other financial assets current	76,822	147,556	350,683
Other non financial assets (current)	1,310,327	933,138	405,526
Trade debtors and other accounts receivable	26,971,476	32,865,594	19,968,704
Accounts receivable from related entities, current	422,076	1,359,305	3,717,905
Inventory, current	3,115,990	2,880,479	2,067,790
Current tax assets	7,745,418	15,276,091	14,161,435
Total Current Assets	40,641,766	54,921,150	41,743,253
Non Current Assets			
Other non-current non-financial assets	34,460	38,960	29,959
Non-current accounts receivable	10,972,356	394,924	4,942,608
Accounts receivable from related entities, non-current	5,327,262	2,904,797	13,952,629
Intangible assets other than goodwill	41,947,617	34,748,887	35,263,832
Goodwill	76,901,011	75,718,651	75,718,651
Property, plant and equipment	601,727,574	512,928,353	468,286,987
Right of use assets	1,298,847	1,363,138	1,346,868
Deferred tax assets	25,725,873	17,853,472	16,124,768
Total non current Assets	763,935,000	645,951,182	615,666,302
Total Assets	804,576,766	700,872,332	657,409,555
Current Liabilities			
Other financial liabilities, current	1,676,999	15,681,535	28,700,025
Lease liabilities, current	293,539	196,664	86,865
Trade accounts payable and other payables	25,232,841	18,310,512	23,790,167
Due to related companies, current	12,106,213	6,968,182	10,270,260
Other provisions, current	2,711,907	451,704	265,748
Current tax liabilities	2,601,603	11,190,548	2,092,760
Current accruals for employee benefits	1,326,996	1,548,563	1,465,820
Other non-financial liabilities, current	645,904	743,868	743,868
Total current liabilities	45,596,002	55,091,576	67,415,513
Non Current Liabilities			
Other financial liabilities, non-current	121,667,951	117,546,212	114,481,025
Lease liabilities, non-current	1,447,112	1,355,567	1,402,337
Trade accounts payable and other payables, non-current	330,482		
Due to related companies, non-current	279,777,664	205,873,048	164,255,206
Deferred tax liabilities	62,908,568	52,194,012	45,097,611
Non-current accruals for employee benefits	1,699,836	2,059,727	1,657,137
Other non-financial liabilities, non-current	13,481,076	10,375,887	14,112,560
Non Current Liabilities	481,312,689	389,404,453	341,005,876
Total Liabilities	527,908,691	444,496,029	408,421,389

	As of September 30,	As of December 31,	
	2021	2020	2019
	(in thousands of Chilean pesos)		
Equity			
Net Parent Investment	238,433,109	228,344,608	216,531,549
Other reserves	37,813,246	27,628,089	32,055,330
Equity attributable to owners of controller	276,246,355	255,972,697	248,586,879
Non-controlling interests	421,720	403,606	401,287
Total Equity	276,668,075	256,376,303	248,988,166
Total Equity and Liabilities	804,576,766	700,872,332	657,409,555

	For the Nine-Month Period ended September 30,		For the Year ended December 31	
	2021	2020	2020	2019
	(in thousands of Chilean pesos)			
COMBINED STATEMENT OF CASH FLOW DATA				
Net cash flows provided by operating activities . .	37,915,218	21,583,920	40,500,999	53,943,742
Cash flows used in investing activities	(60,802,706)	(28,410,462)	(64,070,406)	(94,138,095)
Cash flows provided by financing activities	22,375,761	11,574,221	24,007,415	40,720,871

	As of and for the nine- month period ended September 30,		As of and for the year ended December 31,	
	2021	2020	2020	2019
	(in thousands of Chilean pesos)			
OTHER COMBINED FINANCIAL DATA				
Other financial liabilities, current	1,676,999	15,681,535	28,700,025	
Other financial liabilities, non-current	121,667,951	117,546,212	114,481,025	
Cash and cash equivalent	999,657	1,458,987	1,071,210	
Net Debt^(*)	122,345,293	131,768,760	142,109,840	
Revenue from ordinary activities	58,895,891	58,659,181	60,485,531	
Other revenue	6,395,155	5,548,228	1,838,441	
Raw materials and consumables used	(424,479)	(283,265)	(550,239)	
Employee benefits expenses	(6,216,330)	(6,538,641)	(4,750,748)	
Other expenses, by nature	(12,112,057)	(13,506,962)	(12,157,957)	
Combined Adjusted EBITDA^(**)	46,538,180	43,878,541	44,865,028	
Net Debt/Combined Adjusted EBITDA	2.6	3.0	3.2	

(*) Other financial liabilities, current, plus other financial liabilities, non-current, minus cash and cash equivalents.

(**) See “Special Note about Non-IFRS Financial Measures.”

RISK FACTORS

An investment in the Notes involves significant risks. In addition to the other information contained in this offering memorandum, you should carefully consider the following risk factors before making an investment in the Notes. Any of the risks below could adversely affect our business, financial condition, results of operations, cash flows, prospects and/or STA's ability to make payments under the Notes. The risks described below are not the only ones facing STA or other companies in Chile. Additional risks and uncertainties of which STA is not aware or that STA currently believes are immaterial may also have an adverse effect on our business, financial condition, results of operations, cash flows, prospects and/or STA's ability to make payments on the Notes. If any of the risks described below materializes or occurs, the value of the Notes could decline and you may lose some or all of your investment.

Risks Related to Our Business and Industry

We depend on the condition, reliability, adequacy and availability of our infrastructure.

Our business depends on our ability to maintain adequate and reliable infrastructure in order to access and conduct our operations. The condition and availability of our infrastructure affects our capital and operating costs and our ability to maintain the expected level of availability of our transmission facilities. Unusual weather or other natural phenomena, sabotage or other interference or unexpected interruption in the operation or maintenance of such infrastructure could affect the development of a project or reduce or delay the availability and operations of our transmission lines. Furthermore, such events may reduce the expected technical useful life of certain of our assets, which may cause an increase in operating risks and costs.

Any such issues arising with respect to our transmission activities could adversely affect our business, results of operations or financial condition. Our revenue may be adversely affected if we fail to meet the required availability levels or to provide continuity of service to our customers. Any failure, unavailability or deterioration in the condition of our operational infrastructure, including equipment failure or disruption to our existing facilities in the Dedicated Transmission System, could adversely affect the production output from or to our Dedicated Customers, which may jeopardize our relationship with such customers. Likewise, any failure or unavailability of our operational infrastructure, including equipment failure or disruption to our current zonal or national facilities may lead to fines by the SDEC and compensation in favor of Regulated and Unregulated Consumers.

Changes in the valuation of our existing facilities in the National, Zonal Transmission Systems could negatively alter our return on investments.

Our facilities in the National and Zonal Transmission Systems are subject to extensive tariff regulation. The revenue and associated index formulas for these facilities are mostly fixed under a Tariff Decree that is revised every four years by the CNE in its TFVS and then set by the Ministry of Energy in a new Tariff Decree.

According to the Chilean Transmission Law, the tariff review process sets the replacement value of the relevant assets at a post-tax internal rate of return, or IRR, between 7% and 10% after taxes over the useful life of the asset to determine the AVI, the VATT (including their components, such as AVI, COMA and AEIR) and the indexation formulas used to calculate such components, which take into account variations in the Chilean peso-U.S. dollar exchange rate, inflation in the United States and Chile, as well as other variables that are subject to change during the tariff review process. For more information about the tariff review process, see “Regulatory, Permits and Environmental Matters — Chilean Electricity Law — Remuneration.” Therefore, the total valuation will be determined based on the estimated rebuild cost by comparable companies participating in the electric transmission system. If the CNE’s tariff adjustments are adverse to our interests and expectations, they could have a material adverse effect on our revenue and on STA’s ability to make payments under the Notes.

Moreover, any significant technological changes in our equipment could lower the CNE’s valuation, which could prevent partial recovery of investments we have made. The regulated income index formulas, which consider portions of the total VATT in Chilean pesos and U.S. dollars to determine our annual revenue, may not be able to completely offset inflation or exchange rate variations throughout the relevant period. Although inflation has been stable over the last decade in Chile, it has been subject to variation in the past (see

“Risk Factors — Risks Related to the Notes and the Guarantees — Inflation and government measures to curb inflation may adversely affect the Chilean economy and our business, results of operations and financial condition”). There is no guarantee that inflation in Chile or the United States will stay within expected ranges. Any such inflation-related variations in the Chilean peso or in the U.S. dollar that are not reflected in the exchange rate used to calculate VATT could negatively impact our revenue and STA’s ability to make payments under the Notes.

As of the date of this offering memorandum, the CNE is carrying out the Ongoing Tariff Review Process. This process is expected to be completed by March 2022, and the new tariff will be applied retroactively from January 1, 2020 once the Ongoing Tariff Review Process is completed. We may be adversely affected if tariffs decrease and we are required to make Tariff reimbursements.

We cannot predict when the Ongoing Tariff Review Process will be concluded or whether the definitive tariffs announced following the conclusion of such process will be the same as or higher than the existing tariff levels. In the event that the tariffs applicable to our operations are reduced our future cash flows, financial condition and results of operations could be materially adversely affected. This material impact could adversely affect STA’s ability to make payments on the Notes, which could require us to redeem the Notes to reduce our indebtedness.

Moreover, there are other inherent risks associated with the tariff review and adjustment process. For example, the CNE may delay the tariff review process, and the tariff adjustments determined by the CNE may not accurately reflect the replacement value of the operation, construction and maintenance costs of the transmission infrastructure. In addition, the regulatory framework in Chile may be amended. These regulatory changes may have a material adverse impact on our business, results of operations and financial condition.

We receive revenue under Dedicated Contracts, which may expire and may not be renewed or may be terminated early in case of material breaches before the maturity of the Notes.

Our revenues from our assets in the Dedicated Transmission System depend on transmission of electricity through our facilities pursuant to the Dedicated Contracts with generation companies and other Unregulated Consumers. These counterparties may choose not to renew their Dedicated Contracts or seek to renegotiate new terms that are less favorable to us for future extensions. Our rights to receive revenue under these Dedicated Contracts are limited to the term of such contracts, and our contractual counterparties are not obligated to extend the term of their contracts. For additional information on the risks associated with a counterparty electing not to extend its Dedicated Contract, see “Business — Our Power Transmission Assets — Our assets in the Dedicated Transmission System”. In addition, our counterparties in such Dedicated Contracts have the right to early termination in case of material breach by us. However, most of these contracts do not specify what may constitute a material breach, and determination of whether a violation constitutes a material breach is based on the evidence rendered by the parties to the dispute and determined by the relevant court. In the event of an early termination due to a material breach by us, we would not receive any compensation. The termination of any of these contracts may have a material adverse effect on our cash flow, financial condition and results of operations, and may impair our ability to make payments under the Notes.

Our assets comprising the Dedicated Transmission System consist of 605 km of transmission lines and 9 substations. For the nine-month period ended September 30, 2021 and the years ended December 31, 2020 and 2019, our combined revenues derived from our assets comprising the Dedicated Transmission System represented 24%, 29% and 29%, respectively, of our total combined revenues during that period. One of our most significant Dedicated Customer is Minera Escondida Ltda, which for the nine months ended September 30, 2021 accounted for 5.3% of our combined revenues for that period. Moreover, we also have Dedicated Contracts to provide transmission and transformation services to third parties, including to generating stations, mining companies and industrial companies. The terms of these Dedicated Contracts with third parties generally range from 10 to 30 years, with certain Dedicated Contracts expiring in 2043. Unless extended by the parties, 3% of our Dedicated Contracts will expire before the maturity of the Notes. See “Dedicated Transmission Agreements.”

Depending on market conditions and regulatory requirements, it may be difficult for us to renew, replace or negotiate similar terms for Dedicated Contracts as those currently in place with our Dedicated Customers. We cannot assure you that we will be able to renew or replace these contracts upon expiration, or that the terms of any renegotiated contract will be as favorable as those in the existing contract. If we are unable to renew, extend or replace these contracts, if we renew the contracts on less favorable terms or if the contracts are terminated before the expiration of their respective terms, our cash flows, financial condition and results of operations may be negatively affected, which, in turn, may have a material adverse effect on STA's ability to make payments under the Notes.

We depend on a few large Dedicated Customers to generate a significant portion of our revenue.

For the nine months ended September 30, 2021, our seven largest Dedicated Customers were Minera Escondida Ltda., Parque Eólico Cabo Leones I, Parque Eólico Cabo Leones II, Parque Eólico Cabo Leones III, Parque Eólico San Gabriel, Parque Eólico Los Olmos and Parque Eólico Tolpán Sur. The aggregate revenue generated pursuant to our Dedicated Contracts with these seven Dedicated Customers, excluding the following projects, Parque Eólico San Gabriel, Parque Eólico Los Olmos and Parque Eólico Tolpán Sur (that were not part of our assets during 2020), represented 14% of our total revenue for the fiscal year ended December 31, 2020. Although power transmission is an operating cost our clients are required to pay to operate, the financial condition and results of operations of our clients, including Unregulated Consumers, energy generation companies and energy distribution companies could impact their ability to pay us, which would affect our revenue. These negative effects may be due to events such as extensive droughts that reduce hydroelectric production, natural disasters and technological changes, which can affect our customers' ability to generate or consume the electricity that we transmit through our infrastructure, or the deterioration of our customers' credit due to changes in their business plan or shutdown of their industrial facilities. We cannot guarantee that our major customers or any other customers will remain financially strong, maintain their corporate credit ratings or pay any amounts due to us in a timely manner.

Changes in the categorization of our facilities could adversely affect our return on investments and lead to disputes regarding agreed-upon fees.

All transmission facilities connected to the SEN are subject to recategorization by the CNE every four years. Under certain conditions, facilities classified as in the National, Zonal and Dedicated Transmission Systems can be reclassified and subject to rules of other transmission systems. The change in categorization from a National or Zonal Transmission System facility to a Dedicated Transmission System facility, or from a Dedicated Transmission System facility to a National or Zonal Transmission System facility, may result in a change in the remuneration structure for the recovery of the invested capital in and use of such facility. In the event of a recategorization from a National or Zonal Transmission System facility to a Dedicated Transmission System facility, the regulated tariffs set by the authority for the respective facility, will apply only to the fraction used by Regulated Consumers, if any, and the Dedicated Customers would be required to agree on a new tariff for their respective Dedicated Contracts, which may be lower than the previous regulatory tariff or may result in a delay in the payment of such contractual amounts pending negotiation of the underlying Dedicated Contracts.

In the event of a recategorization from a Dedicated Transmission System facility to a National or Zonal Transmission System facility, the applicable regulatory tariff would apply based on a valuation of the underlying asset, and the fees of the applicable Dedicated Contract may be replaced by such regulatory tariff, which may be lower than the full tariff previously set in the Dedicated Contract, and, in which case, according to our current Dedicated Contracts, the difference would be paid by the Dedicated Customer. Nevertheless, we are not able to guarantee that our future Dedicated Contracts will contain the same clause, therefore, in the future we may be unable to recover the difference. Moreover, the valuation process and, consequently, tariff payments may be delayed and, if we continue to receive amounts pursuant to the Dedicated Contract while the valuation of the underlying assets is pending, we may be required to reimburse such amounts.

In the past, certain of our facilities have been recategorized. We cannot assure you that the categorization of our facilities will remain the same over time, that the tariffs applied and paid in connection with reclassified assets will not be disputed and, if disputed, that we would prevail in such disputes. As a result, the

reategorization of any of our facilities may have a material adverse impact on our cash flows, financial condition and results of operations and could impair STA's ability to make payments under the Notes.

The historical combined financial information included in the Combined Carve-Out Financial Statements is not necessarily indicative of our future financial position, future results of operations or future cash flows.

The Combined Carve-Out Financial Statements include an allocation from Sociedad Austral de Electricidad del Sur S.A., and Empresa Eléctrica de la Frontera S.A., for certain management and support functions that were not previously incurred directly by STA. These costs include, but are not limited to, executive management, finance, legal, information technology, employee benefits administration, treasury, risk management, procurement, and other shared services. The allocation of these additional expenses, which are included in the Combined Carve-Out Financial Statements, may not be indicative of the actual expense that would have been incurred had we operated as a combined company independent of Grupo Saesa for the period presented.

- As part of Grupo Saesa, STA and some of the entities included in the combination historically benefited from economies of scale and efficiencies resulting from the buying power of Grupo Saesa. As a separate business, we may not obtain the same level of efficiencies and supplier discounts historically received.
- The preparation of financial statements requires management to make certain estimates and assumptions, either at the balance sheet date or during the period that affects the reported amounts of assets and liabilities as well as expenses.
- The carve-outs were based on the historical financial information of the components and legal entities carved out. Estimates and assumptions associated with these financial statements are explained in Note 1 to each of the Audited Combined Carve-Out Financial Statements and the Unaudited Combined Carve-Out Financial Statements, however, as noted, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.
- Significant changes may occur in our cost structure, management, financing and business operations as a result of the Corporate Restructuring.

Operational hazards, including equipment failures, machinery breakdowns or accidents, could have a material adverse effect on our business, results of operations and financial condition.

Our transmission lines and business operations are exposed to certain operational hazards, including equipment failures and accidents, explosions, pollution, releases of toxic substances, fires, adverse weather conditions, geological risks, vandalism, theft, power transmission facility damage, labor accidents, equipment failures and other hazards, each of which may affect our business. In addition, Chile is located in a seismic area that exposes our facilities to breakdowns due to earthquakes. For further discussion, please refer to “— Risks Related to Chile — Natural disasters (including seismic events) may damage our facilities and affect our operations and financial condition.” Unplanned transmission line breakdowns and subsequent unavailability of the transmission lines may negatively affect our operations. Government authorities may also impose fines if there is a failure to provide services or meet established availability levels. See “— Risks Related to Our Business and Industry — Regulatory authorities may impose fines on us as a result of energy supply failures.”

Further, many of our employees work with complex and often dangerous equipment and machinery and accidents may occur. These accidents may cause shutdowns, which may lead to fines or other sanctions. Defending or settling a legal claim arising from accidents could affect our financial results. In addition, our current insurance coverage may be insufficient to protect against such risks in the future. See “— Risks Related to Our Business and Industry — Our insurance coverage may be insufficient or inadequate to cover our losses.”

The occurrence of any operational hazard that affects or interferes with our facilities, operations, employees or contractors could have a material adverse impact on our business, financial condition, results of operations.

The operation of our network could be disrupted as a result of events or actions beyond our control or due to differing requirements of facilities connected to our network.

Our network operates through interconnections with numerous other power transmission companies and generation companies whose actions could have a negative impact on our operations. The systems put in place by other transmission and generation operators may not always be adequate to prevent problems at other utilities from causing service interruptions in our network. Additionally, as is customary in the transmission industry, the regulated terms of service (where applicable) and prevailing business and operating principles may differ among transmission companies and their facilities. Even though we generally require compliance with certain standards and specifications in our agreements with the operators of such facilities to mitigate these risks, we cannot assure you that certain conflicts or issues will not arise from these differing requirements in certain circumstances. Given our lack of control over the requirements adopted by operators of other facilities, no assurance can be given that these differing requirements will not result in material or lengthy operational problems or failure. If any utility or transmission system interconnected with us were to suffer such a service interruption or other operational issue, it could have a material adverse impact on our business, financial condition, results of operations and, as a result, could impair STA's ability to make payments under the Notes.

Easements, rights of way and other property rights that are critical to our facilities and transmission lines may be subject to legal challenge or termination.

Significant portions of our facilities are located on property over which we have acquired property rights due to mandatory easements and other agreements. Although we believe we lawfully obtained these easements and rights of way, we may face legal challenges with respect to the recording of such property rights with the relevant authorities, the scope or priority of such rights, or compliance with the terms of such easements and agreements. We may also be liable for damages caused to third parties' private property. Furthermore, the Chilean Electricity Law establishes certain procedures to terminate an energy concession when the concessionaire does not comply with its obligation under easements or relevant agreements underlying the transmission line. Violations of easement and property agreements include material delay to reach construction deadlines under the Project Decree or to operate and maintain transmission assets according to applicable regulations. If any such delays occur in the completion, operation or maintenance of a transmission line and related facilities, we may not have all necessary property rights to successfully perform our business. These legal challenges and termination risks may have an impact on our cash flows, financial condition and operation results and could impair STA's ability to make payments under the Notes.

We operate in a highly regulated environment and any change in the Chilean electricity industry regulations may adversely affect companies operating in the electricity sector, including us.

Our operations are highly regulated and supervised by the Chilean government, through the SDEC, CNE, CEN and other regulatory authorities, each of which has historically had a substantial degree of influence on our business. SDEC, CNE and CEN have discretionary authority to implement and change policies, interpretations and rules applicable to different aspects of our business, especially operations, maintenance, safety, compensation and inspection. Any significant regulatory measure implemented by the competent authorities may impose a significant burden on our activities, which may cause a material adverse effect on us.

Our core business activities, the implementation of our growth strategy and the conduct of our operations may be adversely affected by actions of the Chilean government, such as amendments to laws applicable to our business, including tax, labor and environmental laws. We cannot assure you that measures taken in the future by the Chilean government regarding the development of the Chilean electricity system will not negatively affect our activities or the extent to which such measures may adversely affect us. If we are required to conduct our business and operations in a way that is substantially different from what is provided in our business plans, our business, financial condition and results of operation may be adversely affected.

The Chilean government could seize or expropriate our assets under certain circumstances.

According to Article 19 No. 24 of the Chilean Constitution, the Chilean government may exercise its eminent domain powers with respect to our assets if the government considers it necessary to protect the public interest. According to Chilean Decree with Force of Law (*Decreto con Fuerza de Ley*) No. 2,186 of 1978, the Chilean government may exercise eminent domain powers through the administrative expropriation process, which is subject to review in civil court.

In case of expropriation, we would be entitled to compensation for the expropriated assets. A provisional compensation will be determined by a three-member expert's commission. If the authority and the expropriated party agree on the proposed provisional compensation, it will become definitive. On the contrary, the authority and the expropriated party may agree on a different compensation amount or submit legal actions to challenge the provisional compensation. Although the Chilean law contemplates a procedure to arrive to an amount of compensation, it does not provide and specific guidance on how to calculate the correspondence payment of compensation in case of expropriation on ground of public interest, but the Political Constitution of the Republic of Chile provides it shall be equivalent to the patrimonial damages effectively caused to the expropriated party. Nevertheless, the compensation may be lower than the market price of the asset or its value as part of an ongoing business. As such, a seizure or expropriation of assets may adversely affect STA's ability to make payments under the Notes. In addition, upon an expropriation event above a certain threshold, if as a result there is a Change of Control Event, we will be required to use such proceeds to conduct an offer to purchase, as described under "Description of the Notes — Certain Covenants — Change of Control Event."

Distribution and power generation companies may fail to pay mandatory fees on behalf of their customers.

Since January 1, 2019, generation and distribution companies collect and pay a mandatory flat charge for the National Transmission System to transmission companies on behalf of end customers. See "Industry — Chilean Electricity Law." If generation or distribution companies fail to make a monthly transmission service payment, we will bear the risk of such non-payment.

Moreover, Law No. 21,249, enacted in August 2020 to address the impacts of the COVID-19 pandemic, has prevented distribution companies from interrupting or discontinuing delivery of electricity until December 31, 2021 to Regulated Consumers who fail to pay their invoices. This law has led distribution companies to collect unpaid amounts in installments. As a result, distribution companies' revenue has been adversely affected, and they may not be able to pay the mandatory flat charge for the National and Zonal Transmission Systems to transmission companies, including us, which may affect our results and financial conditions. We cannot assure you that this law will not be extended for a longer period, which may adversely affect our results and financial condition in the future.

Chile's energy agenda (Ruta Energética 2018-2022) and other proposed regulations and policies may lead to significant changes in the energy generation industry, particularly in respect of energy sources for energy generation activities and related approvals.

In an effort to increase the use of renewable energy and begin the process of decarbonizing the Chilean energy generation matrix, the Chilean government and the member companies of the Association of Energy Generators of Chile (Asociación Gremial de Generadoras de Chile), including, among others, AES Gener S.A. (today, AES Andes S.A.), Enel Generación Chile S.A., Engie Energía Chile S.A. ("Engie") and Colbún, entered into a non-binding agreement pursuant to which they agreed (i) not to start or support the development of new coal power plants that do not have carbon capture and storage systems or other equivalent technologies, (ii) to set up a working group to analyze a gradual shut-down of coal-fired power plants that do not have carbon capture and storage systems or other equivalent technologies, and (iii) to source 70% of national electricity generation from renewables by 2050. Decarbonization initiatives such as these may lead to significant changes in our industry and sources of energy and related approvals. As of the date of this offering memorandum, there is a proposed decarbonization bill that could force the closure of coal-fired power plants or prohibit the establishment of new plants in the future, which could affect certain of our counterparties whose power plants may be decommissioned as a result of this plan. These changes may affect the activities of our clients that are energy generation companies, who may be unable to

transition their business in a timely fashion or at all. As a result, these policy changes could adversely affect our business, financial condition and results of operations.

We cannot assure you that the Chilean government will not pass additional regulations that affect our clients' businesses. Furthermore, the Chilean government held a "Decarbonization Workshop" directed by the Ministry of Energy, in which market players held discussions about the technical, economic, environmental and social feasibility of decommissioning of coal plants. A variety of studies, including those conducted by the Ministry of Energy, have indicated that the decarbonization process would significantly affect the reliability, investment costs and transmission of energy in Chile. While regulations have not been enacted based on these studies or workshops, any such future regulations could have a material adverse effect on our business, financial condition and results of operations.

Government regulations, including environmental laws, and potential actions pursuant to such regulations could significantly affect us and the electricity transmission industry generally and may impose additional costs on us.

Potential changes in power and transmission industry regulations may adversely impact our results, operations and financial condition. Material adverse changes in the regulatory framework for power generation and energy transmission may affect our direct and variable costs (particularly costs relating to compliance), supplies and governmental licenses and other key aspects of our business. We cannot guarantee that the laws or regulations in Chile will not change, nor can we guarantee that laws and regulations in Chile will not be interpreted or applied in a manner that could adversely affect us. For details about laws and regulations that may affect our business, see "Industry — Chilean Electricity Law".

In particular, our operations are subject to a wide range of environmental regulations and, as such, we are required to obtain licenses and authorizations from government agencies to conduct our activities. During the environmental licensing process, the licensing authority may deny or delay the issuance or renewal of licenses and authorizations required to conduct our activities, or impose conditions the fulfillment of which is difficult and costly, which could delay the implementation of our projects and negatively affect the project's timetable and implementation costs. If we are unable to meet the technical requirements and conditions set forth by environmental agencies during the course of the licensing process, the installation and operation of projects, as well as the development of our activities, may be harmed or even hindered, which may adversely affect our results of operations.

Any breach of environmental regulations may lead to administrative sanctions, fines, environmental damages, claims, remediation obligations, revocation of environmental licenses or the temporary or permanent closure of facilities, which may have a material adverse effect on our reputation, revenue and results of operations. Furthermore, Chilean environmental regulations have become stricter over recent years, particularly in connection with approvals for new projects and enforcement of existing legal and permit requirements. This trend is likely to continue in the near future. New environmental requirements or changes in application, interpretation or enforcement of existing requirements could substantially increase our capital, operating and compliance costs or restrict our operations. Therefore, stricter air and wastewater emission requirements or new regulations related to climate change could require us to allocate additional funds to environmental compliance, obtain environmental licenses for areas that will be used to implement new projects, and limit the availability of funds for other purposes, which could have a material adverse effect on our business, results of operations and financial condition.

Failure to maintain and renew all necessary authorizations and certifications required for the operation of our transmission lines and changes in licensing regimes may have a material adverse effect on our operations.

Our operations require several permits and authorizations from Chilean government agencies. The process to maintain and renew these necessary permits and authorizations is complex and time-consuming. We cannot guarantee that we will be able to maintain our permits and authorizations in the future. In addition, Chilean governmental agencies that regulate the SEN may require us to maintain certain additional quality and safety certifications and targets.

If we fail to maintain or renew any required permits or authorizations or do not meet the requirements for certifications and quality and safety targets, we may be subject to legal disputes, fines, penalties or other

liabilities or we may be prevented from operating altogether. These developments could have a material adverse effect on our cash flows, business financial condition and results of operations.

Our right to receive revenue pursuant to certain Project Decrees associated with new facilities in the Zonal Transmission Systems may be revoked in case of material breaches.

Our rights to own, operate and receive revenue in connection with our 2,316 MVA and 55 Substations and the 55 transmission lines, all of which are connected to the Zonal Transmission System, depend on the terms of their respective Project Decrees granted by the Ministry of Energy. However, the Ministry of Energy may revoke our Project Decrees in case of material breach of our obligations under these decrees. Under current law, it is unclear which violations constitute a material breach that could lead to the termination of a decree. However, some material breaches that may cause an early termination are: (i) non-delivery of a required performance bond; or (ii) any other material breach that may allow the authority to presume that the awardee will not be in a position to comply with the requirements for the execution of a project. Neither the Chilean Electricity Law nor the Project Decrees define the scope of a “material breach.” It may be difficult to determine what breaches may constitute a “material breach” because the determination of whether a violation constitutes a material breach is based on investigations conducted by the CEN, and there are no precedents for the termination of a Project Decree under these circumstances in Chile.

In the event of a termination, we would not receive any compensation. In addition, the transfer of transmission line assets to third parties may not be possible after the termination of these Project Decrees. As such, the termination of our Project Decrees may have a material adverse effect on our cash flow, financial condition and results of operations, which could limit STA’s ability to make payments under the Notes.

Regulatory authorities may impose fines on us as a result of energy supply failures.

We may be subject to regulatory fines for any breach of current regulations in Chile, in cases when, in the opinion of the SDEC, we are responsible for operational failures that affect the regular energy supply to the system, even when the failure is not under our control. We may also have the duty to compensate Regulated and Unregulated Consumers affected by electricity shortages. The Transmission Law of 2016 establishes the amounts of compensation for unsupplied energy. The maximum fine that the SDEC can impose for a transmission line failure is 10,000 annual tax units per infringement. Fines imposed by the SDEC can be appealed before the relevant court of appeals, whose decision may be further reviewed by the Supreme Court of Chile. For more information about regulatory requirements applicable to us, see “Regulatory, Permits and Environmental Matters — Chilean Electricity Law — Fines and Compensation.”

We depend on a number of third parties to develop, construct, operate and maintain our transmission lines and facilities.

We depend on a number of third parties, over whom we have little or no control, to, provide goods and services that are necessary for the development, construction and commencement and continued operation of our transmission lines and facilities, among other things. Our ability to complete the construction and commencement of commercial operation of our projects and investments and to continue operating our transmission lines and facilities could be adversely affected by the inability or unwillingness of any third party upon whom we depend to provide us with services on a timely basis and in accordance with contractual specifications. Any such impairment, in turn, could adversely affect STA’s ability to pay amounts due on the Notes. For additional information on the certain agreements or other business relationships we enter with our affiliates, see “Certain Relationships and Related Party Transactions.”

In addition, we have entered into service agreements for the operation and maintenance of our transmission lines and substations with third-party service providers. Any failures, delays or defects in the services provided by our suppliers may have an adverse effect on our image and relationship with our customers, which may adversely affect us. In addition, the termination of service agreements or our inability to renew them or to negotiate new agreements with other service providers with the same qualifications, in a timely manner and at comparable rates, could have a material adverse impact on our business, financial performance and results of operations.

We rely on a few suppliers to provide us with important equipment used in our facilities; and any termination of supply agreements between us and the suppliers or any issues with our suppliers may adversely affect us.

Due to the technical specifications of the equipment used in our facilities, we rely on few suppliers of certain equipment, or even a single supplier and, accordingly, we are subject to price increases and failures by our suppliers, including delays in the delivery of equipment or delivery of damaged equipment. Further, if any supplier no longer manufactures or suspends the sale of any equipment required by us, we may not be able to acquire the equipment from other suppliers. In such cases, our electricity transmission services may be significantly affected and we may be required to make unplanned investments in order to develop or fund the development of new technology to replace the relevant equipment, which may adversely affect us.

A voluntary or mandatory expansion of our power transmission infrastructure may subject us to construction and other risks and capital expenditures that may adversely affect our financial condition and results of operations.

We may opt or be required under Chilean law to undertake mandatory capital expenditures or expand the capacity of our existing power transmission business and existing infrastructure. Mandatory expansions and related construction costs are compensated by additional revenue based on the construction costs of the relevant asset under the existing regulatory framework. We are required to follow these mandatory capital expenditure directives to comply with government requirements under relevant provisions of the Chilean Electricity Law and the Project Decrees. The voluntary and mandatory expansion of our existing infrastructure creates various regulatory, developmental and operational risks, such as:

- we may fail to obtain all necessary regulatory approvals, permits and local authorizations, particularly environmental approvals, or property rights, including easements and right of way, in due time or on terms that it considers acceptable;
- potential changes to national and local statutes and regulations (including environmental requirements), fines or penalties related to the construction of additional facilities and opposition from local communities may prevent our projects from proceeding, increase their anticipated cost or delay their implementation;
- we may not be able to conclude our projects at the anticipated costs or that it may have cost overruns due to inflation or increases in equipment, materials and labor costs or other factors beyond our control;
- our Engineering, Procurement and Construction (“EPC”) contracts for such expansions may not establish sufficient grounds for claims against contractors who fail to perform their obligations, including warranty periods;
- we may fail to comply with the expected commercial operation date expected for such projects; and
- the anticipated future growth in power supply may not materialize.

Any of these risks could prevent a project from going forward, delay its completion or increase its anticipated costs. As a result, the construction of new facilities or expansion of existing infrastructure may not achieve the expected investment return, which could adversely affect our financial condition or results of operations and impair STA’s ability to make payments under the Notes.

Moreover, we may fund capital expenditures in connection with a voluntary or mandatory expansion with cash generated internally from our operations and if necessary, with proceeds of equity contributions from our shareholders or debt financing. Any such debt that we incur may have priority in right of payment and security to the Notes. See “Risk Factors — Risks Related to the Notes and the Guarantees — We may incur additional indebtedness that could adversely affect holders of the Notes.” We cannot guarantee that we will obtain sufficient funds from internal or external sources to fund our capital expenditure requirements in the future.

Construction delays for our new power transmission facilities may substantially alter the total construction costs.

The success of our expansion program and new transmission network projects will depend on several factors, including financing costs and availability. Although we have experience in large-scale construction

projects, the construction of new facilities could be jeopardized by factors commonly associated with such projects, including delays in regulatory authorizations; equipment, material or labor shortages; price changes; adverse weather conditions; natural catastrophes, accidents, unforeseen circumstances and difficulties in the approval of financing at reasonable rates. Any of the above factors could lead to delays in the partial or total completion of a capital investment project and also increase costs for projects we are considering undertaking. These increases could have a material adverse effect on our financial condition and results of operations.

Our business requires significant capital expenditure.

The energy transmission business is capital intensive. Maintaining, repairing, replacing and upgrading our transmission facilities will require capital expenditure in the future. Responding to increases in competition, meeting customer demands and improving the capabilities of our energy transmission facilities may also result in increased capital expenditures in the future. We may also need to invest capital to modernize our existing facilities to comply with regulatory requirements. If we are unable to finance any such capital expenditures, our business could be adversely affected.

Increased competition in Chile could adversely affect our revenues and profitability.

The power transmission industry in Chile is highly competitive and we expect it to become even more competitive in the near future. We face competition in bidding processes for new transmission projects from a variety of domestic and international operators. Increased competition could result in a loss of new projects and expansions, which may reduce our market share, and in turn, adversely affect our financial condition and results of operation.

Future litigation, administrative, regulatory and arbitral proceedings may result in unfavorable decisions or financial penalties that negatively affect our business.

We may be subject to future litigation, administrative, regulatory or arbitral proceedings in Chile that could result in unfavorable decisions or financial penalties against us. Litigation, administrative, regulatory or arbitral proceedings of this nature are often unpredictable and may result in excessive damages or restrictive measures against us. Adverse outcomes in lawsuits and investigations could result in significant monetary damages, including indemnification payments, or injunctive relief that could adversely affect our ability to conduct our business and may have a material adverse effect on our financial condition and results of operations. In addition, investigations related to potential claims and lawsuits could result in expenses, which could significantly divert management's attention and efforts, which could also have a material adverse effect on our financial condition, results of operations or liquidity of our operations.

Judgments may be rendered in foreign currency, exposing us to exchange rate risk.

The Notes will be governed by the laws of the State of New York. Certain of our transmission assets, tariff decrees, Dedicated Contracts and operation and maintenance agreements, among other project documents, are governed by Chilean law and denominated in U.S. dollars. Under Chilean law, payments made in Chile in foreign currency, by agreement or upon judgment of a Chilean court, may be discharged in Chilean pesos at the exchange rate at the time of payment. Thus, any recovery sought against any party to these contracts in U.S. dollars for any breach of contracts could potentially be satisfied in Chilean pesos and not U.S. dollars.

Furthermore, we make no representation that Chilean peso or U.S. dollar amounts referred to herein could be converted into U.S. dollars or Chilean pesos, as the case may be, at the rates indicated, at any particular rate or at all. Therefore, to the extent we are required to make mandatory prepayments under the Notes or offer to purchase the Notes in U.S. dollars under the Indenture, we could be exposed to exchange rate risk. See "Exchange Rates Information" and "Exchange Controls."

Potential legislative and regulatory environmental actions could significantly affect us and the electricity transmission industry and lead to cost increases.

Chilean environmental, health and safety laws and regulations are complex, change frequently and have become increasingly stringent over time, especially in connection with the approval of new projects and

enforcement of existing legal and permit requirements. The environmental impact of our projects or prospective mandatory expansions also attracts public interest and, therefore, may be subject to political and social considerations, as well as litigation that we cannot control. Changes to current environmental laws and regulations or additional environmental laws and regulations may be proposed in the future, any of which could prevent expansion of our operations into certain areas, (ii) require us to obtain additional permits, and (iii) result in increased costs and potential delays. In addition, community and environmental activist groups have protested the development of certain mines and mining projects in Chile. These efforts could result in higher standards for socially responsible and environmentally sustainable practices, which may lead to a substantial increase in capital, operating or compliance costs, cause operational delays, result in the creation or revision of government regulations and policies in Chile that may affect various industries and lead to litigation, any of which could adversely affect our business and results of operations.

We maintain environmental management systems designed to monitor and achieve compliance with applicable environmental laws and regulations. We cannot assure you that current levels of expenditures and capital commitments will be sufficient to achieve future compliance, that new proceedings or civil actions will not be brought against us or that fines and other sanctions will not be imposed for non-compliance in the future. Any such developments could adversely affect our business, results of operations or financial condition. In addition, a more stringent approach to enforcement of, or changes in, existing laws and regulations, the adoption of additional laws and regulations or the discovery of new facts resulting in increased liabilities could adversely affect our business, results of operations and financial condition.

We are subject to Chilean and international anti-corruption, anti-bribery, anti-money laundering and international trade laws and any failure by us to comply with these laws could adversely impact our business and operations.

We are required to comply with all applicable laws and regulations with respect to corruption, anti-money laundering, receipt of stolen property, sanctions and other regulatory matters. Although we have policies and processes to comply with these laws, we cannot ensure that these compliance policies and processes will prevent intentional, reckless or negligent acts committed by our officers, employees or agents.

If we fail to comply with any applicable anti-corruption, anti-bribery, receipt of stolen property or anti-money laundering laws, we and our officers, employees and agents may be subject to criminal, administrative or civil penalties. Any investigation of potential violations of anti-corruption, anti-bribery or anti-money laundering laws by governmental authorities in Chile or other jurisdictions could prevent us from preparing our consolidated financial statements in a timely manner. This could adversely impact our reputation, ability to access financial markets and to obtain contracts, assignments, permits and other government authorizations necessary to participate in our industry, each of which could have an adverse effect on our business, operation results and financial condition.

We may be exposed to behaviors that are incompatible with our ethics and compliance standards.

Given the large number of contracts that we have with customers, third-party contractors, including local and foreign suppliers, technical and legal consultants and advisors hired in the ordinary course of business, and given the variety of parties with which we interact in the course of our business, we are subject to the risk that such third parties may misappropriate our assets, manipulate our assets or information or engage in money laundering, bribery or the financing of terrorism for their own personal or business advantage. Our systems and controls for identifying and monitoring these risks may not be effective to fully mitigate against such risks. Such acts may result in material financial losses or reputational harm to us.

A cyber-attack or other outage of our information systems could adversely affect our business, financial condition and results of operations.

Information and processing systems are vital to our ability to monitor the operations and performance of our projects, operate efficiently and meet service targets and standards. Our information and technology systems may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and cyber intrusions, usage errors, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. A cyber-attack may compromise the confidentiality, integrity or availability of our information resources.

A successful cyber-attack, such as unauthorized access, malicious software or other violations on the systems that control our transmission lines and facilities could severely disrupt our business operations, diminish competitive advantages through reputation damages, increase operational costs, and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information. The breach of certain business systems could affect our ability to correctly record, process and report information. A major cyber incident could result in significant expenses to investigate and repair security breaches or system damage and could lead to litigation, fines, other remedial action, heightened regulatory scrutiny and damage to our reputation. For these reasons, a significant cyber incident could materially and adversely affect our business, financial condition and results of operations.

Our ability to operate effectively could be impaired if we lose key personnel or are unable to attract and retain skilled technical personnel.

Our business depends upon the continued efforts, abilities and expertise of our officers and directors, as well as our other key employees and our specialized technical personnel. We believe that the unique combination of skills and experience possessed by our officers, directors, other key employees and specialized technical personnel would be difficult to replace, and that the loss of our officers, directors and key employees or specialized technical personnel could have a material adverse effect on our company, including the impairment of our ability to execute our business strategy. There is no assurance that such individuals will continue to be employed by us or that we will be able to attract and retain qualified personnel in the future.

We may encounter problems with our employees or our contractors that may affect our operations.

As of September 30, 2021, approximately 37% of STS's workforce was covered by collective bargaining agreements with 1 workers union and 3 employee negotiation groups. While STS typically renegotiates its collective bargaining agreements 4 months before their expiration, we cannot guarantee the results of any renegotiations or assure you that STS will be able to successfully negotiate new contracts on favorable terms. Delays, labor stoppages or other events related to our work force could have a material adverse effect on our business, financial condition and the results of operations. We cannot assure you that labor relations will continue to be positive or that deterioration in labor relations will not materially and adversely affect our business, financial condition or results of operations.

In addition to our own employees, we also rely heavily on 13 key subcontractors to provide maintenance and repair services for our transmission system. A deterioration of labor relations between one or more of the subcontractors and their respective employees, including resulting in a work stoppage or strike, could materially affect our business, financial condition or results of operations.

The employee and contractor personnel involved in our activities and operations are subject to inherent health and safety risks and hazards, which could result in occupational illness or health issues, personal injury and loss of life, facility quarantine and/or facility and personnel evacuation. Pursuant to Chilean labor laws and regulations we are required to adopt certain measures to safeguard the health and safety of our employees as well as those of our contractors. If an adverse final decision regarding the violation of any labor laws or regulations is issued in an administrative procedure against us, or against one of our subcontractors, we may be held liable, or jointly liable, for any penalties and sanctions, which may include the payment of fines. In the case of health and safety labor laws, and depending on the severity of the infraction, penalties and sanctions may include limitations on access to our facilities and the cancellation or suspension of governmental registrations, authorizations and licenses.

Our insurance coverage may be insufficient or inadequate to cover our losses.

Our insurance may be insufficient to cover losses that we might incur. As of the date of this offering memorandum, we maintain full-risk insurance coverage for our physical assets covering the substations, including machinery malfunctions and damage due to stoppages and earthquakes, and political risk and terrorism insurance for our transmission lines. Our insurance policies are subject to deductibles and coverage limits and may not be adequate to cover claims against us. Moreover, the insurance market remains cyclical and catastrophic events can change the state of the insurance market, leading to sudden and unexpected increases in premiums and deductibles and unavailability of coverage due to reasons that are unconnected with our business. There can be no assurance that our existing insurance coverage will continue

to be available on commercially reasonable terms or at commercially reasonable rates or that the amounts for which we are insured, or that the proceeds of such insurance, will compensate us fully for our losses. In the event there is a total or partial loss of our assets, any insurance proceeds that we may receive in respect thereof may not be sufficient in any particular situation to effect a restoration of such assets to their previous condition.

In addition, we are subject to a significant number of risks and hazards, including adverse environmental conditions, industrial accidents, contaminations, labor disputes, unusual or unexpected geological conditions, equipment failure, ground or slope failures, changes in the regulatory environment and other natural phenomena such as earthquakes, inclement weather conditions and floods. Such occurrences could result in damage to, or destruction of, properties or transmission facilities, human exposure to pollution, personal injury or death, environmental and natural resource damage, damage to our properties or to the properties of others, monetary losses and possible legal liability. Although we contract physical damage and business interruption insurance and our liability insurance covers our assets, our contractors and directors and officers, such insurance coverage may not include the full amount of property damage, liability or the consequences of such business interruptions or insurance policy exclusions may apply to certain events.

The occurrence of significant adverse events, losses or other damages that are not partially or fully covered by insurance or that exceed our insurance limits could result in unexpected additional costs or service interruptions and may have a material adverse effect on our business, financial condition and results of operations.

Our projects may impact the lifestyle and conditions of local communities, which may expose us to claims and operational risks.

Historically, large infrastructure projects are subject to high levels of scrutiny by political parties, environmental groups and other organized advocacy groups. The perception, whether accurate or not, that a local community's lifestyle or environment may be endangered by the development, construction and operation of a project may trigger protests, which may become violent, spur political action, result in legal remedies or generate negative press, any of which may threaten the long-term viability of a project, delay construction or disrupt operations. We cannot assure you that our attempts to minimize negative impacts on local communities will not be subject to delays or disruptions, which may deviate resources and attention of our personnel and ultimately affect our financial condition and result of operations.

We have entered into and may enter into certain significant transactions with affiliates, which transactions may result in conflicts of interests.

We have entered into and may enter into significant transactions with related parties concerning primarily the following:

- operation and maintenance and technical assistance agreements;
- other transactions such as advisory and support agreements; and
- indebtedness owed by or to its subsidiaries or affiliates.

The indenture governing the Notes does not limit our ability to enter into transactions with affiliates. Any such transactions may not be on terms as favorable as those we could have obtained or may be able to obtain with unaffiliated third parties. See "Certain Relationships and Related Party Transactions."

While we believe such transactions have been and will be negotiated on an arm's length basis, there can be no assurance that such transactions could not give rise to conflicts of interest that could adversely affect our financial condition and results of operations, and, as a result, impair our financial condition and results of operations and, in turn, STA's ability to make payments under the Notes.

Changes or unfavorable interpretations to Chilean tax law may increase our tax liability and adversely affect our profitability.

In the last decade, the Chilean income tax system has been subject to substantial amendments, including increases in corporate and personal income tax rates. In February 2020, the Chilean Congress

enacted Law No. 21,210, which amended the tax system and aimed at raising taxes to finance the government's response to recent social unrest (the "2020 Tax Reform").

The 2020 Tax Reform, includes, among other measures: (i) an increase from 35% to 40% in the personal income tax bracket for taxpayers with a gross monthly income in excess of approximately CLP\$15.0 million; (ii) a progressive tax ranging from 0.075% to 0.275% on real estate properties owned by a taxpayer with a total taxable value exceeding approximately CLP\$400 million; (iii) stricter requirements for private investment funds to benefit from preferential tax treatment; (iv) the creation of a new special tax regime for small- and medium-sized enterprises, with a 25% tax rate; (v) a partially integrated regime as a single tax system for large companies, with a 27% tax rate that will be partially deductible from the final tax to be paid by the owners of the taxpayer entity, who will have a maximum tax burden of 44.5%; (vi) the discontinuation of the provision allowing Chilean holding companies that incur tax losses to claim a refund of the corporate income tax paid by their Chilean affiliates on dividends received by such holding company; (vii) a more restrictive treatment for capital gains taxation; (viii) a special tax contribution of 1% on investments in fixed assets in excess of U.S.\$10 million (for the part of the excess) for the benefit of regions hosting projects that exceed U.S.\$10 million when a given project requires submission to the environmental approval system; (ix) an accelerated depreciation regime of 50% of the value of new fixed assets imported or acquired between October 31, 2019 and December 31, 2021, with the remaining 50% to be subject to accelerated depreciation; (x) amendments to the tax on emissions from thermal power plants, pursuant to Law No. 20,780, which changes the "taxable event" from emissions from boilers and turbines with a thermal capacity of 50 MW or more, to emissions of polluted compounds or CO₂ to the extent that they exceed legally-mandated thresholds; and (xi) the extension of the ability to credit 100% of the corporate income tax to December 31, 2026 for investors residing in countries with which Chile has signed a tax treaty before January 1, 2020, even if such a treaty is not yet in force.

These and further changes to the Chilean tax system or variations in the interpretation of Chilean tax authorities may lead to an increase in our tax liabilities, which could adversely affect industry profitability, increase costs, restrict our ability to do business and cause negative effects on our financial results. We cannot assure you that we will be able to maintain our projected cash flow and profitability following any increases in Chilean taxes applicable to us and our operations.

Our financing agreements contain restrictive covenants that may negatively affect our ability to meet our payment obligations.

We (including our consolidated subsidiaries) are subject to certain contractual provisions under our existing debt instruments that require us to maintain specified financial ratios or restrict our autonomy and ability to enter into new financing agreements. Any event of default under our financing instruments could lead the holders of our debt to cause all amounts outstanding with respect to the debt to become due and payable immediately. The acceleration of our debt may cause significant effects on our financial condition and could also trigger cross defaults under other financing instruments. Our assets and cash flow may not be sufficient to fully repay or service borrowings under our outstanding financing instruments upon an event of default. In addition, limitations on our incurrence of indebtedness may affect our ability to obtain new loans necessary to finance our activities and maturing obligations as well as our growth strategy, which may adversely affect our ability to meet our payment obligations. See "Description of our Indebtedness — Material Financing Agreements" for further detail regarding the nature and conditions of our financing agreements that contain restrictive covenants.

We have a substantial amount of indebtedness which may limit our financial and operating activities and may adversely affect our ability to incur additional debt to fund future needs.

As of September 30, 2021, after giving effect to this offering and the application of the proceeds therefrom as described under "Use of Proceeds," we would have had approximately Ch\$438,308,951 of consolidated indebtedness. We may incur additional debt in the future to fund acquisitions, investments or for other purposes, as well as to conduct our operations, subject to restrictions applicable to our existing debt. If we incur additional debt, the risks associated with our leverage may increase, and, in the event we are unable to maintain specified financial ratios or to comply with other specific covenants, holders of our debt

may accelerate our debt, and materially impact our ability to service our debt. Our assets and cash flow may not be sufficient to fully repay borrowings under our outstanding financing instruments upon an event of default.

Our indebtedness and any future indebtedness we incur could:

- require us to dedicate a substantial portion of cash flow from operations to the payment of principal, and interest on, indebtedness, thereby reducing the funds available for other purposes;
- make it more difficult for STA to satisfy and comply with our obligations with respect to the Notes;
- subject us to increased sensitivity to interest rate increases;
- make us more vulnerable to economic downturns, adverse industry conditions or catastrophic external events;
- limit our ability to participate in expansion projects;
- reduce our flexibility in planning for or responding to changing business, industry and economic conditions; and/or
- place us at a competitive disadvantage to competitors that have relatively less debt than we have.

In addition, our level of indebtedness could limit our ability to obtain additional financing on acceptable terms or at all for working capital, capital expenditures and general corporate purposes. Our liquidity needs could vary significantly and may be affected by general economic conditions, industry trends, performance and many other factors not within our control. As of September 30, 2021, December 31, 2020 and December 31, 2019 and for the nine-months and years then ended, respectively, the Combined Carve-Out Financial Statements show negative working capital mainly due to the amounts of account payables for products and services for projects and related-company debt. For additional information, see Note 1 to each of the Audited Combined Carve-Out Financial Statements and the Unaudited Combined Carve-Out Financial Statements.

Risks Related to Chile

Currency exchange rate fluctuations and the depreciation and volatility of the Chilean peso could have a material adverse effect on our financial condition and the results of our operations.

Our currency exchange risk is mainly due to currency variations as a result of: (i) cash held in accounts, costs and disbursements that are denominated in currencies other than U.S. dollars, our functional currency; and (ii) accounting mismatch between assets and liabilities denominated in currencies other than the U.S. dollar, mainly in Chilean pesos.

The Chilean peso has been subject to volatility in the past (including in the past twelve months, ranging from CLP\$811.9 and CLP\$710.95 per U.S.\$1.00 as of September 30, 2021 and December 31, 2020 respectively) and could be subject to significant fluctuations in the future given the prevalence of a free float exchange regime. The main drivers of exchange rate volatility in past years have been the significant fluctuations of commodity prices as well as general uncertainty and trade imbalances in the global markets and, more recently, the impact of the COVID-19 pandemic and political uncertainty surrounding Chile's new constitution and related protests. In 2015, the value of the Chilean peso fell precipitously on market fears of a drop in copper prices, but the Central Bank of Chile declined to intervene at that time. The Central Bank of Chile has intervened more recently in 2019 and 2020 in response to the political uncertainty and the COVID-19 pandemic, but the Chilean peso has nevertheless fluctuated during this period. The value of the Chilean peso against the U.S. dollar may continue to fluctuate significantly in the future. Any significant currency devaluations or foreign exchange fluctuations in the future may adversely affect the performance of the Chilean economy and our business, financial condition and results of operations.

Outbreaks of communicable infections or diseases, or other public health pandemics, such as the COVID-19 pandemic, have impacted and may continue to further impact the areas in which we, our customers and our suppliers operate or market and sell products and could have a material adverse effect on our operations business, financial condition and results of operations.

Disease outbreaks and other public health conditions, such as the COVID-19 pandemic in areas in which we, our customers and our suppliers operate, could have a significant negative impact on our revenue,

profitability and business. The COVID-19 pandemic has caused severe disruptions in the global economy and a substantial curtailment of business activities around the world. These curtailments and disruptions include: manufacturing and other work stoppages, factory and other business closings, slowdowns or delays; restrictions and limitations placed on workers and factories, including quarantines and other limitations on the ability to travel and return to work; shortages and delays in production or shipment of products or raw materials; and border closures. In response to the spread of COVID-19, the Chilean government closed its borders for entry by non-resident foreigners for an extended period of time, prohibited the docking of cruise ships at Chilean ports, from time to time imposed quarantines on certain regions of Chile and imposed a nationwide curfew.

The continued spread and related government preventive measures, including quarantines, medical screenings, travel restrictions and suspension of certain activities, have affected and may continue to affect our operations. While the significance of the long-term impact of the pandemic on our activities is still uncertain, a material adverse effect on our customers, counterparties, or service providers could significantly impact our results of operations. The unprecedented nature of the COVID-19 pandemic and market conditions could materially adversely affect our near-term and long-term revenue, earnings, liquidity and cash flows, and has required significant actions in response. The extent of the impact of the pandemic on our business and financial condition will depend largely on future developments, including the duration of the pandemic, the impact on capital and financial markets and the related impact on consumers' and industries' confidence, all of which are highly uncertain and cannot be accurately predicted based on the impacts observed to date. While certain restrictive measures have been gradually eased in the second half of 2021, we cannot assure you that, as a response to rises in case numbers or to setbacks due to new variants, additional measures to prevent the spread of COVID-19 will not be implemented by the Chilean or other international governmental authorities.

As a result of the COVID-19 pandemic and the measures to address it, similar to other transmission companies, we have experienced procurement and construction delays that have affected our mandatory expansion projects, and we cannot assure you that these delays will not affect our ability to complete these projects in a timely fashion. If we are unable to complete construction of mandatory expansion projects by the relevant deadlines, we would be subject to loss of revenue and fines and the Ministry of Energy may collect certain of our bank bonds, which could adversely affect our business, results of operations and financial condition. In addition, the COVID-19 pandemic has had a negative impact on our customers and on the Chilean economy, which could adversely affect our business, results of operations and financial condition. See "Summary — Recent Developments — Impact of the COVID-19 Pandemic." The Covid-19 Sanitary Alert has been extended until March 31, 2022 and, if required, may be further extended by the Ministry of Health.

Law No. 21,342 published in the Official Gazette on June 1, 2021 provides that during the validity of the "Covid-19 Sanitary Alert" established in Decree No. 4-2020, of the Ministry of Health, all employees who have a risk factor associated with Covid-19 (e.g. Cancer, employees over 60 years old, diabetes, among others) are entitled to request to their employers grant them remote work system to the extent that (i) the nature of the duties allows it, (ii) the employee consents to the new working arrangement.

This law also states that companies that want to work totally or partially in person must implement an on-site Covid-19 safe work protocol, and also hire a specific health and life insurance policy that covers COVID-19 hospitalization and rehabilitation costs in addition to providing death benefits of no less than UF 180 per employee. The insurance premium is paid in one installment by the employer and according to Law No. 21,132, in no case may the annual value of the insurance policy may exceed UF 0.42 per employee, plus value added tax. Regarding the On-site Covid-19 safe work protocol, it must include, among others: daily temperature screening for employees, clients and other persons that have access to working areas; compliance with COVID-19 testing regulations; physical distance measures; cleaning equipment and protective gear for employees including, but not limited to, certified masks, gloves and lenses; capacity restrictions and other measures imposed by the authorities. Companies not having the work protocol will not be permitted to have on site work.

As a precaution, and prior to the enactment of Law No. 21,342, our management implemented several measures related to the COVID-19 pandemic in order to help reduce the speed at which COVID-19 may spread and affect our operations, such as restricting the capacity of our facilities, operating on a rotating

roster, and providing personal protective equipment to all of our employees and contractors. While these measures have been implemented to reduce the risk of the spread of the virus in our facilities, there can be no assurance that these measures will reduce or limit the impact of COVID-19 on our operations, business, financial condition or results of operations. Our operations could be affected as a result of, among other reasons, regulatory restrictions or a significant outbreak of COVID-19 among our staff, which could prevent employees from reporting to shifts.

While the global impact of the COVID-19 pandemic is constantly changing, international financial markets have reflected the uncertainty associated with the slowdown of the global economy and the potential impact if businesses, workers, customers and others are prevented or restricted from conducting business activities due to quarantine requirements, business closures or other restrictions imposed by businesses or governmental authorities in response to the COVID-19 pandemic. Disruptions to the local and global economy as a result of the COVID-19 pandemic or other outbreaks of communicable infections or diseases or public health pandemics could disrupt our supply chain and have a material adverse effect on our business, financial condition and results of operations.

Social unrest and the Chilean political landscape could materially and adversely affect Chile's economy and our results of operations and financial conditions.

Starting in October 2019, protests erupted throughout Chile, initially sparked over an increase in Santiago metro system fares. The social unrest caused commercial disruptions throughout the country, especially in Santiago and other major cities, including Valparaíso and Concepción. The government initially declared a 90-day state of emergency, extendable as necessary, and at the same time, it launched various political, social, and economic reforms, and approved a national referendum that led to a process for drafting a new constitution. The state of emergency lasted ten days.

The social unrest, number of protests and commercial disruptions in Chile substantially declined after the announcement and the government set a first date for a referendum in April 2020, which was subsequently delayed as a result of the COVID-19 pandemic. A national referendum was ultimately held on October 25, 2020, to determine whether a new constitution should be drafted and, if so, whether it should be drafted by (i) members to be elected to form a new constitutional convention or (ii) members of a mixed constitutional convention composed half by members of the Chilean Congress and half by directly elected citizens. As a result, 78% of the votes cast agreed to adopt a new constitution and 79% opted for a new constitutional convention (without participation of existing representatives in the Chilean Congress). A second vote to elect the members of the constitutional convention was held on May 15 and 16, 2021, and 155 members of the constitutional convention were selected. The constitutional convention was established for a term of nine months, extendable for up to 12 months. Once the constitutional convention prepares the draft of the new constitution, it will deliver a copy to the Chilean President, who will call a referendum within the next 60 days. The voters will then decide whether to approve or reject the constitutional draft by simple majority vote (with participation in the referendum being mandatory). There is still significant uncertainty regarding the process to approve a new constitution and further protests and political instability cannot be ruled out. Furthermore, the existing constitution has been in place since November 11, 1980 and any new constitution could change the political situation in Chile, potentially affecting the Chilean economy and business outlook, including the regulatory framework applicable to our business.

Social unrest may affect demand for securities from Chile and we cannot offer any assurance as to the effect of unrest or actions the government may take to address such unrest on the Chile's economy sovereign ratings. If any of these events were to occur, it could have a negative effect on our business, financial condition, result of operations and the market for the Notes.

Macroeconomic conditions in Chile and the global financial markets could have a material and adverse effect on our business, financial condition and results of operations.

Our business, results of operations and financial condition considerably depend on Chilean and global economic conditions. In spite of the growth of the Chilean economy for the ten years preceding the COVID-19 pandemic, the pandemic has caused a significant contraction of the Chilean economy for the year ended December 31, 2020. Moreover, the Chilean economy depends on the export of raw materials, such as copper, and the market varies according to international commodity prices. When commodity prices

decrease, copper export also decreases, which reduces the demand from our generation and industrial clients whose businesses are sensitive to fluctuations in copper pricing and production. We cannot assure you that the Chilean economy will resume the same rate of growth in the future, nor can we assure you that future developments in or affecting the Chilean economy will not impair our ability to proceed with our business plan or materially adversely affect our business, financial condition or results of operations.

The Chilean government has, in the past, modified, and has the ability to modify, monetary, fiscal, tax and other policies to influence the Chilean economy. We have no control over government policies and cannot predict how government intervention will affect the Chilean economy or, directly and indirectly, our business, results of operations and financial condition. For example, as part of the COVID-19 economic and financial aid package promulgated by the Chilean Congress, since July 30, 2020, three laws (Law No. 21,248; Law No. 21,295; and Law No. 21,330) have been passed to allow affiliates of the private pension system governed by Decree Law No. 3,500, to withdraw funds (up to 10% each time, subject to certain limitations) from their personal pension funds accounts. These withdrawals have had an effect on the economy and capital markets that has not yet been determined. Even though these withdrawals have generally led to an increase in consumer spending on goods, the effects on long-term infrastructure and industrial activities have not yet been determined. Consequently, we may be exposed to financial market and economic volatility resulting from these policy changes that we cannot predict. Similar and additional changes in policies involving exchange controls, taxation and other matters related to our sector may adversely affect our business, results of operations and financial condition and the market price of the Notes.

Moreover, economic and political volatility in the United States and Latin America may affect us. Due to the relevance of copper exports and mining activities to the Chilean economic growth, the trade war between China and United States and other geopolitical developments may drive copper prices down and adversely affect the Chilean economy. Variations in the global financial markets in recent periods have also resulted in volatility in the credit, equity and fixed income markets. This volatility has limited companies' access to funding from time to time. In particular, the COVID-19 pandemic has resulted in major disruptions in the global financial markets, including in Europe and the United States. See “— Risks Related to Chile — Outbreaks of communicable infections or diseases, or other public health pandemics, such as the COVID-19 pandemic, have impacted and may continue to further impact the areas in which we, our customers and our suppliers operate or market and sell products and could have a material adverse effect on our operations business, financial condition and results of operations.” If access to credit tightens and borrowing costs rise, our costs could be adversely affected.

For these reasons, macroeconomic conditions in Chile and in the global financial markets may have a material impact on our business, financial condition and results of operations.

Conflicts with indigenous people in Chile could adversely affect our operations.

There is a high degree of poverty and social conflict among the Mapuche communities, the largest group of indigenous people in Chile. In recent years, small groups of Mapuche people in the Biobío and Araucanía regions of Chile have seized, occupied or otherwise interfered with private and public property, asserting the existence of prior rights to land and territory, by affecting farms, forestry companies and other businesses. President Sebastián Piñera declared in October 2021 a constitutional state of emergency in the Biobío and Araucanía regions amid recent disturbances and attacks on both civil and police forces. Under the state of emergency, which run for 15 days and is renewed by the President for another 15 days, and then by the Chilean Senate on several occasions, the military forces are authorized to support the local police, and movement and assembly rights may be limited. Further extensions would also need the approval of the Chilean Senate. As of the date of this offering memorandum, the constitutional state of emergency continues to be in place until January 25, 2022.

We have sought to maintain close relationships with local communities in the areas where we operate; however, general tensions and social conflicts involving the Mapuche people living in these areas have led to certain cases of arson, property crimes and violent crimes. Despite actions to mitigate conflicts with groups linked to the Mapuche communities, new conflicts may arise at any time and may be beyond our control, which could adversely affect our businesses.

Convention 169 of the International Labor Organization could adversely affect our operations.

Chile ratified Convention 169 of the International Labor Organization (“Convention 169”), which entered into force in September 2009. Convention 169 states that the Chilean government must take necessary steps to ensure that indigenous peoples are able to fully exercise their collective rights, such as political participation, employment and full access to educational, social security and healthcare services. Convention 169 requires that indigenous and tribal peoples be consulted whenever administrative measures are taken that may directly affect them. According to Article 6 of Convention 169, consultation with indigenous and tribal peoples should follow the appropriate procedures, be in good faith, have the participation of indigenous and tribal peoples’ representative institutions and aim at achieving agreement or consent.

The Supreme Decree No. 40, which entered into force in 2013, requires consultation with indigenous peoples with respect to the Environmental Impact Assessment Process (*Sistema de Evaluación de Impacto Ambiental*). The Supreme Decree No. 66, which also entered into force in 2013, governs the procedures related to indigenous consultation with respect to non-environmental administrative measures. The Supreme Court has consistently held that consultation processes must be carried out in the manner prescribed by Convention 169.

The consultation process may result in delays in obtaining regulatory approvals, including environmental permits, as well as public opposition by local or international political, environmental and indigenous groups. These groups may be against the development of our infrastructure projects, particularly in environmentally sensitive areas or in areas inhabited by indigenous populations. Furthermore, failure to conduct the consultation process, when required by law, may result in the revocation or annulment of regulatory approvals, including environmental permits already granted. This risk frequently arises during the environmental assessment phase in which the environmental permits are to be obtained. As such, failure to properly conduct the consultation process may materially affect our business and operations.

Changes in the Chilean Labor Code may negatively impact us.

On March 8, 2017, a proposed amendment to the Chilean Labor Code was filed by a group of representatives in the Chilean Congress. The amendment aims at reducing the maximum working week from 45 to 40 hours. In January 2020, the Labor Commission of the Senate of the Chilean Congress approved “in general” the discussion of the proposed amendment, but the process has not progressed since then. In addition to this proposal, the Chilean government submitted an alternative in August 2019 to reduce the maximum working week to 41 hours. This bill is also under review by the Chilean Congress.

Although none of these bills is currently in force, their enactment or the enactment of other similar proposals may increase our labor costs, as they may increase the costs to engage with third-party contractors and have material and adverse effects on our financial condition and results of operations.

Chile has corporate and accounting disclosure standards that differ from those of the United States, and Chile’s securities laws may not afford noteholders the same protections as U.S. securities laws.

While we prepare the Audited Combined Carve-Out Financial Statements and Unaudited Combined Carve-Out Financial Statements in accordance with IFRS as issued by the IASB, the accounting, financial reporting and securities disclosure requirements in Chile differ from those in the United States in important respects. Moreover, STA is not a public company in Chile, and the information it is required to report in Chile regarding its operations is different from the information public companies are required to report in the United States. Accordingly, information about STA and its operations available to noteholders and the public will not be the same as the information required by United States securities laws.

In addition, although Chilean law imposes restrictions on insider trading and price manipulation, applicable Chilean securities laws and regulations are different from those in the United States, and certain investor protections available in the United States may not be available in the same form, or at all, in Chile.

Natural disasters (including seismic events) may damage our facilities, affect our cost structure and impact our operations and financial condition.

Chile is located on the Nazca tectonic plate, an active seismic area. As a result, our facilities, plants and equipment are subject to earthquakes and subsequent tsunamis or flood risks, which may disrupt our

operations. Civil construction and projects are subject to strict design parameters. We cannot guarantee that a seismic event will not damage our facilities. Any unexpected downtime or facility damage could prevent us from controlling our cost structure, which may adversely affect our results of operations and financial condition.

In addition, due to Chile's geography, our facilities are also exposed to other natural phenomena, including floods, mudslides and volcanic eruptions. Although our facilities have insurance policies to cover these risks, our current insurance coverage may be insufficient to protect against these risks in the future. See “— Risks Related to Our Business and Industry — Our insurance coverage may be insufficient or inadequate to cover our losses.”

Inflation and government measures to curb inflation may adversely affect the Chilean economy and our business, results of operations and financial condition.

Although Chilean inflation has been limited in the last ten years, Chile has experienced high levels of inflation in the past. The rates of inflation in Chile in 2017, 2018, 2019 and 2020 were 2.3%, 2.6%, 3.0% and 3.0%, respectively, as measured by changes in the consumer price index and as reported by the INE. High levels of inflation and currency devaluation in Chile could adversely affect the Chilean economy and have an adverse effect on our results of operations if the inflation is not followed by matching devaluation of the local currency. We cannot assure you that Chilean inflation will not revert to prior levels in the future.

The measures taken in the past by the Central Bank of Chile to control inflation have included tight monetary policy with high interest rates, which restricts credit availability and economic growth. Inflation, measures to control inflation and public speculation about possible additional actions have also contributed materially to economic uncertainty in Chile and to heightened volatility in its securities markets. Periods of higher inflation may also slow the growth rate of the Chilean economy, which could lead to reduced energy demand. Inflation is also likely to increase some of our costs and expenses, given that our supply contracts may be denominated in foreign currencies or indexed to the Chilean consumer price index. We may not be able to fully pass these increases to our customers, which could adversely affect our operating margins and operating income.

Any downgrading of Chile's debt credit rating for domestic and international debt or our or any of our key counterparties' credit rating by international credit rating agencies may also affect our ratings, our business, our future financial performance, stockholders' equity and the value of our securities, and any downgrading of our credit ratings could increase our cost of funding and adversely affect our interest margins and results of operations.

On March 24, 2021, Standard & Poor's downgraded the credit rating of Chile's long-term international debt from A+ to A-, with a stable outlook. On October 15, 2020, Fitch Ratings downgraded the credit rating of Chile's long-term international debt from A+ to A, with a negative outlook. On August 25, 2020, Moody's rated Chile's long-term international debt at A1 and downgraded Chile's outlook from stable to negative. Any additional adverse revisions to Chile's credit ratings for domestic and international debt or to the credit ratings of the counterparties of our Dedicated Contracts by international rating agencies may adversely affect our ratings, our business, future financial performance, stockholders' equity and the value of our securities. In addition, credit ratings affect the cost and other terms upon which we are able to obtain funding. Rating agencies regularly evaluate us and their ratings of our debt are based on a number of factors, including our financial strength and conditions affecting the financial services industry generally. There can be no assurance that the rating agencies will maintain the current ratings or outlooks, and any downgrading in our debt credit ratings would likely limit our access to capital markets and adversely affect our results of operations and financial condition.

Developments in Latin America and other emerging or global markets may adversely affect the market value of the Notes.

The market price of the Notes may be adversely affected by the decline of international financial markets and global economic conditions. Chilean securities are, to varying degrees, influenced by economic and market conditions in other emerging countries, especially those in Latin America. Although economic conditions are different in each country, investors' reactions to developments in one country may affect the

securities markets and the securities of issuers in other countries, including Chile. We cannot assure holders that the market for Chilean securities will not be negatively affected by events elsewhere, particularly in emerging markets, or that such developments will not have a negative impact on the market value of the Notes.

Risks Related to the Notes

The Notes are not guaranteed by our subsidiaries and, therefore, the Notes are structurally subordinated to the indebtedness of our subsidiaries.

As of September 30, 2021, the combined long-term indebtedness (excluding loans from related parties) of the entities included in the Combined Carve-out Statement of Financial Position as of such date was Ch\$121,667,951 thousand. The contractual conditions of the underlying debt agreements contained no provisions of guarantees by other entities (in or outside of the entities within the combined group).

Generally, claims of creditors of our subsidiaries will have priority with respect to such subsidiaries' assets and earnings over the claims of our own creditors, including the holders of the Notes, except to the extent the claims of our creditors are guaranteed by such subsidiaries. In addition, creditors of our subsidiaries may hold negotiable instruments or other instruments governed by local law that grant rights to attach the assets of our subsidiaries at the inception of judicial proceedings commenced by such creditors, which attachments are likely to result in priorities putting those creditors ahead of the holders of the Notes in connection with the seizure or realization of the assets of our subsidiaries subject to such attachments.

The indenture governing the Notes will permit us to transfer assets to our subsidiaries and create new subsidiaries and make investments in them without limitations. Upon the liquidation or reorganization of such subsidiaries or companies in which we make investments, our right to participate in any distribution of assets of such subsidiaries or companies (and thus the ability of the holders of the Notes to benefit indirectly from such distribution) may be subject to the prior claims of all creditors of such subsidiaries or companies and to the priority rights of the holders of preferred shares of such subsidiaries or companies, if any. Under these circumstances, the claims of the holders of the Notes would be structurally subordinated to the claims of all creditors of such subsidiaries or companies, including trade creditors of, and banks and other lenders to, such companies, with respect to the assets and cash flow of such subsidiaries or companies, and as a result the ability of such companies to pay dividends or make other distributions to us and thus STA's ability to make payments under the Notes could be adversely affected.

Payments on the Notes will be effectively subordinated to our secured debt obligations.

The Notes will be STA's unsecured unsubordinated obligations and will rank equal in right of payment with all of STA's other existing and future unsecured unsubordinated indebtedness (other than obligations preferred by statute or operation of law). The payment of principal and interest on the Notes will be effectively subordinated in right of payment upon STA's bankruptcy to all of STA's existing and future secured indebtedness. As of the date of this offering memorandum, STA does not have any secured indebtedness. If STA incurs secured debt in the future and becomes insolvent or is liquidated, or if payment in respect of STA's secured indebtedness is accelerated, STA's secured creditors will be entitled to exercise the remedies available to a secured creditor under applicable law, in addition to any remedies that may be available under the financing arrangements relating to that secured indebtedness, and STA cannot assure you that it will have sufficient assets remaining to pay amounts due on the Notes, after paying secured claims. As a result, you may receive less, ratably, than the holders of STA's secured indebtedness.

STS and STA are Jointly and Severally Liable with Empresa Eléctrica de la Frontera S.A., and Sociedad Austral de Electricidad S.A., respectively, for the repayment of indebtedness under their respective indentures.

STS is jointly and severally liable with Empresa Eléctrica de la Frontera S.A., for all its obligations under the indenture (*contrato de emisión bonos por línea de títulos de deuda*) dated February 11, 2011 (as amended) pursuant to which Empresa Eléctrica de la Frontera S.A. issued an aggregate amount of UF 1,000,000 in bonds (U.S.\$37.1 million). In addition, both STA and STS are jointly and severally liable with Sociedad Austral de Electricidad S.A. for all its obligations under the following indentures (*contratos de emisión bonos por línea de títulos de deuda*): (i) indenture dated September 29, 2004 (as amended) under which Sociedad Austral de Electricidad S.A. issued bonds for an aggregate amount of UF 5,500,000

(U.S.\$203.8 million); (ii) indenture dated February 11, 2011 (as amended) under which Sociedad Austral de Electricidad S.A., issued bonds for an aggregate amount of UF 1,000,000(U.S.\$37.1 million); and (iii) indenture dated September 29, 2014 (as amended) under which Sociedad Austral de Electricidad S.A., issued bonds for an aggregate amount of UF 2,000,000 (U.S.\$74.1 million)]. As a result, any event of default of Empresa Eléctrica de la Frontera S.A., or Sociedad Austral de Electricidad S.A under their respective indentures, could lead the holders of those debts to cause all amounts outstanding with respect to those debts to become due and payable by STA and STS, respectively.

In the event that either Empresa Electrica de la Frontera S.A. or Sociedad Austral de Electricidad S.A. were to default under any payment or other obligations under the indentures governing the bonds issued by such companies, holders of such notes could exercise legal remedies against STS and STA and their respective assets and properties. The exercise of any of these legal remedies could materially adversely affect STA's business, results of operations, financial condition and, as a result, impair its ability to make payments under the Notes.

STA may not be able to generate sufficient cash flows to meet our debt service obligations.

The obligations to make payments of principal, premium, if any, and interest on the Notes will be solely STA's. None of our shareholders or any of their respective affiliates or their respective incorporators, stockholders, members, directors, managers, officers or employees will guarantee the payment of the Notes or will have any liability for any of STA's obligations under the Notes or for any claim based on, in respect of, or by reason of, such obligations or their creation.

STA's ability to make scheduled payments on, or to refinance, our obligations with respect to our indebtedness, including the Notes, will depend on STA's financial and operating performance, which in turn will be affected by general economic conditions and by financial, competitive, regulatory and other factors beyond our control. We cannot assure you that STA's business will generate sufficient cash flow from operations or that future sources of capital will be available to STA in an amount sufficient to enable it to service its indebtedness, including the Notes, or to fund its other liquidity needs. If STA is unable to generate sufficient cash flow to satisfy its debt obligations, STA may have to undertake alternative financing plans, such as refinancing or restructuring its debt, selling assets, reducing or delaying capital investments or seeking to raise additional capital. STA cannot assure you that any refinancing would be possible, that any assets could be sold or, if sold, of the timing of the sales and the amount of proceeds that may be realized from those sales, or that additional financing could be obtained on acceptable terms, if at all. The Indenture that will govern the Notes will restrict STA's ability to dispose of assets and use the proceeds from the disposition and may also restrict STA's ability to raise debt or equity capital to be used to repay other indebtedness when it becomes due. STA may not be able to consummate those dispositions or to obtain proceeds in an amount sufficient to meet any debt service obligations then due. STA's inability to generate sufficient cash flows to satisfy STA's debt obligations, or to refinance STA's indebtedness on commercially reasonable terms, would materially and adversely affect STA's business, financial condition, results of operations, cash flows, prospects and its ability to repay the Notes.

If STA cannot make scheduled payments on its debt, it will be in default and holders of the Notes could declare all outstanding principal and interest to be due and payable, causing a cross-acceleration or cross-default under other debt agreements, and STA could be forced into bankruptcy, liquidation or restructuring proceedings.

Certain restrictive covenants contained in the Indenture governing the Notes will limit our operating and financial flexibility in operating our business.

The Indenture governing the Notes will contain restrictive affirmative and negative covenants (including in relation to indebtedness), as well as other covenants that limit or prohibit, among other things, the manner in which we may structure or operate our business, including by limiting our ability to:

- create liens;
- permit our subsidiaries incur additional indebtedness;
- enter into sale-lease back transactions; and

- sell all or substantially all of our assets;

See “Description of the Notes — Covenants.” As a result of these covenants, we will be limited in the manner in which we conduct our business, and we may be unable to engage in favorable business opportunities.

The transfer of the Notes is restricted, and it may be difficult to resell your Notes.

The Notes have not been registered under the Securities Act and will be subject to transfer restrictions. STA does not intend to provide registration rights to holders of the Notes and does not intend to file any registration statement with the U.S. Securities and Exchange Commission in respect of the Notes and, unless so registered, the Notes may not be offered or sold except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act and any other applicable laws. See “Transfer Restrictions.” The Notes and the Indenture will contain provisions that will restrict the Notes from being offered, sold or otherwise transferred except to people outside the United States purchasing in offshore transactions pursuant to Regulation S or to QIBs within the United States purchasing in reliance on Rule 144A or other exceptions under the Securities Act. It is the obligation of holders of the Notes to ensure that their offers and sales of the Notes within the United States and other countries comply with applicable securities laws.

The transferability of the Notes is subject to certain restrictions under ERISA.

Each purchaser, transferee or holder of the Notes will be deemed to have represented, warranted and agreed that either (a) it is not, and is not acting on behalf of a Benefit Plan Investor (as defined under “Benefit Plan Investor Considerations”) or a Plan which is subject to any Similar Laws (as defined under “Benefit Plan Investor Considerations”), or (b)(i) its acquisition, holding and disposition of such Notes does not and will not result in a non-exempt prohibited transaction under the Employee Retirement Income Security Act of 1974 (the “ERISA”) and/or Section 4975 of the Code (or, in the case of a Plan which is subject to any Similar Laws, a non-exempt violation of any Similar Laws), and (ii) with respect to acquisitions by Benefit Plan Investors, none of, the Initial Purchasers, STA, the Indenture Trustee, nor any of their affiliates, has provided, and none of them will provide, any investment advice within the meaning of Section 3(21) of ERISA to it or to any fiduciary or other person investing the assets of the Benefit Plan Investor (“Plan Fiduciary”) in connection with its decision to invest in the Notes, and they are not otherwise acting as fiduciary, as defined in section 3(21) of ERISA or Section 4975I(3) of the Code, to the Benefit Plan Investor, or the Plan Fiduciary in connection with the Plan’s acquisition of the Notes; and (ii) the Plan Fiduciary is exercising its own independent judgment in evaluating the investment in the Notes. See “Certain Considerations for ERISA and Other U.S. Employee Benefit Plans” herein for a more detailed discussion of certain ERISA and related considerations with respect to an investment in the Notes.

Your ability to transfer the Notes may be limited by the absence of an active trading market, and there is no assurance that any active trading market will develop for the Notes.

The Notes are a new issue of securities for which there is currently no market. The Initial Purchasers have advised STA that they intend to make a market in the Notes, as permitted by applicable laws and regulations; however, the Initial Purchasers are not obligated to make a market in the Notes, and they may discontinue their market-making activities at any time without notice. Therefore, STA cannot assure you as to the development or liquidity of any trading market for the Notes. The liquidity of any market for the Notes will depend on a number of factors, including:

- the number of holders of Notes;
- our operating performance and financial condition;
- the market for similar securities;
- the interest of securities dealers in making a market in the Notes; and
- prevailing interest rates.

STA cannot assure you that the market, if any, for the Notes will be free from disruptions and price volatility or that any such disruptions or volatility may not adversely affect the prices at which you may sell your Notes. Therefore, STA cannot assure you that you will be able to sell your Notes at a particular time or price, if at all.

The Notes cannot and will not be publicly offered or sold to persons in Chile and may be privately offered or sold in Chile only in circumstances which have not resulted and will not result in a public offering under Chilean law, and/or in compliance with NCG Rule 336 or NCG 452, both issued by the CMF. See “Plan of Distribution — Sales Outside the United States — Chile.” The definition of a public offering of securities under Chilean law includes both offers directed to the general public and offers directed to a part or specific group thereof. STA is not required and does not expect to register the Notes with the CMF. Consequently, neither STA nor the Notes will be under the supervision of the CMF.

We may incur additional indebtedness that could adversely affect holders of the Notes.

We may be able to incur additional indebtedness in the future. The Indenture does not contain restrictions on our ability to incur indebtedness. If we incur additional indebtedness, the risks that we face as a result of such additional leverage could increase. The Indenture will permit STA to incur additional indebtedness that ranks on an equal and ratable basis with the Notes. If STA incurs any additional debt that ranks on an equal and ratable basis with the Notes, the holders of that debt will be entitled to share ratably with the holders of the Notes in any proceeds distributed in connection with an insolvency, liquidation, reorganization, dissolution or other winding-up of us or our subsidiaries, as applicable, subject to satisfaction of certain debt limitations. This may have the effect of reducing the amount of proceeds paid to you.

Fraudulent conveyance laws may void or subordinate the Notes.

The issuance of the Notes may be subject to review under applicable bankruptcy law or relevant fraudulent conveyance. While the relevant laws may vary from jurisdiction to jurisdiction and from time to time, in general under these laws, if a court were to find that, in such a lawsuit or action, at the time the Notes are issued, the debt was incurred with the intent of hindering, delaying or defrauding current or future creditors and received less than reasonably equivalent value or fair consideration for incurring the debt, and STA:

- was insolvent or became insolvent as a result of issuing the Notes or the issuance of the Notes occurred within a specific period of time prior to such insolvency;
- was engaged or about to engage in a business or transaction for which the remaining assets of STA constituted unreasonably small capital; or
- intended to incur, or believed that it would incur, debts beyond its ability to pay those debts as they matured,
- then the court could deem the issuance of Notes to be a fraudulent conveyance.

In such case, the court could void the payment obligations under the Notes or subordinate the Notes to presently existing and future indebtedness of STA or require the holders of the Notes to repay any amounts received with respect to the Notes. In the event of a finding that a fraudulent conveyance occurred, you may not receive any repayment on the Notes. Further, the voidance of the Notes could result in an event of default with respect to our other debt and that could result in acceleration of such debt. Although standards for determining insolvency vary from jurisdiction to jurisdiction, generally, an entity would be considered insolvent if at the time it incurred indebtedness:

- the sum of its debts, including contingent liabilities, was greater than the value (saleable or other) of all or certain of its assets;
- the present value (saleable or other) of all or certain of its assets was less than the amount that would be required to pay its probable liability on all or a specific portion of its existing debts and liabilities, including contingent liabilities, as they become absolute and mature; or
- it could not pay its debts as they become due.

We cannot be certain as to the standards a court would use to determine whether or not STA was solvent or, regardless of the standard that a court uses, that the issuance of the Notes would not be subordinated to other debt.

STA may not have the ability to raise the funds necessary to finance the Change of Control Offer or other mandatory redemptions required by the Indenture.

Upon the occurrence of a “Change of Control Event,” as defined in the Indenture, STA will be required to offer to repurchase all outstanding Notes at 101% of the principal amount thereof plus accrued and unpaid interest and Additional Amounts (as defined elsewhere in this offering memorandum), if any, to the date of repurchase. See “Description of the Notes — Covenants — Change of Control Event” STA has limited sources of funds and it is possible that STA will not have sufficient funds at the time of the Change of Control Event or other redemption event to make the required repurchase of Notes. In such event, STA may require third-party financing in order to fund its redemption obligations and to refinance any other indebtedness that would become payable upon the occurrence of such events. STA may not be able to obtain such additional financing on terms favorable to it or at all.

In addition, a failure to make an offer to repurchase the Notes upon a Change of Control Event or to otherwise fulfil STA’s redemption obligations would give rise to an event of default under the Indenture and could result in an acceleration of amounts due thereunder. Any such default and acceleration under the Indenture could trigger a cross-default or cross-acceleration under other indebtedness.

Exchange controls and restrictions could prevent STA from making payments in U.S. dollars.

Exchange control risks include: (i) availability risk, the risk that even though we have sufficient Chilean peso-denominated revenue to meet STA’s obligations, U.S. dollars are not available for conversion; (ii) convertibility risk, the risk that a Chilean governmental authority will restrict, condition or terminate STA’s legal right to convert Chilean pesos into U.S. dollars; and (iii) transferability risk, the risk that a Chilean government entity will allow STA to convert currency into U.S. dollars, but will place restrictions or prohibitions on those U.S. dollars leaving the country.

Although Chile has not been affected by exchange controls since 1999, we cannot assure you that exchange controls may not be imposed in the future, as the Central Bank of Chile has the ability to impose them as provided by its statutory law. For more information, see “Exchange Rate Information” and “Exchange Controls.”

Chilean issuers are authorized to offer securities internationally complying with the provisions of Chapter XIV of the Central Bank Compendium, including the obligation to provide certain information to the Central Bank of Chile. See “Exchange Rate Information” and “Exchange Controls.” Under Chapter XIV of the Compendium, payments and remittances of funds from Chile are governed by the rules in effect at the time the payment or remittance is made. Therefore, any change made to Chilean laws and regulations after the date hereof may affect foreign investors who have acquired the Notes.

There can be no assurance that further regulations of the Central Bank of Chile or legislative changes to the current foreign exchange control regime in Chile will not restrict or prevent STA from acquiring U.S. dollars or that further restrictions applicable to us will be imposed that may affect our ability to remit U.S. dollars for payment of interest or principal on the Notes. There can be no assurance that restrictions applicable to the holders will not be imposed in the future, nor can there be any assessment of the duration or impact of such restrictions if imposed.

Credit ratings may not reflect all risks, are not recommendations to buy or hold securities and may be subject to revision, suspension or withdrawal at any time.

One or more independent credit rating agencies may assign credit ratings to the Notes, and these credit ratings may change after the issuance of the Notes. Certain ratings on the Notes will be preliminary, and the assignment of the final rating will depend on the applicable rating agency’s receipt and satisfactory review of all final transaction documentation, such that STA’s debt, as well the interest rate on the Notes would need to be in line with the rating agency’s expectations. Accordingly, the preliminary rating should not be construed as evidence of the final rating. If certain rating agencies do not receive the final documentation within a reasonable timeframe, or if the final transaction departs from such rating agencies’ assumptions, they reserve the right to withdraw or change the rating.

Moreover, the ratings may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed herein and other factors that may affect the value of the Notes. Such ratings are limited in scope and reflect only the views of the rating agencies at the time the ratings are issued. An explanation of the significance of such ratings may be obtained from the credit rating agencies. The credit ratings of the Notes address the likelihood of payment of principal at their maturity. The credit ratings also address the timely payment of interest on each scheduled payment date. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal by the rating agency at any time. We cannot assure you that a credit rating will remain in effect for any given period of time or that a credit rating will not be lowered or withdrawn entirely by the credit rating agency if, in its judgment, circumstances in the future so warrant. A suspension, reduction or withdrawal at any time of the credit rating assigned to the Notes by one or more of the credit rating agencies may adversely affect the cost and terms and conditions of STA's financings and could adversely affect the value and trading of the Notes.

You may not be able to recover in civil proceedings for U.S. securities law violations.

STA is incorporated outside the United States and STA's business is conducted outside the United States. Most of STA's directors and executive officers and certain experts named in this offering memorandum are non-residents of the United States. Although STA has submitted or will submit to the jurisdiction of certain New York courts in connection with any action under U.S. securities laws, you may be unable to effect service of process within the United States on STA's directors and executive officers. In addition, as most of STA's assets and those of STA's directors and executive officers are located outside of the United States, you may be unable to enforce against them judgments obtained in the U.S. courts predicated upon civil liability provisions of the federal securities laws of the United States. In addition, STA has been informed that it is questionable whether a court in Chile would accept jurisdiction and impose civil liability if proceedings were commenced in such court predicated solely upon U.S. federal securities laws. See "Enforcement of Civil Liabilities — Chile."

The Indenture Trustee may fail or refuse to act under the Indenture if it is not provided with adequate security and/or indemnification.

Under the Indenture, the failure to provide adequate security or indemnification to the Indenture Trustee as satisfactory to the Indenture Trustee will justify such agent's failure or refusal to act under such documents. To the extent that a security or indemnification provided by STA is not satisfactory to the Indenture Trustee for the exercise of any right or remedy under the Indenture that may cause such Indenture Trustee to incur any liability or expense (including any enforcement or collection proceeding resulting from an event of default under the Indenture or), the holders of the Notes will be required to provide such agent with adequate security and/or indemnification against any and all liability and expense that may be incurred by such agent by reason of taking or continuing to take action under the Indenture. Failure by the holders of Notes to provide such security or indemnification may result in the Indenture Trustee failing or refusing to act under the Indenture, which could have a materially adverse effect on the rights of the holders of Notes under the Notes.

Bankruptcy laws applicable to STA may be less favorable to investors than bankruptcy and insolvency laws in other jurisdictions.

If STA is unable to repay the Notes, STA may become subject to bankruptcy or reorganization proceedings. In the event of a bankruptcy, insolvency or similar event, proceedings could be initiated in Chile. Such proceedings may be complex and costly for creditors and otherwise may result in greater uncertainty and delay regarding the enforcement of your rights. Furthermore, under Chilean law, the costs incurred by creditors in such proceedings are to be borne by creditors, unlike in other jurisdictions. The noteholders' rights under the Notes will be subject to the bankruptcy, insolvency and administrative laws and there can be no assurance that you will be able to effectively enforce your rights in such bankruptcy, insolvency or similar proceedings. Noteholders that are qualified as related persons of the debtor will not have voting rights under bankruptcy proceedings under Chilean law, and their claims will be postponed until the full payment of the debt if not duly documented 90 days prior to the commencement of a reorganization proceeding or the issuance of the liquidation resolution, as applicable.

The bankruptcy laws currently in effect in Chile are significantly different from, and may be less favorable to creditors than, those of certain other jurisdictions with which you may be more familiar. Certain provisions of the insolvency laws in these jurisdictions could affect the ranking of the Notes or claims relating to the Notes on an insolvency of STA. In the event we experience financial difficulty, it is not possible to know with certainty the outcome of such proceedings.

The Chilean Electricity Law includes a series of special rules governing a liquidation proceeding of a generation, transmission or distribution company. The Chilean Electricity Law provides that immediately after a request is submitted to initiate a liquidation proceeding regarding a transmission company, that request must be relayed by the relevant court to the CNE and the SDEC, which will provide their opinion as to whether the liquidation proceeding would compromise the sufficiency of the electricity distribution system, seen as the probability of satisfying demand, or the basic standards of operation of the electricity distribution system, including the safety of the system, economic operation, and open access to the transmission system.

If the court finds that the sufficiency of the electricity distribution system or its basic standards of operation are compromised, it must instruct the definitive continuance of the insolvent transmission company's economic activities, and appoint a provisional administrator, nominated by the SDEC. The Chilean Electricity Law does not require that the court follow the SDEC's recommendation.

Under the Chilean Electricity Law, as soon as the provisional administrator assumes its position, it must prepare and make available to the court a list of the company's assets required for the business continuation and also the assets required to ensure the sufficiency of the system and the basic standards of the operation.

If the court decides that the liquidation of the transmission company would affect the safety, efficient operation, free access or sufficiency of an electric system, the assets of the transmission company will be sold as an "economic unit" (*unidad económica*). The Chilean Electricity Law sets forth that the court resolution that instructs the business continuation suspends the right of creditors secured with pledges and mortgages to initiate and continue individual foreclosure proceedings against the transmission company. This provision is intended to facilitate the sale of the assets as an economic unit and enable the acquirer to develop and maintain the insolvent transmission company's ordinary course of business. The sale of the assets as an economic unit must take place within 18 months as from the resolution of liquidation is *res iudicata* (*causa ejecutoria*). Creditors representing more than 50% of the voting debt could request the court to establish different rules for the sale, in which case the court will consult with the SDEC and the CNE in order to rule in a form that does not compromise the sufficiency of the system or the basic standards of operation.

To our knowledge, there is no precedent of a transmission company being subject to a liquidation proceeding under the current Chilean Bankruptcy Law. If we seek the protection of bankruptcy or insolvency laws, or if one of our creditors begins a bankruptcy proceeding against us, STA's ability to make payments in respect of the Notes is likely to be significantly impaired. Furthermore, we cannot predict how long payments on the Notes could be delayed, or if any payments on the Notes would be made, following the commencement of a bankruptcy case against us.

Under the Chilean Bankruptcy Law, STA's obligations under the Notes are subordinated to certain statutory preferences. In the event of liquidation, such statutory preferences, including claims for salaries, wages, secured obligations, social security, taxes and court fees and expenses, will have preference over any other claims, including claims by any investor in respect of the Notes.

In this regard, under the Chilean Bankruptcy Law and the Chilean Electricity Law, a secured creditor is barred from foreclosing in special circumstances during liquidation proceedings. These circumstances include the following:

- if the company has filed a request for its reorganization in accordance with Chapter III of the Chilean Bankruptcy Law, the competent court will issue a reorganization resolution granting the company an insolvency bankruptcy protection period (*protección financiera concursal*) until the date in which the creditors' meeting decides upon the reorganization proposal, which must take place no later than 90 business days from the date the reorganization resolution is published in the Insolvency Gazette (*Boletín Concursal*). During this period no attachment proceeding, enforcements of any

class, foreclosure of any sorts of guarantees or other security interests or terminations of lease actions may be filed against the debtor. Also, during the insolvency protection period, payment terms in contracts to which the debtor is a party will remain unaltered, and debtor's contracts may not be terminated or accelerated, and guarantees may not be foreclosed on the grounds of the start of a reorganization proceeding. If these prohibitions are breached, the debt arising from an agreement that has been terminated during the insolvency protection period will be subordinated to the payment of all other debts of the debtor. In addition, loans incurred for up to 20% of its accounting liabilities during the bankruptcy protection period will have priority in payment on their respective payment dates, if the proceeds of such loans are used for the financing of operations of the debtor;

- if the bankruptcy court decides that the bankruptcy of a transmission company affects the safety, efficient operation, free access or sufficiency of an electric system, the company in bankruptcy must continue carrying on business and a secured creditor would be barred from foreclosing on the assets securing its credit if contemplated in the business continuation (*continuidad de giro*);
- if all or a portion of the assets of the transmission company in bankruptcy needs to be sold as an economic unit and such unit encompasses assets covered by a mortgage, pledge or another security interest, a secured creditor cannot separately foreclose thereon. Instead, such secured creditor would have a preferential claim against the proceeds of the sale of the assets concerned;
- if the court does not order the continuation of operations of the transmission company, creditors holding at least 2/3 of the outstanding claims with right to vote (i.e., holders of claims that have been recognized by the bankruptcy court) may decide that the debtor in bankruptcy should continue carrying on business (*continuación de actividades económicas*), and, in this scenario, secured creditors that voted for the continuation of the business would be barred from foreclosing on the assets securing their credits if included in the business continuation; and
- if creditors holding more than 50% of the outstanding claims decide that all or a portion of the assets of the debtor needs to be sold as an economic unit and such unit encompasses assets covered by a mortgage, pledge or another security interest, secured creditors cannot separately foreclose thereon. Instead, such secured creditor would have a preferential claim against the proceeds of the sale of the assets concerned.

If certain changes to tax law were to occur, STA would have the option to redeem the Notes.

The Notes are redeemable at STA's option in whole (but not in part), at any time at a redemption price equal to the principal amount thereof, plus accrued and unpaid interest, if any, on the principal amount of the Notes being redeemed plus Additional Amounts, if any, with respect to the Notes, if, as a result of certain tax-related changes, STA becomes obligated to pay Additional Amounts with respect to interest on the Notes at a rate of withholding or deduction in excess of 4.0%. Although no proposal to increase the withholding tax rate in Chile is currently pending, we cannot assure you that an increase in withholding tax rate will not be enacted. See "Description of the Notes — Redemption for Taxation Reasons".

The interests of STA's shareholders may conflict with the interests of the holders of the Notes.

STA's shareholders are the following: (i) Inversiones Eléctricas del Sur which holds 99.92% of STA's total shares; (ii) Inversiones Grupo Saesa Limitada, which holds 0.075% of STA's total shares; (iii) Cóndor Holding SpA, an entity controlled by Alberta Investment Management Corporation and a member of the controlling group of Inversiones Eléctricas del Sur which holds 0.0013% of the company's total shares; and (iv) minority shareholders, who hold 0.0035% of the STA's total shares. STA's shares are divided into 2 series: (a) Series A or common shares, which possess all rights granted by Chilean corporation law to the shares of a closely-held corporation (*sociedad anónima cerrada*), including but not limited to the right to elect its directors; and (b) Series B Shares, whose only limitation is that they do not have voting rights. Inversiones Eléctricas del Sur owns approximately 60% of the Series A shares entitled to elect the directors and the remaining 40% of the Series A shares are owned by Cóndor Holding SpA. Inversiones Eléctricas del Sur owns approximately 99.92% of the Series B shares, and the remaining 0.08% of the Series B shares are owned by Inversiones Grupo Saesa Limitada and minority shareholders. Thus, Inversiones Eléctricas del Sur has majority to vote STA's policies and operations, including the appointment of management, future issuances of stock or other securities, the payments of dividends on STA's stock, the incurrence of debt by

STA and the amendments to the organizational documents, and STA's majority shareholder's interests may not in all cases be aligned with your interests as a holder of notes. STA's majority shareholder may have an interest in pursuing acquisitions, divestitures and other transactions that, in its judgment, could enhance its equity investment, even though such transactions might involve risks to holders of the Notes. For example, the majority shareholders could cause STA to make acquisitions that increase its indebtedness or to sell revenue-generating assets. The impact of such actions may adversely affect STA's business, results of operations, financial condition and, as a result, impair its ability to make payments under the Notes.

The Indenture will not be qualified under the Trust Indenture Act and the obligations of the Indenture Trustee are limited.

The Indenture will not be qualified as an indenture under the Trust Indenture Act of 1939 (the "Trust Indenture Act"), and the Indenture Trustee will not be required to qualify as a trustee under the Trust Indenture Act. Thus, the holders of the Notes will not have the benefit of the protection of the Trust Indenture Act with respect to the Indenture or the Indenture Trustee. The protections generally afforded to the holder of a security issued under an indenture that has been qualified under the Trust Indenture Act include:

- disqualification of the indenture trustee for "conflicting interests," as defined in the Trust Indenture Act;
- provisions preventing a trustee that is also a creditor of STA from improving its own credit position at the expense of the security holders immediately prior to or after a default under such indenture;
- the requirement that the Indenture Trustee deliver reports at least annually with respect to certain matters concerning the Indenture Trustee and the securities; and
- unanimous voting thresholds for certain amendments.

There is no current market consensus on what constitutes a "green" or "sustainable" projects and the Notes may not be a suitable investment for all investors seeking exposure to green assets.

There is no current market consensus on what precise attributes are required for a particular project to be defined as "green" or "sustainable", therefore, any projects that we decide to finance with a portion of the net proceeds from the offering of the Notes may not meet the criteria and expectations of investors regarding environmental impact and sustainability performance. In connection with the offering of the Notes, we have engaged an external consultant to issue a second opinion regarding the sustainability criteria (the "Second Party Opinion"). The Second Party Opinion is not incorporated into and does not form part of this offering memorandum. There can be no guarantee that the underlying projects initially financed with the net proceeds from the offering of the Notes and/or social impacts will not occur during or as a result of the design, construction, commissioning and operation of such projects. In addition, where any negative impacts are insufficiently mitigated, the projects may become controversial, and/or may be criticized by activist groups or other stakeholders. Neither we nor the Initial Purchasers make any representation as to the suitability of the Second Party Opinion or the Notes to fulfil such environmental and sustainability criteria. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this offering memorandum regarding the use of proceeds and its purchase of Notes should be based upon such investigation as it seems necessary. The Second Party Opinion may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed herein and other factors that may affect the value of the Notes. The Second Party Opinion is not a recommendation to buy, sell or hold securities and is only current as of the date that the Second Party Opinion was initially issued. In addition, although we have agreed to certain reporting and used of proceeds, it will not be an event of default under the Indenture if we fail to comply such obligations. A withdrawal of the Second Party Opinion or any failure by us to use the net proceeds from the Notes as described herein or to meet or continue to meet the investment requirements of certain environmentally-focused investors with respect to such Notes may affect the value of the Notes and/or may have consequences for certain investors with portfolio mandates to invest in green assets. The initial purchasers make no assurances as to (i) whether the Notes will meet the criteria and expectations of investors regarding environmental impact and sustainability performance; (ii) whether the net proceeds from the offering of the Notes will be used to finance and refinance Green Projects (as defined below) or (iii) the characteristics of any such bond projects, including their environmental and sustainability criteria. See "Use of Proceeds."

USE OF PROCEEDS

The gross proceeds from the sale of the Notes will be U.S.\$381,938,700. STA intends to use the net proceeds from the sale of the Notes in this offering (after deduction of certain fees, expenses and commissions) to finance a portion of our capital expenditures related to the green Projects (as defined below) for approximately U.S.\$ 55 million, including through refinancing intercompany loans the proceeds of which were used to finance such projects, and, the balance, if any, for general corporate purposes.

Green Financing Framework

We have developed a Green Financing Framework dated November 2021 (the “Framework”) in line with the Green Bond Principles administered by the International Capital Markets Association (ICMA). These principles are voluntary process guidelines that recommend transparency, disclosure and promote integrity for best practices when raising funds with green bonds. The Framework is aligned with the four core components of the Green Bond Principles and contains the following structure:

- (i) Use of proceeds
- (ii) Process for project evaluation and selection
- (iii) Management of proceeds
- (iv) Reporting

Eligible green projects under the Framework (such projects, the “Green Projects”) include new or existing projects and expenditures that meet, among other, the following criteria:

- **Renewable Energy:** Investments for projects relating to the construction, installation, development, acquisition, maintenance and/or operation of transmission infrastructure that supports the connection of renewable energy sources and facilitates the increased transmission of low-carbon and renewable energy sources into the grid.
- **Energy efficiency:** Investments related to energy efficiency improvements to transmission infrastructure, including but not limited to greenhouse gas reducing network modifications to increase energy efficiency, smart sensors, smart meters and automation systems and renewable energy storage and battery systems.

Our following substations are considered Green Projects: María Elena, San Andrés, Río Toltén, Kimal, Guardiamarina, LT Valdivia-Picarte, La Ruca, La Señoraza, San Fabián-Ancoa, Pargua, Los Canelos, Larqui, Epuleufu, Tolchén and Cabo Leones (second circuit). These transmission lines and substations are considered Green Projects because they allow us to provide transmission services to power generating companies that generate clean and renewable energy and/or are located in zones with strong developments of green energy.

Process for Project Evaluation and Selection

Our Green Finance Committee, which is comprised of representatives from our Sustainability, Treasury/Finance and Corporate Affairs teams, will oversee the identification and selection of eligible projects under the Framework. The Green Finance Committee will meet on a semiannual basis and all projects will be subject to final approval by our Chief Financial Officer and Corporate Affairs Manager.

Management of Proceeds

We will establish internal tracking systems to monitor and account for allocation of an amount equal to the net proceeds from this offering to (i) finance a portion of our capital expenditures related to Green Projects, and (ii) refinance intercompany loans the proceeds of which were used to finance Green Projects. Pending such allocation, we may use the funds for general corporate purposes and/or hold funds in cash or cash equivalents in accordance with our internal liquidity policy. We will not use any of the proceeds to finance fossil-fuel operations.

Reporting

Until full allocation of the net proceeds from the offering of the Notes, we expect to make available an annual green bond report on the following website: <https://web.gruposaes.cl/sustentabilidad>.

This website is not incorporated by reference. The annual green bond report will include details of (i) the amount of net proceeds allocated to Green Projects; (ii) descriptions of each project, (iii) the amount of proceeds left unallocated; (iv) impact metrics, estimated annual greenhouse gas emission reductions and other quantitative impact figures.

The initial purchasers make no assurances as to (i) whether the Notes will meet the criteria and expectations of investors regarding environmental impact and sustainability performance, (ii) whether the net proceeds from the offering of the Notes will be used to finance and/or refinance Green Projects, or (iii) the characteristics of any such Green Projects, including their environmental and sustainability criteria.

External Review

We have appointed Sustainalytics, an independent ESG research, ratings and data firm, to evaluate the Framework and its alignment with ICMA's 2021 Green Bond Principles. The results of Sustainalytics analysis are documented in its Second Party Opinion, which confirms alignment with the four core components of such principles.

EXCHANGE RATES AND EXCHANGE CONTROLS IN CHILE

Exchange Rates

Chile has two foreign currency markets, the Formal Exchange Market (*Mercado Cambiario Formal*) and the Informal Exchange Market (*Mercado Cambiario Informal*). The Formal Exchange Market is comprised of banks and other entities authorized by the Central Bank of Chile. The Informal Exchange Market is comprised of entities that are not expressly authorized to operate in the Formal Exchange Market, such as certain foreign exchange houses and travel agencies, among others. The Central Bank of Chile is empowered to determine that certain purchases and sales of foreign currencies be carried out on the Formal Exchange Market.

Both the Formal and Informal Exchange Markets are driven by free market forces. Current regulations require that the Central Bank of Chile be informed of certain transactions which must be effected through the Formal Exchange Market. In order to keep the average exchange rate within certain limits, the Central Bank of Chile may intervene by buying or selling foreign currency on the Formal Exchange Market.

The Observed Exchange Rate (*dólar observado*), which is reported by the Central Bank of Chile and published daily in the Chilean Official Gazette (*Diario Oficial de Chile*), is computed by taking the weighted average of the previous business day's transactions on the Formal Exchange Market. The Central Bank of Chile has the power to intervene in the exchange market by buying or selling foreign currency on the Formal Exchange Market to attempt to maintain the Observed Exchange Rate within a desired range. During the past few years, the Central Bank of Chile has intervened to keep the Observed Exchange Rate within a certain range only under special circumstances. Although the Central Bank of Chile is not required to follow any specific exchange rate, it generally uses spot rates for its transactions. Other banks generally carry out authorized transactions at spot rates also.

The Informal Exchange Market reflects transactions carried out at an informal exchange rate (the "Informal Exchange Rate"). There are no limits imposed on the extent to which the rate of exchange in the Informal Exchange Market can fluctuate above or below the Observed Exchange Rate. In recent years, the variation between the Observed Exchange Rate and the Informal Exchange Rate has not been significant.

We make no representation that the Chilean pesos for the U.S. dollar amounts referred to herein could have been or could be converted into U.S. dollars or Chilean pesos, as the case may be, at the rates indicated, at any particular rate or at all.

The following table sets forth the annual low, high, average and period end Observed Exchange Rate for U.S. dollars for each year starting in 2018, as reported by the Central Bank of Chile:

Observed Exchange Rates (Ch\$ per U.S.\$1.00)				
Year	Low	High	Average	Period-End
2018	588.28	698.56	640.29	694.77
2019	649.22	828.25	702.63	748.74
2020	710.26	867.83	792.22	710.95
2021	693.74	868.76	759.27	844.69

Observed Exchange Rates (Ch\$ per U.S.\$1.00) (1)(2)				
Year	Low	High	Average	Period-End
September 2021	766.63	803.59	783.63	811.90
October 2021	803.90	827.56	813.95	810.91
November 2021	791.30	836.73	812.62	837.55
December 2021	828.17	868.76	849.12	844.69

As of January 13, 2022, the Observed Exchange Rate for Chilean pesos as reported by the Central Bank of Chile and published in the Official Chilean Gazette was 826.51 to U.S.\$1.00.

Exchange Controls

Pursuant to Article 39 of Law No. 18,840 (the “Central Bank Act”), any person or entity may freely execute any foreign exchange transaction unless the Central Bank of Chile imposes a restriction or limitation to such foreign exchange transaction. Currently, there are only certain information obligations against the Central Bank of Chile to be made with respect to the bonds to be issued by STA. Nevertheless, there is no additional filing, registration or approval to be made or obtained regarding the bonds to be issued by STA.

The Central Bank of Chile is the entity responsible for monetary policies and exchange controls in Chile. Chilean issuers are authorized to offer securities internationally provided they comply with, among other things, the provisions of Chapter XIV of the Compendium. In accordance with the regulations issued by the Central Bank of Chile, which are included in Chapter XIV of the Compendium, any international issue of bonds in an aggregate amount exceeding U.S.\$1,000,000 must be registered and dated by the Central Bank of Chile or by a bank or other entity authorized by the Central Bank of Chile to participate in the Formal Exchange Market and disclosed to the Central Bank of Chile before the proceeds from the issuance can be remitted to Chile and received by the issuer or simultaneously with the remittance into Chile of such proceeds. If the issuer opts to receive the proceeds of the issue outside of Chile, it must report this to the Central Bank of Chile directly or through a Formal Exchange Market entity during the first ten calendar days of the month following the one in which the proceeds were received.

Pursuant to the current regulations contained in the aforesaid Chapter XIV of the Compendium, although no prior authorization from the Central Bank of Chile is required to effect payments in U.S. dollars abroad, such payments are required to be made through the Formal Exchange Market and disclosed to the Central Bank of Chile in order to bring the proceeds of the sale of the Notes into Chile. The participant of the Formal Exchange Market involved in the transfer must provide certain information to the Central Bank of Chile. Notwithstanding the foregoing, purchases of U.S. dollars in connection with such payments can be made either in the Formal or in the Informal Exchange Market.

In the event STA does not remit the funds obtained from the sale of the Notes into Chile and payments are made by a Chilean entity outside Chile using foreign currency held abroad, relevant information should be provided to the Central Bank of Chile directly or through an entity of the Formal Exchange Market within the first ten days of the month following the date on which the payment was made. As of this date, under Chapter XIV of the Central Bank Compendium, payments and remittances of funds from Chile are governed by the rules in effect at the time the payment or remittance is made.

There can be no assurance that we or any other entity will be able to purchase U.S. dollars in the Informal Exchange Market or in the Formal Exchange Market at the time or in the amounts required to effect any payment due pursuant to the notes.

Any change made to Chilean laws and regulations after the date hereof will affect foreign investors who have acquired the notes. We cannot assure you that further Central Bank of Chile regulations or legislative changes to the current foreign exchange control regime in Chile will not restrict or prevent us or any other entity, from acquiring U.S. dollars or that further restrictions applicable to us or any other entity will not affect our or its ability to remit U.S. dollars for payment of interest or principal on the notes.

The above is a summary of the Central Bank of Chile’s regulations applicable with respect to the notes, as in force and effect as of the date of this offering memorandum. We cannot assure you that restrictions will not be imposed in the future, nor can there be any assessment of the duration or impact of such restrictions if imposed. This summary does not purport to be complete and is qualified in its entirety by reference to the provisions of Chapter XIV of the Compendium, a copy of which is available from us upon request.

CAPITALIZATION

The following table sets forth our combined cash and cash equivalents and capitalization as of September 30, 2021 on an actual basis and on an as adjusted basis after giving effect to the offering of the Notes contemplated hereby and the assumed application of the net proceeds therefrom as described in “Use of Proceeds.” The information presented in the table below should be read together with “Presentation of Financial Information”, “Use of Proceeds,” “Selected Combined Financial Data,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and our Unaudited Combined Carve-Out Financial Statements (and the related notes) included elsewhere in this offering memorandum. Other than as disclosed in this offering memorandum, there has been no material change in our capitalization since September 30, 2021.

	As of September 30, 2021	
	Actual Unaudited	As Adjusted ⁽¹⁾ Unaudited
	(in thousands of Chilean pesos)	
Cash and cash equivalents	999,657	310,145,765
DEBT		
Total Current Liabilities	46,596,002	45,596,002
Bank loans	—	—
Bonds	1,532,942	1,532,942
Derivatives	144,057	144,057
Non Current Liabilities	481,312,689	481,312,689
Notes issued hereby	—	316,641,000
Total Liabilities	527,908,691	844,549,691
EQUITY		
Net Parent Investment	238,433,109	238,433,109
Other reserves	37,813,246	37,813,246
Equity attributable to owners of controller	276,246,355	276,246,355
Non-controlling interests	421,720	421,720
Total Equity	276,668,075	276,668,075
Total Equity and Liabilities	804,576,766	1,121,217,766

⁽¹⁾ As adjusted to give effect to the issuance of the Notes and the application of the net proceeds from the sale of the Notes as described under “Use of Proceeds”.

SELECTED COMBINED FINANCIAL DATA

The following tables present our selected combined financial data as of the dates and for each of the periods indicated. You should read the following selected combined financial data in conjunction with the Combined Carve-Out Financial Statements, including the notes thereto, and the section “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

The selected combined financial data as of September 30, 2021, and for the nine-month periods ended September 30, 2021 and 2020 was derived from our Unaudited Combined Carve-Out Financial Statements included elsewhere in this offering memorandum. The Unaudited Combined Carve-Out Financial Statements have been prepared on the same basis as the Audited Combined Carve-Out Financial Statements and, in accordance with International Accounting Standard 34 “Interim Financial Reporting.” The results for the nine-month period ended September 30, 2021 are not indicative of results to be expected for the entire year ending December 31, 2021.

The selected combined financial data as of December 31, 2020 and 2019 and for the years ended December 31, 2020 and 2019 was derived from the Audited Combined Carve-Out Financial Statements. The Audited Combined Carve-Out Financial Statements were audited by Deloitte Auditores y Consultores Limitada, as stated in their report included in this offering memorandum.

The Audited Combined Carve-Out Financial Statements have been prepared in accordance with IFRS.

COMBINED STATEMENT OF COMPREHENSIVE INCOME DATA	For the Nine-Month Period ended September 30,		For the year ended December 31,	
	2021	2020	2020	2019
Profit			(in thousands of Chilean pesos)	
Revenue from ordinary activities	58,895,891	43,603,925	58,659,181	60,485,531
Other revenue.	6,395,155	3,377,446	5,548,228	1,838,441
Raw materials and consumables used	(424,479)	(335,535)	(283,265)	(550,239)
Employee benefits expenses	(6,216,330)	(4,629,099)	(6,538,641)	(4,750,748)
Depreciation and amortization expense	(8,727,176)	(8,209,485)	(10,932,691)	(9,954,259)
Other expenses, by nature	(12,112,057)	(8,698,869)	(13,506,962)	(12,157,957)
Other income (losses)	18,780	(1,782)	217,600	56,833
Financial income	52,912	105,478	109,503	1,159,754
Financial expenses	(4,801,932)	(4,680,742)	(6,171,215)	(7,513,310)
Exchange differences	(2,352,722)	873,630	1,737,177	119,324
Effect of inflation-indexation	(3,569,211)	(1,409,977)	(2,702,785)	(2,548,857)
Profit before tax	27,158,831	19,994,990	26,136,130	26,184,513
Income tax expense	(6,145,672)	(5,997,365)	(17,563,768)	(6,203,835)
Profit from continued operations	21,013,159	13,997,626	8,572,362	19,980,678
Profit from discontinued operations	—	—	—	—
Profit	21,013,159	13,997,626	8,572,362	19,980,678
Profit, attributable to:				
Owners of the Group	20,973,569	13,975,926	8,552,509	19,950,307
Non-controlling interest	39,590	21,700	19,853	30,371
Profit	21,013,159	13,997,626	8,572,362	19,980,678

	As of September 30,	As of December 31,	
	2021	2020	2019
(in thousands of Chilean pesos, except for percentages)			
COMBINED STATEMENT OF FINANCIAL POSITION DATA			
Current Assets			
Cash and cash equivalents	999,657	1,458,987	1,071,210
Other financial assets current	76,822	147,556	350,683
Other non financial assets (current)	1,310,327	933,138	405,526
Trade debtors and other accounts receivable	26,971,476	32,865,594	19,968,704
Accounts receivable from related entities, current	422,076	1,359,305	3,717,905
Inventory, current	3,115,990	2,880,479	2,067,790
Current tax assets	7,745,418	15,276,091	14,161,435
Total Current Assets	40,641,766	54,921,150	41,743,253
Non Current Assets			
Other non-current non-financial assets	34,460	38,960	29,959
Non-current accounts receivable	10,972,356	394,924	4,942,608
Accounts receivable from related entities, non-current	5,327,262	2,904,797	13,952,629
Intangible assets other than goodwill	41,947,617	34,748,887	35,263,832
Goodwill	76,901,011	75,718,651	75,718,651
Property, plant and equipment	601,727,574	512,928,353	468,286,987
Right of use assets	1,298,847	1,363,138	1,346,868
Deferred tax assets	25,725,873	17,853,472	16,124,768
Total non current Assets	763,935,000	645,951,182	615,666,302
Total Assets	804,576,766	700,872,332	657,409,555
Current Liabilities			
Other financial liabilities, current	1,676,999	15,681,535	28,700,025
Lease liabilities, current	293,539	196,664	86,865
Trade accounts payable and other payables	25,232,841	18,310,512	23,790,167
Due to related companies, current	12,106,213	6,968,182	10,270,260
Other provisions, current	2,711,907	451,704	265,748
Current tax liabilities	2,601,603	11,190,548	2,092,760
Current accruals for employee benefits	1,326,996	1,548,563	1,465,820
Other non-financial liabilities, current	645,904	743,868	743,868
Total current liabilities	45,596,002	55,091,576	67,415,513
Non Current Liabilities			
Other financial liabilities, non-current	121,667,951	117,546,212	114,481,025
Lease liabilities, non-current	1,447,112	1,355,567	1,402,337
Trade accounts payable and other payables, non-current	330,482	—	—
Due to related companies, non-current	279,777,664	205,873,048	164,255,206
Deferred tax liabilities	62,908,568	52,194,012	45,097,611
Non-current accruals for employee benefits	1,699,836	2,059,727	1,657,137
Other non-financial liabilities, non-current	13,481,076	10,375,887	14,112,560
Non Current Liabilities	481,312,689	389,404,453	341,005,876
Total Liabilities	527,908,691	444,496,029	408,421,389
Equity			
Net Parent Investment	238,433,109	228,344,608	216,531,549
Other reserves	37,813,246	27,628,089	32,055,330
Equity attributable to owners of controller	276,246,355	255,972,697	248,586,879
Non-controlling interests	421,720	403,606	401,287
Total Equity	276,668,075	256,376,303	248,988,166
Total Equity and Liabilities	804,576,766	700,872,332	657,409,555

	For the Nine-Month Period ended September 30,		For the Year ended December 31	
	2021	2020	2020	2019
	(in thousands of Chilean pesos)			
COMBINED STATEMENT OF CASH FLOW DATA				
Net cash flows provided by operating activities . .	37,915,218	21,583,920	40,500,999	53,943,742
Cash flows used in investing activities	(60,802,706)	(28,410,462)	(64,070,406)	(94,138,095)
Cash flows provided by financing activities	22,375,761	11,574,221	24,007,415	40,720,871

	As of and for the nine-month period ended September 30,		As of and for the year ended December 31,	
	2021	2020	2020	2019
	(in thousands of Chilean pesos)			

OTHER COMBINED FINANCIAL DATA

Other financial liabilities, current	1,676,999	15,681,535	28,700,025
Other financial liabilities, non-current	121,667,951	117,546,212	114,481,025
Cash and cash equivalent	999,657	1,458,987	1,071,210
Net Debt^(*)	122,345,293	131,768,760	142,109,840
Revenue from ordinary activities	58,895,891	58,659,181	60,485,531
Other revenue	6,395,155	5,548,228	1,838,441
Raw materials and consumables used	(424,479)	(283,265)	(550,239)
Employee benefits expenses	(6,216,330)	(6,538,641)	(4,750,748)
Other expenses, by nature	(12,112,057)	(13,506,962)	(12,157,957)
Combined Adjusted EBITDA(**)	46,538,180	43,878,541	44,865,028
Net Debt/Combined Adjusted EBITDA	2.6	3.0	3.2

(*) Other financial liabilities, current, plus other financial liabilities, non-current, minus cash and cash equivalents.

(**) See “Special Note about Non-IFRS Financial Measures.”

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of combined financial condition and results of operations is derived from, and should be read in conjunction with, the Audited Combined Carve-Out Financial Statements, and the Unaudited Combined Carve-Out Financial Statements included herein, the information set forth in "Summary Combined Financial Data", "Selected Combined Financial Data," and the section titled "Industry."

The following discussion contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those discussed in the forward-looking statements as a result of various factors, including, without limitation, those set forth in "Forward-looking statements," and "Risk factors".

Overview

We are a leading Chilean power transmission company measured by kilometers of lines, with the third most extensive transmission network within the Zonal Transmission System in Chile. We are responsible for reliably transmitting power to Chile's population and its production sector. Our power lines transport power from production centers to cities where the majority of the Chilean population lives, as well as to regions where large-scale industrial users are located and there is a significant amount of mining operations, including the north, center and south of the Chile.

As of September 30, 2021, our combined power transmission assets infrastructure consisted of 88 power transmission assets in operation and (in addition to 4 power transmission projects currently under construction) featuring an aggregate 1,961 Km overall of single and double circuit power transmission lines, of which 1,852 are in operation and 109 are under construction. These power transmission lines, and are connected to 75 substations, with an aggregate transformation capacity of 3,248 MVA. Our transmission system network spans 1,961 Km between the Antofagasta Region and Los Lagos Region.

We have three main sources of revenue: (i) tariff revenue for power transmission services provided in the Regulated Transmission System; (ii) tariff revenue as agreed in Dedicated Contracts with Dedicated Customers for the operation of transmission lines in the Dedicated Transmission System and; (iii) revenue derived from operation and maintenance services that we provide to third parties by virtue of the execution of operation and maintenance agreements. We believe that these three revenue sources generate stable cash flow over time.

Factors Affecting Our Results of Operations

Chilean and Global Economic and Political Environment

Our operations are subject to macroeconomic and political risks beyond our control. High levels of Chilean sovereign debt, weak growth rates, social unrest and high unemployment could lead to fiscal reforms and austerity measures. These reforms may include tax increases and sovereign debt restructurings that may lead to currency instability, increased counterparty credit risk, high levels of volatility and disruptions in the credit and equity markets.

The current macroeconomic environment is highly volatile. Future developments depend on political and economic factors, and we cannot predict whether and for how long challenging conditions will exist or to what extent markets in Chile will deteriorate. As the Chilean government seeks to recover from the effects of the COVID- 19 pandemic, which led the Chilean GDP to contract 6.4% in 2020, it may impose new or increase existing taxes and levies to increase its revenue sources due to high fiscal deficit. Accordingly, our results of operations and cash flows may be adversely affected if the macroeconomic conditions are unfavorable or the Chilean government increases taxes or undertakes reforms that increase our cost of doing business. Further, inflationary pressures and government measures to curb inflation may have a negative effect on our business and financial position. Although inflation in Chile has been relatively low in recent years, it has been higher in the more recent past. The Central Bank of Chile's measures to curve inflation have included tightening of monetary policies with high interest rates, which restricts credit availability and limits economic growth. Such measures to curve inflation, as well as public speculation about

possible future governmental actions may cause economic uncertainty in Chile and volatility in its securities markets. High inflation could also increase our operating costs.

Impact of the COVID-19 Pandemic

To curb the COVID-19 pandemic, the Chilean government has taken emergency and sanitary measures that materially affected Chile's economy and, as a result, may potentially affect our business. See "Summary — Recent Developments — Impact of the COVID-19 Pandemic." Because our revenues do not directly depend on energy consumption and electricity transmission is considered an essential service, the COVID-19 pandemic has not materially affected our operations and financial results. Except for some construction delays in ongoing expansion projects, which are consistent with the impacts experienced by other Chilean transmission companies and that have not materially delayed the completion schedule of these projects, thus far, we have not been adversely affected by the COVID-19 pandemic. However, the Chilean economy has contracted as a result of the COVID-19 pandemic, and the pandemic's long-term negative effects and impacts on the economy can be significant, which may affect our operations and financial results in the future. Chile's situation may change rapidly, and additional impacts may arise that we may not foresee. As such, we cannot assure you that the COVID-19 pandemic will not have other adverse effects on our business. See "Risk Factors — Risks Related to Chile — Outbreaks of communicable infections or diseases, or other public health pandemics, such as the COVID-19 pandemic, have impacted and may continue to further impact the areas in which we, our customers and our suppliers operate or market and sell products and could have a material adverse effect on our operations business, financial condition and results of operations." for a detailed description of the COVID-19 pandemic and its potential impact on our business.

Revenues

We generate revenues through the collection of: (i) regulated revenues derived from the operation and transmission lines that comprise the Regulated Transmission System, (ii) unregulated revenues from the operation of transmission lines that comprise the Dedicated Transmission System, and (iii) revenues derived from operation and maintenance services provided to third parties. For the nine-month period ended September 30, 2021 and the years ended December 30, 2020 and 2019, 66%, 62% and 68%, 34%, 38% and 32%, and 9%, 8% and 2%, of our combined revenues for those periods were derived from regulated revenues from services provided through the Regulated Transmission System, unregulated revenues and operation and maintenance revenues, respectively. See "Business — Our Revenues" for further detail regarding the nature of the regulated tariff revenue that we collect pursuant to the Short Law.

Factors affecting Our Revenues derived from the Regulated Transmission System

The principal factors affecting the level of revenues derived from the Regulated Transmission System that we collect from period to period include:

- *Tariff review process.* The respective VATTs of the transmission lines and substations operating in the National Transmission System and the Zonal Transmission System (other than those new or mandatory expansions) are determined from time to time by the CNE based on evaluation studies of the transmission systems carried out by a consultant chosen through an international public tender. The VI (*investment value*) used to determine a project's AVI is based on the CNE's estimation of the costs required to be incurred to develop and construct an identical new infrastructure project at prevailing replacement costs, after factoring in an after-tax return on the investment amount ranging from 7% to 10%. The rate of return applicable to the VI is determined by the CNE every four years based on prevailing market conditions (interest rates and other costs of capital). As of the date of this offering memorandum, the CNE is reviewing the applicable tariffs for the 2020-2023 tariff period with a panel of technical experts, which is expected to be completed by March 2022, and this new tariff will be applied retroactively from January 1, 2020, once the review process is completed. Pending conclusion of the Ongoing Tariff Review Process, transmission companies continue invoicing under the previous tariff structure, and compensation or reimbursements, based on the new tariff, will be applied once this process is completed. Following the conclusion of this process, the values of the different components used to calculate the VATT and tariffs applicable to the relevant facilities

(including VI, AVI, COMA and indexation formulas, among others) may differ from the values currently in place, which would result in corresponding changes in the tariffs charged by us.

- *Indexation of tariff rates.* Our toll rates are periodically adjusted in accordance with the VATT indexing formulas described in “Industry” — Regulated Income,” taking into account variables such as U.S. dollars / Chilean pesos exchange rate; Chilean consumer price index; U.S. consumer price index.
- *Changes in regulatory assessment.* The revenues that we collect from our assets connected to the Regulated Transmission System are subject to a regulatory assessment every four years, pursuant to which new VI, AVI and COMA values are calculated and implemented for the subsequent period of four years. In the case of mandatory expansions, the regulated revenue is fixed for the first 20 years of operations because they are the result of public tender offers carried out by the CEN as part of the expansion of the SEN. Following the initial 20-year period, tariffs from the Regulated Transmission System are subject to a regulatory assessment every four years.
- *Unavailability of the transmission infrastructure.* When an unavailability supply event is attributable to us, the SDEC may impose sanctions and impose compensatory payments if such failure exceeds the availability margins allowed under the technical rule, thus generating an interruption in energy supply to end users. Compensatory payments may also be payable by us to reimburse the relevant energy distribution or generation company if such company was required to pay compensation to its affected clients, provided that such compensation cannot exceed 5% of our revenues in the Regulated Transmission System in the previous calendar year.
- *New transmission infrastructure that has become operational over time.* We expect our projects under construction as of the date of this offering memorandum to become fully operational by 2024. If these projects commence operations before the date established in the awarding decree, we will receive revenues earlier than the estimated date, which may result in gains earlier than previously expected. By contrast, if these projects commence operations after the date established in the awarding decree, our expected revenues will be delayed.

Factors affecting Our Revenues derived from the Dedicated Transmission System

- *Customer Concentration.* For the nine months ended September 30, 2021, our five largest Dedicated Customers were Minera Escondida Ltda., Parque Eólico Cabo Leones I, Parque Eólico Cabo Leones II, Parque Eólico Cabo Leones III and Parque Eólico Lt. Tolchén. Although power transmission is an operating cost our clients are required to pay to operate, the financial condition and results of operations of our clients, including Unregulated Consumers, energy generation companies and energy distribution companies could impact their ability to pay us, which would affect our profit and loss statement. These negative effects may be due to events such as extensive droughts that reduce hydroelectric production, natural disasters and technological changes, which can affect our customers’ ability to generate or consume the electricity that we transmit through our infrastructure, or the deterioration of our client’s credit due to changes in their business plan or shutdown of their industrial facilities. We cannot guarantee that our major customers or any other clients will remain financially strong, maintain their corporate credit ratings or pay any amounts due to us in a timely manner.
- *Regulatory Recategorization of Transmission Lines.* Every four years the CNE establishes a tariff for the Regulated Transmission System. On occasion, the CNE could determine that certain transmission lines pertaining to the National Transmission System or the Zonal Transmission System need to be recategorized as transmission lines pertaining to the Dedicated Transmission System, and vice versa. This may occur when the CNE determines that a particular transmission line is being used by a single customer and, as such, the transmission line in question must operate as part of a Dedicated Transmission System. In those cases, transmission companies are required to negotiate a Dedicated Contract with an Unregulated Consumer. Conversely, in order to connect additional customers to a particular transmission line that is being operated as part of a Dedicated Transmission System, the CNE may determine that such transmission line needs to be recategorized from the Dedicated Transmission System to the Regulated Transmission System, in which case the transmission revenues associated with such line will change and become regulated by the CNE.

Please see “Risk Factors — Risks Related to Our Business and Industry — Changes in the categorization of our facilities could adversely affect our return on investments and lead to disputes regarding agreed-upon fees.

Description of Principal Line Items in our Combined Carve-Out Financial Statements

Our Combined Carve-Out Financial Statements have been prepared in accordance with IFRS. Amounts presented in the Management Discussion and Analysis section are based on the Combined Carve-Out Financial Statements.

Revenue from ordinary activities

Revenue from ordinary activities consists primarily of our revenues derived from both our assets connected to the Regulated Transmission System and the Unregulated Transmission System.

Other revenue

This item refers to revenue from ancillary services to our power transmission services, including operation, maintenance and construction services provided to third parties.

Raw materials and consumables used

This item includes primarily raw materials and consumables used for the maintenance of the power transmission facilities, such as, replacement parts, cables and oils, among others. In addition, this item includes all toll services paid to third parties for transmission lines connected to ours, that we use to transport energy to our clients.

Employee benefit expenses

Employee benefit expenses consists of all payroll costs derived from employees hired directly by us, such as, wages and remunerations, short term benefits and post-employment benefits.

Depreciation and amortization expense

These expenses consist of non-cash charges derived from the straight-line depreciation and impairment, if applicable, of tangible and intangible assets (including right of use) based upon the number of years of their useful life.

Other expenses, by nature

Other expenses by nature consist of miscellaneous expenses incurred in the normal course of business that do not meet the criteria of cost items associated with the provision of services in the Regulated Transmission System, the Unregulated Transmission System and operation and maintenance services provided to third parties. These include primarily all operation and maintenance costs related to the transmission assets, such as, operation vehicles, travel and expenses, rental of machinery, as well as payroll costs allocated to us according to the centralized cost and management system implemented by Sociedad Austral de Electricidad del Sur S.A., and Empresa Eléctrica de la Frontera S.A. For further information please see “Management”.

Other income (losses)

This item includes primarily sales of assets and income from ancillary activities that do not qualify as Revenue from Ordinary Activities or Other Revenue.

Financial income

This item consists primarily of income derived from interest on term deposits, other investments in cash equivalents and, loans granted to related parties that are not subsidiaries.

Financial expenses

Financial expenses include interest expense in respect of our long-term debt, related party loans and bond issuances and adjusted for capitalized borrowing costs.

Exchange differences

This item consists of currency fluctuations with respect to assets, liabilities, revenue and expenses denominated in currencies other than the functional currencies of the entities included in the Combined Carve-Out Financial Statements. See the Combined Carve-Out Financial Statements for the identification of the functional currencies of the entities included therein.

Effect of inflation-indexation

This item includes the effect on our results from variations of values of assets and liabilities denominated in or linked to UF and other indexed units and the variation of Chilean CPI.

Profit before tax

Profit before tax consists of all our profits and losses before accounting for income tax expenses.

Income tax expense

This item consists of the amount of current tax expense (benefit) recorded for the period and the fluctuation of deferred tax expense (benefit) as required by IAS 12. Profit

Profit consists of the income that results after the deduction of all costs and expenses described above.

Results of Operations for the nine months ended September 30, 2021 as compared to the nine months ended September 30, 2020

The following table presents our results of operations for the nine months ended September 30, 2021 and 2020:

	For the Nine-Month Period ended			
	September 30,		Change	Percent change
2021	2020	(in thousands of Chilean pesos, except for percentages)		
Profit				
Revenue from ordinary activities	58,895,891	43,603,925	15,291,966	35.1%
Other revenue.	6,395,155	3,377,446	3,017,709	89.3%
Raw materials and consumables used	(424,479)	(335,535)	(88,944)	26.5%
Employee benefits expenses	(6,216,330)	(4,629,099)	(1,587,231)	34.3%
Depreciation and amortization expense	(8,727,176)	(8,209,485)	(517,691)	6.3%
Other expenses, by nature	(12,112,057)	(8,698,869)	(3,413,188)	39.2%
Other income (losses)	18,780	(1,782)	20,562	(1,153.9)%
Financial income	52,912	105,478	(52,566)	(49.8)%
Financial expenses	(4,801,932)	(4,680,742)	(121,190)	2.6%
Exchange differences	(2,352,722)	873,630	(3,226,352)	(369.3)%
Effect of inflation-indexation	(3,569,211)	(1,409,977)	(2,159,234)	153.1%
Profit before tax	27,158,831	19,994,990	7,163,841	35.8%
Income tax expense	(6,145,672)	(5,997,365)	(148,307)	2.5%
Profit from continued operations	21,013,159	13,997,626	7,015,534	50.1%
Profit from discontinued operations	—	—	—	—
Profit	21,013,159	13,997,626	7,015,534	50.1%
Profit, attributable to:				
Owners of the Group	20,973,569	13,975,926	6,997,643	50.1%
Non-controlling interest	39,590	21,700	17,890	82.4%
Profit	21,013,159	13,997,626	7,015,533	50.1%

Revenue from ordinary activities

The revenue from ordinary activities for the nine-month period ended September 30, 2021 was Ch\$58,895,891 thousand, an increase of 35.1% compared to Ch\$43,603,925 thousand for the nine-month period ended September 30, 2020, for the reasons discussed below.

The changes in our revenues from ordinary activities for the periods presented above were primarily driven by the following factors: (i) the commissioning of new transmission assets and; (ii) revenue was recognized on the financial settlement of the tariffs among transmission businesses, but with a significant lag. In the meantime, an estimate was accrued. The estimate made for the nine-months ended September 30, 2020 was below the final settlement which occurred in the subsequent calendar year and, thus, was adjusted for in the subsequent calendar year.

Other revenue

Our other revenue for the nine-month period ended September 30, 2021 was Ch\$,6,395,155 thousand, an increase of 89.3% compared to Ch\$3,377,446 thousand for the nine-month period ended September 30, 2020, for the reasons discussed below.

The following table shows a breakdown of our other revenues for the nine-month period ended September 30, 2021 and September 30, 2020:

	For the Nine-Month Period ended September 30,		Change	Percentage change
	2021	2020		
Other revenue, by nature				
Construction and works to third parties	1,314,732	970,933	343,799	35.4%
Sale of material and equipment	4,822,211	1,944,842	2,877,369	147.9%
Other revenue	258,212	461,671	(203,459)	-44.1%
Total other revenue, by nature	6,395,155	3,377,446	3,017,709	89.3%

The changes in our other revenues for the periods presented above were primarily driven by the new transmission maintenance services provided to mining companies, in the nine-month period ended September 30, 2021 mainly included in sale of material and equipment.

Employee benefit expenses

Employee benefit expenses for the nine-month period ended September 30, 2021 totaled Ch\$6,216,330 thousand, a 34.3% increase compared to Ch\$4,629,099 thousand for the nine-month period ended September 30, 2020, mainly due to the hiring of new employees to work on our operation and maintenance agreements with mining companies.

Depreciation and amortization expense

The depreciation and amortization expense for the nine-month period ended September 30, 2021 was Ch\$8,727,176 thousand, a 6.3% increase compared to Ch\$8,209,485 thousand for the nine-month period ended September 30, 2020, mainly due to the increase in depreciation driven by the incorporation of new assets that became operational in 2021, in addition to the depreciation of the Tolchén assets, partially offset by the conversion of the functional currency to CLP (reporting currency).

Other expenses, by nature

Our other expenses by nature for the nine-month period ended September 30, 2021 were Ch\$12,112,057 thousand, an increase of 39.2% compared to Ch\$8,698,869 thousand for the nine-month period ended September 30, 2020, for the reasons discussed below.

The following table shows a breakdown of our other expenses by nature for the nine-months ended September 30, 2021 and September 30, 2020:

	For the Nine-Month Period ended September 30,		Change	Percentage change
	2021	2020		
Other expenses, by nature				
Shared services	3,755,539	2,990,017	765,522	25.6%
Operations and maintenance of electrical system	5,089,142	2,475,191	2,613,951	105.6%
Operation vehicles, travel and expenses	228,786	277,066	(48,280)	(17.4)%
Rental of machinery, equipment and facilities	221,345	122,814	98,531	80.2%
Provisions and write offs	(86,057)	(123,041)	36,984	(30.1)%
Administration expenses	2,408,641	2,353,509	55,132	2.3%
Other expenses by nature	494,661	603,313	(108,652)	(18)%
Total	12,112,057	8,698,869	3,413,188	39.2%

The changes in our other expenses, by nature, for the periods presented above were primarily driven by the following factors: (i) higher expenses mainly due to an offsetting insurance claim recovery in 2020, thus reducing expenses in that period; (ii) higher expenses for administration services provided by related companies due to an increase in base costs (remunerations, IT services, among others); and (iii) higher expenses in line maintenance, mainly due to an increase in services provided to mining companies.

Other income (losses)

Other income (losses) for the nine-month period ended September 30, 2021 were Ch\$18,780 thousand of income, as compared to a loss of Ch\$1,782 thousand for the nine-month period ended September 30, 2020, mainly due to a sale of certain assets in 2021, particularly of vehicles that were more than five years old.

Financial income

Financial income for the nine-month period ended September 30, 2021 totaled Ch\$52,912 thousand, a 49.8% decrease compared to Ch\$105,478 thousand for the nine-month period ended September 30, 2020, explained by an increase in intercompany loan agreements granted by STS to related parties.

Financial expenses

Our financial expenses for the nine-month period ended September 30, 2021 totaled Ch\$4,801,932 thousand, a 2.5% increase compared to Ch\$4,680,742 thousand for the nine-month period ended September 30, 2020, for the reasons discussed below.

The following table shows a breakdown of our financial costs for the nine-month period ended September 30, 2021 and September 30, 2020:

	For the Nine-Month Period ended September 30,		Change	Percentage change
	2021	2020		
Financial expenses				
Bank loan expenses	(4,312)	(459,394)	455,082	(99.1)%
Bond expenses	(2,430,691)	(2,351,700)	(78,991)	3.4%
Other financial expenses	(4,887,985)	(4,393,753)	(494,232)	11.2%
Capitalizes borrowing costs	2,521,056	2,524,105	(3,049)	-0.1%
Total Financial Expenses	(4,801,932)	(4,680,742)	(121,190)	2.6%

The changes in our financial expenses for the periods presented above were primarily driven by an increase in interest and financing expenses related to new intercompany loans incurred mainly by us to finance the of Tolchen and purchase of property, plant and equipment, which were partially offset by lower average debt balances with banks and financial institutions.

Exchange differences

Exchange differences for the nine-month period ended September 30, 2021 resulted in a loss of Ch\$2,352,722 thousand, a change in 369.3% compared to a gain of Ch\$873,630 thousand for the nine-month period ended September 30, 2020 primarily due to exchange differences generated on transactions denominated in currencies other than the functional currencies of the entities in the Combined Carve-Out Financial Statements as well as exchange differences generated on financial debt.

Effect of inflation-indexation

The effect of inflation-indexation for the nine-month period ended September 30, 2021 resulted in a loss of Ch\$ 3,569,211 thousand, a 153.1% increase compared to a loss of Ch\$1,409,977 thousand for the nine-month period ended September 30, 2020, primarily due to a UF modification in rate for the debt held by STS, resulting from an issuance of bonds in the Chilean market, which in 2021 generated a 2.5x increase over 2020 and generated an increase in expenses. This was partially offset by higher gain from the readjustment of monetary accounts in credit balance that are adjusted according to the Chilean CPI (specifically the remaining Value Added Tax credit generated by the construction of works).

Profit before tax

Profit before tax for the nine-month period ended September 30, 2021 was Ch\$27,158,831 thousand, as compared to Ch\$19,994,990 thousand for the nine-month period ended September 30, 2020. The 35.8% increase is due to the reasons discussed above.

Income tax expense

Income tax expense for the nine-month period ended September 30, 2021 were Ch\$6,145,672 thousand, a 2.5% increase compared to Ch\$5,997,365 thousand for the nine-month period ended September 30, 2020, primarily due to higher taxable income offset by a lower deferred tax benefit in the nine months ended September 30, 2021 related to future tax-deductible exchange difference effects resulting from the fact that certain entities in the combination have U.S. dollars as their functional currency but are required to use Chilean pesos for tax purposes.

Profit

For the reasons discussed above, our profit for the nine-month period ended September 30, 2021 was Ch\$21,013,159 thousand, a 50.1% increase compared to a profit of Ch\$ 13,997,626 thousand for the nine-month period ended September 30, 2020.

Results of Operations for the year ended December 31, 2020 compared to the year ended December 31, 2019

The following table presents our results of operations for the years ended December 31, 2020 and 2019:

	2020	2019	Change	Percent change
	(in thousands of Chilean pesos, except for percentages)			
Profit				
Revenue from ordinary activities	58,659,181	60,485,531	(1,826,350)	(3)%
Other revenue.	5,548,228	1,838,441	3,709,787	201.8%
Raw materials and consumables used	(283,265)	(550,239)	266,974	(48.5)%
Employee benefits expenses	(6,538,641)	(4,750,748)	(1,787,893)	37.6%
Depreciation and amortization expense	(10,932,691)	(9,954,259)	(978,432)	9.8%
Other expenses, by nature	(13,506,962)	(12,157,957)	(1,349,005)	11.1%
Other income (losses)	217,600	56,833	160,767	282.9%
Financial income	109,503	1,159,754	(1,050,251)	(90.6)%
Financial expenses	(6,171,215)	(7,513,310)	1,342,095	(17.9)%
Exchange differences	1,737,177	119,324	1,617,853	1,355.8%
Effect of inflation-indexation	(2,702,785)	(2,548,857)	(153,928)	6%
Profit before tax	26,136,130	26,184,513	(48,383)	(0.2)%
Income tax expense	(17,563,768)	(6,203,835)	(11,359,933)	183.1%
Profit from continued operations	8,572,362	19,980,678	(11,408,316)	(57.1)%
Profit from discontinued operations	—	—	—	—
Profit	8,572,362	19,980,678	(11,408,315)	(57.1)%
Profit, attributable to:				
Owners of the Group	8,552,509	19,950,307	(11,397,798)	(57.1)%
Non-controlling interest	19,853	30,371	(10,518)	(34.6)%
Profit	8,572,362	19,980,678	(11,408,316)	(57.1)%

Revenue from ordinary activities

Revenue from ordinary activities for the year ended December 31, 2020 was Ch\$58,659,181 thousand, a decrease of 3% compared to Ch\$60,485,531 thousand for the year ended December 31, 2019. The lower value in 2020 is mainly due to a decrease in the zonal transmission tolls for STS, Saesa TX, and Frontel TX. The revenue is recognized on the financial settlement of the tariffs among transmission businesses but with a significant lag. In the meantime, an estimate is accrued. The revenues' estimate made for the year ended December 31, 2020 was below the actual amount of revenues finally settled, which occurred in the subsequent calendar year and which settlement as adjusted was recorded in the subsequent year. The lower value of tolls estimated for that year were partially offset by revenues from projects that were commissioned to these companies.

Other revenue

Our other revenue for the year ended December 31, 2020 was Ch\$5,548,228 thousand, an increase of 201.8% compared to Ch\$1,838,441 thousand for the year ended December 31, 2019, for the reasons discussed below.

The following table shows a breakdown of our other revenue for the years ended December 31, 2020 and December 31, 2019:

	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>Percentage</u>
Other revenue, by nature				
Construction and works to third parties	1,427,855	1,151,044	276,811	24%
Sale of material and equipment	3,509,933	72,090	3,437,843	4768.8%
Other Revenue	610,440	615,307	(4,867)	(0.8)%
Total other Revenue by nature	<u>5,548,228</u>	<u>1,838,441</u>	<u>3,709,787</u>	<u>201.8%</u>

The changes in our other revenue for the periods presented above were primarily driven by the new transmission maintenance services provided to mining companies and higher revenues from the provision of operation and maintenance services to third parties.

Raw materials and consumables used

Raw materials and consumables used for the year ended December 31, 2020 were Ch\$283,265 thousand, a decrease of 48.5% as compared to the raw materials and consumables used of Ch\$550,239 thousand for the year ended December 31, 2019, mainly due to a decrease in the costs of materials and maintenance equipment.

Employee benefits expenses

Employee benefit expenses for the year ended December 31, 2020 was Ch\$6,538,641 thousand, an increase of 37.6% compared to Ch\$4,750,748 thousand for the year ended December 31, 2019, mainly due to the hiring of new employees to work on our operation and maintenance agreements with mining companies.

Depreciation and amortization expense

The depreciation and amortization expense for the year ended December 31, 2020 was Ch\$10,930,691 thousand, a 9.8% increase compared to Ch\$9,954,259 thousand for the year ended December 31, 2019, explained by an increase in the depreciation of STS and Frontel TX, which was driven primarily by: (i) the incorporation of new assets in 2020 and (ii) higher costs from companies with the U.S. dollar as their functional currency, mainly due to the conversion of the amount from U.S. dollars to CLP (reporting currency).

Other expenses, by nature

Our other expenses by nature for the year ended December 31, 2020 were Ch\$13,506,962 thousand, an increase of 11.1% compared to Ch\$12,157,957 thousand for the year ended December 31, 2019, for the reasons discussed below.

The following table shows a breakdown of our other expenses by function for the years ended December 31, 2020 and December 31, 2019:

	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>Percentage</u>
Other expenses by nature				
Shared services	4,275,245	3,960,033	315,212	8%
Operations and maintenance of electrical system	4,044,756	3,271,885	772,871	23.6%
Operation vehicles, travel and expenses	243,748	231,610	12,138	5.2%
Rental of machinery, equipment and facilities	448,899	183,522	265,377	144.6%
Provisions and write offs	30,370	122,681	(92,311)	(75.2)%
Administration expenses	3,670,118	3,760,314	(90,126)	(2.4)%
Other expenses by nature	793,826	627,912	165,914	26.4%
Total	<u>12,506,962</u>	<u>12,157,957</u>	<u>1,349,005</u>	<u>2.9%</u>

The changes in our other expenses by nature for the periods presented above were primarily driven by the following factors: (i) higher expenses for administration services provided by related companies due to an increase in base costs (remunerations, IT services, among others); and (ii) higher expenses in line maintenance, mainly due to an increase in services provided to mining companies.

Other income (losses)

Other income (losses) for the year ended December 31, 2020 were Ch\$217,600 thousand, as compared to other income (losses) of Ch\$56,833 thousand for the year ended December 31, 2019, mainly due to higher other income resulting from higher stake purchased by STA in STC not resulting in change in control.

Financial income

Financial income for the year ended December 31, 2020 totaled Ch\$109,503 thousand, a 90.6% decrease compared to Ch\$1,159,754 thousand for the year ended December 31, 2019, explained by general decreases in financial income, especially for STS, due to the fact that during 2019 STS issued local bonds in the amount of UF 4,000,000. This generated a temporary excess of cash, which was used to provide intercompany loans that resulted in higher financial income.

Financial expenses

Our financial expenses for the year ended December 31, 2020 totaled Ch\$6,171,215 thousand, a 17.9% decrease compared to Ch\$7,513,310 thousand for the year ended December 31, 2019, for the reasons discussed below.

The following table shows a breakdown of our financial expenses for the years ended December 31, 2020 and December 31, 2019:

	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>Percentage</u>
Financial Expenses				
Bank loans expenses	(439,097)	(255,600)	(183,497)	71.8%
Bond expenses,,,,,	(3,154,295)	(2,983,282)	(171,013)	5.7%
Other financial expenses	(5,908,650)	(7,771,497)	1,862,847	(24)%
Capitalized borrowing costs	3,330,827	3,497,069	(166,242)	(4.8)%
Total Financial Expenses	<u>(6,171,215)</u>	<u>(7,513,310)</u>	<u>1,342,195</u>	<u>(17.9)%</u>

The changes in our financial expenses for the periods presented above were primarily driven by lower interest rates during 2020, due to the significant decrease in interest rates for financings in U.S. dollars, partially offset by the conversion of the functional currency to CLP (reporting currency).

Exchange differences

Exchange differences for the year ended December 31, 2020 were a gain of Ch\$1,737,177 thousand, an increase of 1,355.8% compared to a gain of Ch\$119,324 thousand for the year ended December 31, 2019, primarily due to higher gain from exchange differences, generated on transactions denominated in currencies other than the functional currencies of the entities in the Combined Carve-Out Financial Statements.

Effect of inflation-indexation

The effect of inflation-indexation for the year ended December 31, 2020 resulted in a loss of Ch\$2,702,785 thousand, a 6% increase compared to a loss of Ch\$2,548,857 thousand for the year ended December 31, 2019, primarily due to lower gains from adjustment of Chilean CPI (specifically the remaining Value Added Tax credit generated by the construction works).

Profit before tax

For the reasons discussed above, profit before tax for the year ended December 31, 2020 remained stable at Ch\$26,136,130 thousand, as compared to Ch\$26,184,513 thousand for the year ended December 31, 2019.

Income tax expense

Income tax expense from continued operations for the year ended December 31, 2020 were Ch\$17,563,768 thousand, a 183.1% increase compared to Ch\$6,203,835 thousand for the year ended December 31, 2019, primarily due to the imposition of tax on Saesa TX for the sale of an investment which generated capital gains tax. In fact, in 2020, the sale of Eletrans increased the tax payable by Sociedad Austral de Electricidad S.A., However, when the split-off of Sociedad Austral de Electricidad S.A., took place at the end of that year and Saesa TX was created, a portion of that tax payable had to be distributed according to the proportion of tax equity of the both resulting companies.

Profit

For the reasons discussed above, our profit for the year ended December 31, 2020 was Ch\$8,572,362 thousand, a 57.1% decrease compared to a profit of Ch\$19,980,678 thousand for the year ended December 31, 2019.

Judgments and Estimates of Management in Applying our Significant Accounting Policies

Our management is responsible for the information contained in the Combined Carve-Out Financial Statements.

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

The following are the significant judgments, estimates and assumptions used by management in the preparation of the Combined Carve-Out Financial Statements:

Economic useful life of assets

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

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

Impairment of assets

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

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

- Transmission toll revenue: The value of transmission tolls (from the Group's Regulated and Unregulated Transmission Systems) in accordance with current tariff decrees (or existing contracts) and the possible impact of regulation.

- Investments in property, Plant and Equipment: The requirements of new facilities to absorb the demand, as well as the regulatory requirement (i.e. technical standards investments) are considered in these projections. Out investment plan is periodically updated in order to cope with the growth of the business.
- Fixed costs: fixed costs are projected considering the current base, the growth of sales, customers and investments. Both in relation to staffing (considering salary and Chilean CPI adjustments), as well as other operation and maintenance costs, and the projected inflation level.
- Macroeconomic Variables: The macroeconomic variables (inflation, exchange rate among others) that are required to project the flows (sales rates and costs) are obtained from third party reports.

Revenues and operating costs

We consider as revenue, in addition to services billed in the year, an estimate for the services provided pending billing at the end of the year, considering that the metering is performed during the month according to a metering program. In addition, the costs associated with such revenues have been duly included as operating costs. It is also considered as part of the revenues and costs of the operation, the estimation of certain amounts of the electricity system (among others, purchase and sale of energy and toll collection) that allow settlements between the different companies of the system for services already provided. These accruals will be reversed once the final settlements are issued by the responsible regulator and recorded in the general ledger.

Litigation and contingencies

The final cost for claims and lawsuits could vary due to estimates based on different interpretations of the regulations, opinions and final evaluations of the amount of damages. Therefore, any change in the circumstances involved could have a significant effect on the amount of the provision recorded.

Liquidity and Capital Resources

We finance most of our liquidity needs through cash generated by operations, equity contributions and intercompany loans from our shareholders and borrowings from related parties. As of September 30, 2021, December 31, 2020 and December 31, 2019 and for the nine-months and years that ended, respectively, the Combined Carve-Out Financial Statements show negative working capital mainly due to the amounts of accounts payable for products and services for projects and related-company debt. For additional information, see Note 1 to each of the Audited Combined Carve-Out Financial Statements and the Unaudited Combined Carve-Out Financial Statements.

The table below shows our cash flows for the periods indicated.

	<u>For the Nine-Month Period ended September 30,</u>		<u>For the Year ended December 31</u>	
	<u>2021</u>	<u>2020</u>	<u>2020</u>	<u>2019</u>
	(in thousands of Chilean pesos)			
Cash Flow				
Net cash flows provided by operating activities . . .	37,915,218	21,583,920	40,500,999	53,943,742
Cash flows used in investing activities	(60,802,706)	(28,410,462)	(64,070,406)	(94,138,095)
Cash flows provided by financing activities	22,375,761	11,574,221	24,007,415	40,720,871

Net cash flows provided by operating activities

Net cash flows provided by operating activities in the nine-month period ended September 30, 2021 were Ch\$37,915,218 thousand, compared to Ch\$21,583,920 thousand generated during the nine-month period ended September 30, 2020. The Ch\$16,331,298 thousand increase was primarily due to: higher proceeds from sales of goods and services mainly due to: (i) payments from Cabo Leones accrued during 2018, 2019 and 2020, by virtue of the entry into operation of the first circuit of its new project and paid during

Our risk management strategy is aimed at protecting us, our employees, and their environment from situations that could adversely affect them. To achieve these objectives, our financial risk management is based on covering all significant exposure, provided that adequate management techniques exist, and the cost is reasonable.

Financial risk

Our cash flows are mainly generated by our participation in the energy transmission system, with a stable and long-term profile. The transmission business has a tariff structure which incorporates costs as denominated in international and local markets and any associated exchange rate or CPI effects, where applicable.

The management and finance area of Inversiones Eléctricas del Sur has historically been in charge of identifying and responding to financial risks through mitigation measures proposed to management and/or the respective board of directors.

Exchange rate

We transact primarily in U.S. dollars and CLP. Consequently, we perform reviews of our financial assets and liabilities and the potential impact of fluctuations in exchange. If at any given time the impact of the fluctuation could be significant, we may contract derivatives to reduce the effects. This is in line with our documented hedging strategy.

UF Variance

With respect to the gross revenue of STA, 58% is denominated in Chilean pesos and indexed to Chilean CPI. Tariffs are established by considering, where applicable, exchange rates (i.e., when supplies are acquired mainly in a particular currency) and U.S. CPI-U, or consumer indexes in other countries. In addition, local inflation — indexation effects are incorporated into the associate tariff or, in the case of Unregulated Consumers, the Dedicated Contracts may be denominated in Chilean CPI.

Liquidity Risk

Financial resources are obtained from own sources, traditional debt, instruments of public and private offering and capital contributions, always maintaining stable structures and ensuring optimization of the use of the most appropriate products in the market. As of September 30, 2021, 99% of our debt is structured with long-term maturities, with annual and/or half-yearly debt service (mainly interest) that are lower than projected flows in conservative scenarios, to avoid risks of refinancing in the short or long term.

The following table shows the principal and interest maturity analysis for September 30, 2021 and December 31, 2020:

Principal and Interest	Current		Non-current						Total 12-31-2020
	Up to 90 days	More than 90 days until 1 year	More than 1 year until 2 years	More than 2 years until 3 years	More than 3 years until 4 years	More than 4 years until 5 years	More than 5 years until 10 years	More than 10 years	
In thousands of Chilean Pesos									
Bonds	—	3,233,318	3,233,318	3,233,318	3,233,318	3,233,318	16,166,592	159,122,847	191,456,029
Total	—	3,233,318	3,233,318	3,233,318	3,233,318	3,233,318	16,166,592	159,122,847	191,456,029
Percentage	0%	2%	2%	2%	2%	2%	8%	83%	100%

Principal and Interest	Current		Non-current						Total 09-30-2021
	Up to 90 days	More than 90 days until 1 year	More than 1 year until 2 years	More than 2 years until 3 years	More than 3 years until 4 years	More than 4 years until 5 years	More than 5 years until 10 years	More than 10 years	
In thousands of Chilean Pesos									
Bonds	1,673,274	1,673,274	3,346,549	3,346,549	3,346,549	3,346,549	16,732,744	163,022,038	196,487,526

Principal and Interest	Current		Non-current					More than 10 years	Total 09-30-2021
	Up to 90 days	More than 90 days until 1 year	More than 1 year until 2 years	More than 2 years until 3 years	More than 3 years until 4 years	More than 4 years until 5 years	More than 5 years until 10 years		
In thousands of Chilean Pesos									
Total	1,673,274	1,673,274	3,346,549	3,346,549	3,346,549	3,346,549	16,732,744	163,022,038	196,487,526
Percentage	1%	1%	2%	2%	2%	2%	9%	83%	100%

Interest rate risk is currently considered minimized given the fact that all debt is at fixed rates and, as noted in the table above, interest and principal payable are long-term.

Inversiones Eléctricas del Sur carries out joint management of flows for us through different debt instruments in the financial market. It also finances new investments in our transmission projects through intercompany loans and these are paid by the respective company with the flows generated by these investments or with the flows generated credits from third parties, to the extent that the conditions are favorable.

Credit Risk

We are exposed to credit risk due to our operational and financial activities. Our policies are intended to reduce non-payment of counterparties and to improve our working capital position. As of September 30, 2021, December 31, 2020 and December 31, 2019 and for the nine-months and years then ended, respectively, the Combined Carve-Out Financial Statements show negative working capital mainly due to the amounts of account payables for products and services for projects and related-company debt. For additional information, see Note 1 to each of the Audited Combined Carve-Out Financial Statements and the Unaudited Combined Carve-Out Financial Statements.

As the CEN monitors the compliance of payments made in the Regulated Transmission System, lack of payment by our counterparties may result in their suspension. In the case of Dedicated Contracts, the lack of payment would result in a suspension of the transmission services provided by us, which would in turn affect their ability to deliver electricity.

Covid Risk

On March 11, 2020, the World Health Organization characterized the outbreak of COVID-19 as a pandemic that has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. To this date, the authorities and their institutions have taken several measures to mitigate the effects of this pandemic, both from a sanitary point of view, as well as the effects it may cause on the country's economy.

In this context, we have implemented several action plans to face this pandemic, which include protecting the health of employees, ensuring operational continuity and compliance with the established contracts with clients, monitoring of accounts and portfolios and analysis of future capital and liquidity requirements.

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

Our main plans include the following:

Operational continuity plan: all of our collaborators who can carry out their work remotely, according to the nature of their responsibilities, can do so.

Employees health protection: Implementation of sanitary protocols for those workers who must carry out their work in the field, both in operation and maintenance, construction and public service activities. This has made it possible to maintain the operating standards of the electrical system for the companies that provide the electricity supply service (as required by law, since these public

service companies cannot stop providing the service), as well as to avoid greater delays in the construction of works that will attend the future growth of consumption.

See Note 3 to our Unaudited Combined Carve-Out Financial Statements.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements or interest in or relationship with any special purpose vehicles as of the date of this offering memorandum.

DESCRIPTION OF OUR INDEBTEDNESS

The following summary of certain provisions of the instruments evidencing our material indebtedness does not purport to be complete and is subject to, and qualified in its entirety by reference to, all of the provisions of the corresponding agreements related thereto, including the definitions of certain terms therein.

The table below sets forth maturities, interest rates and other information pertinent to understanding our outstanding long-term indebtedness (excluding related party loans) as presented in the Statement of Financial Position of the Unaudited Interim Combined Carve-Out Financial Statements, as of September 30, 2021 and December 31, 2020:

	Currency	Authorized Amount (in UF\$)	Annual Interest Rate	Maturity	Collateral	Outstanding as of	Outstanding as of
						September 30,	December 31
						2021 (in Ch\$)	2020 (in Ch\$)
Type of Indebtedness							
UF-Denominated Local							
Bonds Series A	UF	4,000,000	2.8%	October 2048	—	121,667,951	117,546,212
Total Financial Obligations						121,667,951	117,546,212

Material Financing Agreements

Series A Local Bonds

On January 10, 2019, STS issued Series A Local Bonds in the aggregate amount of UF 4,000,000 (equivalent to Ch\$135.8 million). (the “Series A Local Bonds”) These Series A Local Bonds bear interest at a rate of 2.8% per annum calculated on a 360-days basis and payable semi-annually. The principal amount under these bonds is payable in 20 semi-annual installments, the first of which will be paid on April 15, 2039. The final maturity date for these bonds is October 15, 2048. The proceeds from these bonds were used to refinance financial debt, refinance intercompany loans and to fund future capital expenditures. STA intends to use a portion of the proceedings from this offering to partially prepay STA’s Series A Local Bonds. See “Use of Proceeds”.

Joint and Several Liability of STS with respect to bonds issued by Empresa Eléctrica de la Frontera

STS is jointly and severally liable with Empresa Eléctrica de la Frontera S.A., under its indenture (*contrato de emisión bonos por línea de títulos de deuda*) dated February 11, 2011 (as amended, the “Frontera Indenture”) pursuant to which Empresa Eléctrica de la Frontera S.A. issued an aggregate amount of UF 1,000,000 in bonds (U.S.\$37.1 million). As explained in “Our Corporate Restructuring”, pursuant to the Amendment to Chilean Electricity Law, that went into effect upon enactment of the Transmission Law in early 2020, distribution and transmission services were required to be carried out by entities exclusively dedicated to power distribution or power transmission activities. As a result, Empresa Eléctrica de la Frontera S.A., was demerged and Frontel TX (subsequently merged into STS) was incorporated immediately thereafter to assume the ownership of such transmission assets owned by Empresa Eléctrica de la Frontera S.A. up to that point. Pursuant to the Frontera Indenture, any entity created as a consequence of a spin-off of Empresa Eléctrica de la Frontera S.A., is required to remain jointly and severally liable (*codeudora solidaria*) for all of the obligations of Empresa Eléctrica de la Frontera S.A. under the Frontera Indenture. Therefore, STS is currently jointly and severally liable for these obligations. Please see — Risk Factors — STS and STA are Jointly and Severally Liable with Empresa Eléctrica de la Frontera S.A., and Sociedad Austral de Electricidad S.A., respectively, for the repayment of our indebtedness under their respective indentures.

Joint and Several Liability of STA and STS with respect to the bonds issued by Sociedad Austral de Electricidad S.A

STA and STS are jointly and severally liable with Sociedad Austral de Electricidad S.A, for Sociedad Austral de Electricidad S.A.’s payment and other obligations under the following indentures (*contratos de*

emisión bonos por línea de títulos de deuda) (the “Sociedad Austral Indentures”); (i) indenture dated September 29, 2004 (as amended) under which Sociedad Austral de Electricidad S.A. issued bonds for an aggregate amount of UF 5,500,000 (U.S.\$203.8 million); (ii) indenture dated February 11, 2011 (as amended) under which Sociedad Austral de Electricidad S.A. issued bonds for an aggregate amount of UF 1,000,000 (U.S.\$37.1 million); and (iii) indenture dated September 29, 2014 (as amended) under which Sociedad Austral de Electricidad S.A. issued bonds for an aggregate amount of UF 2,000,000 (U.S.\$74.1 million).

For the reasons explained above, Sociedad Austral de Electricidad S.A. was also spun off in two different occasions. The first spin-off resulted in the incorporation of STA, and the second spin-off resulted in the incorporation of Saesa TX (currently named STS). Pursuant to the Sociedad Austral Indentures, any entity created as a consequence of a spin-off of Sociedad Austral de Electricidad S.A., is required to remain jointly and severally liable (*codeudora solidaria*) for all of the obligations of Sociedad Austral de Electricidad S.A. under the Sociedad Austral Indentures. Therefore, STA and STS are currently jointly and severally liable for these obligations. Please see — Risk Factors — STS and STA are Jointly and Severally Liable for the compliance of the obligations of Empresa Eléctrica de la Frontera S.A., and Sociedad Austral de Electricidad S.A., under their respective indentures.

STA Intercompany Loans.

STA has entered into the following loan agreements with related parties: (i) On December 28, 2020, Sociedad Austral de Electricidad S.A., granted a loan to STA. As of September 30, 2021, the outstanding debt amount was CLP\$ 3,905,530 thousand (U.S.\$4,810,359). The loan accrues an annual interest rate of 3%; (ii) On June 3, 2020, Inversiones Eléctricas del Sur granted a loan to STA. As of September 30, 2021, the outstanding debt amount was CLP\$ 51,039,880 thousand (U.S.\$62,864,737). The loan accrues an annual interest rate of 3%;

STS Intercompany Loans.

STS has entered into the following loan agreements with related parties: (i) Inversiones Eléctricas del Sur granted a loan to STS on August 4, 2020. As of September 30, 2021, the outstanding debt amount was CLP\$17,149,803 thousand. The loan accrues an annual interest rate of Tab Nominal+0.5%.

Frontel TX Intercompany Loans.

Frontel TX has entered into the following loan agreements with related parties: (i) On December 31, 2020, Inversiones Eléctricas del Sur granted a loan to Frontel TX (absorbed by STS). As of September 30, 2021, the outstanding debt amount was CLP\$40,249,112 thousand. The loan accrues an annual interest rate of Tab Nominal+0.5%.

STN Intercompany Loan.

Inversiones Eléctricas del Sur granted a loan to STN on November 3, 2015. As of September 30, 2021, the outstanding debt amount was CLP\$ 21,599,982 thousand (U.S.\$26,604,240). The loan accrues an annual interest rate of 3% (annual).

STC Intercompany Loans.

On October 30, 2015, Inversiones Eléctricas del Sur granted a loan to STC. As of September 30, 2021, the outstanding debt amount was CLP\$ 35,469,910 thousand (U.S.\$43,687,535). The loan accrues an annual interest rate of 3%.

SATT Intercompany Loans.

SATT has entered into the following loan agreements with related parties: (i) On October 21, 2020, Sociedad Austral de Electricidad S. A., granted a loan to SATT. As of September 30, 2021, the outstanding debt amount was CLP\$ 7,614,170 thousand (U.S.\$9,378,212). The loan accrues an annual interest rate of 3%; (ii) on March 31, 2016, Inversiones Eléctricas del Sur granted a loan to SATT. As of September 30, 2021, the outstanding debt amount was CLP\$ 70,281,046 thousand (U.S.\$86,563,673). It also accrues an annual interest rate of 3%.

Cabo Leones Intercompany Loans.

Cabo Leones has entered into the following loan agreements with related parties: (i) On August 9, 2016, SAGESA granted a loan to Cabo Leones. As of September 30, 2021, the outstanding debt amount was CLP\$ 18,880,040 thousand (U.S.\$23,254,145). The loan accrues an annual interest rate of 3%; (ii) on June 17, 2020, Inversiones Eléctricas del Sur granted a loan to Cabo Leones. As of September 30, 2021, the outstanding debt amount was CLP\$ 14,812,626 thousand (U.S.\$18,244,397). The loan accrues an annual interest rate of 3%.

BUSINESS

Overview

We are a leading Chilean power transmission company measured by kilometers of lines, with the third most extensive transmission network within the Zonal Transmission System in Chile. We are responsible for reliably transmitting power to Chile's population and its production sector. Our power lines transport power from production centers to cities where most of the Chilean population lives, as well as to regions where large-scale industrial users are located and there is a significant amount of mining operations, including the north, center and south of Chile.

As of September 30, 2021, our combined power transmission infrastructure consisted of 88 power transmission assets in operation and 4 power transmission projects under construction featuring an aggregate 1,961 Km of single and double circuit power transmission lines, of which 1,852 are in operation and 109 are under construction. These power transmission lines are connected to 75 substations, with an aggregate transformation capacity of 3,248 MVA. Our transmission network spans 1,961 Km between the Antofagasta Region and Los Lagos Region.

The following table shows the main operating indicators for the assets described above:

Indicator	2019	2020	Nine-month period ended September 30, 2021
Availability Factor	99.87%	99.92%	99.92%
Average Interruption Index	0.64	0.39	1.02
Rate of Injuries Resulting in Days Away	0.12	0.17	0.22
Lost Day Rate	1.76	1.41	0.66

We operate regulated transmission lines pursuant to Project Decrees awarded by the Ministry of Energy and, therefore, in a highly regulated environment. The current Chilean regulatory framework for electricity transmission services has been in place since 1982, with most regulatory changes since then geared toward gradually improving and clarifying the rules to facilitate the development of the electricity transmission industry, improve the quality of services for users of the infrastructure and allow power transmission companies to recover their invested capital.

As of September 30, 2021, approximately 22.9% of the Chilean energy matrix was made up of renewable sources. According to the CNE, in the period from the beginning of 2021 through the end of 2023, approximately 92% of committed new generation projects expected to become operational in such period will be from renewable sources (hydro, solar, wind and geothermal), with approximately 8% from natural gas. The Chilean government expects to double the clean energy capacity coming online to its grid over the next three years.

STA's Corporate History

STA was incorporated on December 31, 2019, as a result of a spin-off from Sociedad Austral de Electricidad S.A., as a closely-held corporation (*sociedad anónima cerrada*), incorporated and existing under the laws of Chile.

Competitive Strengths

We believe that our business is supported by the following competitive strengths:

- **Provision of Essential and Strategic Services.** We provide an essential and strategic service for the development of the Chilean economy through power transmission networks. Our assets connect various electric power systems and allow for transmission of non-conventional renewable energy throughout various regions of Chile, including Antofagasta, Atacama, Coquimbo, O'Higgins, Ñuble and Bío Bío, La Araucanía, Los Ríos and Los Lagos Regions, among others. This has enabled the entry of numerous renewable energy sources that were being wasted as a result of the lack of transmission infrastructure; therefore, contributing to a cleaner, more sustainable and lower priced

energy matrix for individuals and businesses in Chile. Despite the essential nature of the transmission services we provide for the electric power system and for the entire Chilean economy, currently the National Transmission System charges account for approximately 10% of an average end user's power bill. Considering the relatively low share of power transmission costs for electricity in Chile, we believe that we operate a highly stable business that is capable of steadily and consistently collecting revenue in the coming years.

- ***Diversified mix of regulated and non-regulated revenues, limiting concentration risk and capitalizing on strategic synergies.*** We own approximately 451 Km of transmission assets located in the north of Chile, with the remaining 174 Km and 1,227 Km, respectively, located in the center and the south of Chile. Our strategy consists of participating in small projects that allow us to develop a large and diversified portfolio of transmission assets, thereby reducing construction risk and generating synergies and efficiencies due to the proximity of these new projects to our existing assets. Furthermore, this strategy has allowed us to obtain better rates of return on our investments since public tenders for smaller projects tend to be less competitive than the large-scale ones. Additionally, 12% of our revenues are derived from the National Transmission System, 55% from the Zonal Transmission System and 24% from the Dedicated Transmission System, which provides both customer and geographic diversification to our business and allow us to reduce costs and maximize efficiencies. While we have a significant share of unregulated revenues from Dedicated Contracts, we maintain a diversified Unregulated Customer portfolio consisting of more than 30 Dedicated Contracts.
- ***Experienced Management and Shareholders with Constructive Relationships with Regulators.*** The members of our management team are highly-trained professionals with significant experience in the power transmission sector and an average of over 18 years of experience in the electric power industry. We also have a highly-specialized and diverse team, illustrated by the fact that: 83% of our personnel have a post-graduate degree, 17% are women and 17% have more than 10 years of experience. Their management expertise has helped us achieve and maintain top-notch operating quality while helping to ensure favorable regulator relations.
- ***Strong and Predictable Cash Flow Generation.*** Most of our revenues come from our assets connected to the Regulated Transmission System, which is subject to a long-standing investor-friendly and transparent regulatory framework. This allows us to predict stable future cash flows. In addition to the above, our revenues from our assets connected to the Dedicated Transmission System are determined based on an average period of 20 years, with creditworthy counterparties. Lastly, the number of operating assets and diverse geographic coverage of our transmission network and of the power distribution and generation assets of our controlling shareholder Grupo Saesa allow us to achieve synergies and economies of scale.
- ***Strong Commitment to Environmental, Social and Governance (“ESG”).*** Our power transmission assets connect various electric power systems and allow for transmission of non-conventional renewable energy throughout various region of Chile, including Antofagasta, Atacama, Coquimbo, O’Higgins, Ñuble, Biobío, La Araucanía, Los Lagos and Los Ríos regions among others. This has facilitated the construction of numerous renewable energy generation assets to utilize renewable energy sources that were not been developed due to the absence of adequate power transmission infrastructure to connect such sources with the consumption centers. This has contributed to a cleaner and more sustainable energy matrix with lower prices and improved access for individual consumers and businesses in Chile. On November 29, 2021, we received a Second Opinion Party (“SPO”), certifying that we had developed a green financing framework for the financing of low-carbon energy generation and transmission infrastructure in Chile.
- ***Proven Track Record of Operational Excellence.*** Our power transmission services are highly reliable. Our Availability Factor for the years ended December 2019 and 2020 and the nine-month period ended September 30, 2021 was 99.87%, 99.92% and 99.92%, respectively, which we believe is one of the highest in the industry. In addition, our Average Interruptions Index for the years 2019 and 2020 and the nine-month period ended September 30, 2021 was 0.64, 0.39 and 1.02, respectively.
- ***Strong Regulatory Framework.*** The regulations in Chile governing the electricity transmission industry have been in force for approximately four decades, notwithstanding the amendments to the regulatory regime implemented by the Chilean Transmission Law. All transmission assets in Chile are

privately owned and may earn stable revenue in the long term as long as they continue to provide transmission service. The regulatory changes introduced in 2016 implemented by the Chilean Transmission Law improved the development process of transmission projects and reinforced the existing regulatory system by introducing, among other features: (1) a rate of return for the calculation of regulated transmission tariffs determined on a post-tax basis, which reduces the risk of changes in tax rates for the relevant transmission line owner; (2) an expansion in the planning horizon from ten to twenty years, which provides greater visibility to the National Transmission System on the need to perform new works; (3) participation of creditworthy distribution companies alongside existing generation companies as part of the compensation structure for transmission line owners; and (4) a cap on the penalties levied in the event of a transmission line outage, which provides greater certainty about the maximum liability in case of a service interruption that affects end users, which in turn increases certainty about the expected cash flow of transmission line owners. See “Regulatory, Permits and Environmental Matters — Chilean Electricity Law.”

Business Strategy

Our business strategy is comprised of the following key objectives:

- ***Provide Highly Reliable Service Availability, While Maximizing Efficiency.*** We continuously refine our operations and maintenance program for our system, with a focus on optimizing the service and maintenance of our assets to improve their lifespan and capacity to provide a return while minimizing costs. Our electricity transmission assets and operations are monitored in real-time in order to ensure proper functioning of the system, and to react quickly to address any irregularities. We have established relationships with proven and experienced affiliate contractors who provide maintenance and repair services and, where applicable, engineering and construction services, for our facilities.
- ***Maximize Return on Assets.*** Our objective is to utilize our portfolio of transmission assets to provide transmission services to both Regulated and Unregulated Consumers in the SEN. We continuously seek and implement plans to enhance the efficiency of our operations and internal processes and systems. We have proactive and constructive relationships with regulatory authorities and participate in all relevant industry discussions to ensure continuing development of the electric power transmission regulatory framework to gain returns from our existing assets and attract opportunities for developing or purchasing new assets.
- ***Maintain a Stable and Efficient Capital Structure.*** We expect to maintain a capital structure that will protect our investment grade ratings while providing attractive returns for our shareholders. In addition, we will seek to tailor our debt portfolio to ensure the debt partially amortizes throughout the life of the contracts, ensuring a reasonable cost of capital that can be supported by the stable nature of our asset base. We are also focused on maintaining appropriate levels of liquidity and expect to reinforce our capital
- ***Develop and Maintain Dialogue with all Stakeholders in the Community and Protect the Environment.***
In connection with Corporate Restructuring, we intend to continue to work proactively to identify, evaluate and work to control safety risks in our power transmission infrastructure and to mitigate their negative impact on our employees and contractors, as well as the communities and the environment in the vicinity of our projects and existing assets. We intend to continue to implement strict policies for environmental protection with participation from our environmental teams at all stages of development and operations. Our goal is to develop trustworthy relationships based on transparency and mutual benefit with the communities, workers, subcontractors, suppliers, clients and other relevant stakeholders.
- ***ESG Commitment.*** We continue to have a strong commitment to the environment and the continued development of a low-carbon energy matrix in Chile. On November 29, 2021, we received an SPO certifying that we had developed a green financing framework for the financing of low-carbon energy transmission infrastructure in Chile. As attested to by the SPO, we are committed to the development of investment projects, through power transmission lines and substations that create energy efficiencies, by helping to decongest the system, reduce energy losses and connect renewable energy power generation sources to the Chilean interconnected system. In addition, when evaluating new

investment projects we will seek to perform comprehensive environmental, social and geographic analysis so as to mitigate our impact on the environment and local communities.

- **.Continue to Strategically Grow our Transmission Asset Base.** We have a diversified investment portfolio both in terms of geographic location and type of customers (regulated vs unregulated) and will seek to continue to grow and diversify our transmission asset portfolio. In addition to the construction and operation of transmission lines connected to the Regulated Transmission System, which generated 66% and 62% of our combined revenues for the nine-month period ended September 30, 2021 and the year ended December 31, 2020, respectively, we will seek to grow our revenues derived from services provided through our assets connected to the Dedicated Transmission System by entering into new Dedicated Contracts with Unregulated Consumers, and to increase the portion of our total revenues derived from the provision of operation and maintenance services to mining companies and electricity generating companies. We believe this will allow us to consistently grow our revenue and asset base while maintaining a sound financial profile.

Our Power Transmission Assets

Our power transmission network has a total length of 1,852 kilometers of power transmission line circuits, of high-voltage circuit lines, with a capacity to transmit up to 220 kV, 2,420 electric towers, 6,269 electric poles and 75 substations. We are also building an additional 109 Km of power transmission line circuits which we expect to become fully operational by 2024. Our transmission assets are located in (i) Antofagasta, Atacama, Coquimbo Regions (north of Chile); (ii) O’higgins, Ñuble and Bio Bio Regions (center of Chile); and (iii) La Araucanía, Los Ríos, and Los Lagos Regions (South of Chile), and connect from Antofagasta to Los Lagos Regions.

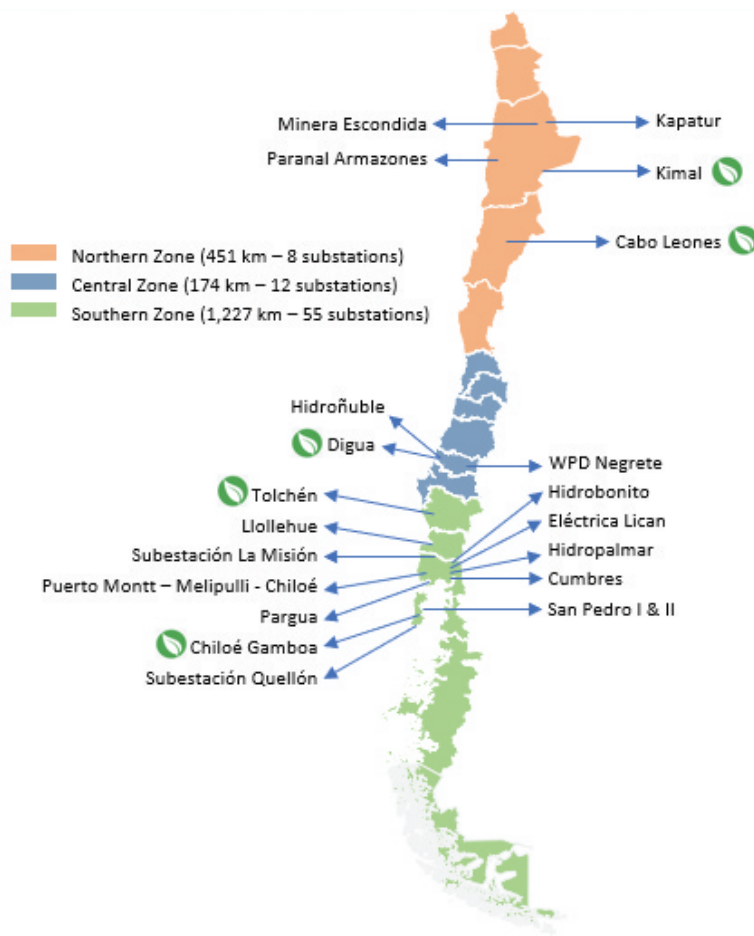
The tables below show the main characteristics of our diversified assets:

Company	Total Length (Km)	Substations	MVA
STC	121	2	0
STN	140	1	0
SATT	43	4	80
STS	1,268	67	3,168
Cabo Leones	219	1	0
Tolchén	60	0	0
TOTAL	1,852	75	3,248

Geographic Area	Total Length (Km)	Zonal Transmission System	National Transmission System	Dedicated Transmission System	Maximum Voltage	Availability Factor
Northern Region	451	49	183	219	220	99.79%
Central Region	174	53	0	121	220	99.97%
Southern Region	1,227	853	108	265	220	99.95%
TOTAL	1,852	955	292	605	220	99.92%

Geographic Area	Total Substations	Zonal Transmission System	National Transmission System	Dedicated Transmission System	MVA
Northern Region	8	3	4	1	120
Central Region	12	10	0	2	340
Southern Region	55	45	4	6	2,788
TOTAL	75	58	8	9	3,248

The graphic below shows the regions covered by our transmission assets that generate the highest revenues:



Our transmission assets operate in the SEN, and within the SEN we operate in the National Transmission System, Zonal Transmission System, and the Dedicated Transmission System. Consequently, we generate revenue through the operations in the three systems that belong to the SEN. Our transmission services provided through the National Transmission System and the Zonal Transmission System are subject to regulated tariff consisting of charges to end users based on tariffs set periodically by the CNE, while transmission services provided in the Dedicated Transmission System are generally governed by private contracts with freely agreed tariffs (although the use of the Dedicated Transmission System to supply Regulated Consumers is subject to regulated rates). For information regarding the revenue structure for each of the three systems, please see — Management’s Discussion and Analysis of Financial Condition and Results of Operations — Our Revenues.

Our assets in the National Transmission System

Our assets in the National Transmission System are comprised of 292 kilometers of power transmission lines, with 8 substations, the capacity to transmit up to 220 kV and a transformation capacity of 530 MVA. They are located between Antofagasta Region and Los Lagos Region. For the nine months ended September 30, 2021, these assets accounted for approximately 12% of our combined revenues.

In addition, we are building 7 Km of power transmission line circuits that will operate in the National Transmission System.

Set forth below is a summary of our most relevant assets currently operating in the National Transmission System, which together accounted in the nine-month period ended September 30, 2021, for a 8.8% of our total combined revenues and a 76% of our National Transmission System combined revenues.:

- **Kapatur**, is a project owned and operated by STN located in the northern zone of the country that includes the following facilities:

- (i) Kapatur substation located in the Antofagasta Region, intended to connect Minera Escondida to the SEN and withdraw energy from the SEN for the consumption of energy by Minera Escondida. This substation was originally built pursuant to the Dedicated Contract executed on September 25, 2014, by STN and Minera Escondida Limitada. Due to the interconnection of the SIC and SING carried out in the year 2019, the substation was re-qualified and is now part of the National Transmission System. The substation achieved its commercial operation in May 2016. Its VATT for the current tariff period is USD 423,028;
- (ii) In addition, the Kapatur project contains a 135.82 kilometer 220kV transmission line operated by STN, located in the Antofagasta Region. This transmission line connects Central Kelar to the National Transmission System. Its VATT for the current tariff period is USD 3,915,391;
- (iii) Furthermore, the Kapatur project is also comprised with the *Laberinto — Kapatur* transmission line operated by STN with a longitude of 1.12 kilometers, located in Antofagasta Region. Its VATT for the current tariff period is USD 1,043,501.

The total VATT of the Kapatur project for the current tariff period is U.S.\$ 5,381,920.

- ***Puerto Montt — Melipulli — Chiloé***, is a project owned and operated by STS located in the southern zone of the country, that comprises the following facilities:

- (i) The *Chiloé* substation, which has a capacity of 120 MVA, located in the Los Lagos Region, *Degán*. Its VATT for the current tariff period is USD 204,791;
- (ii) The *Melipulli* substation, with a capacity of 270 MVA, located in the Los Lagos Region, Puerto Montt. Its VATT for the current tariff period is USD 537,385;
- (iii) The *Melipulli — Pargua* transmission line, with a longitude of 49.92 kilometers, located in Puerto Montt. Its VATT for the current tariff period is USD 1,440,578;
- (iv) The *Pargua — Nueva Ancud* transmission line, with a longitude of 22.9 kilometers, located between Puerto Montt and Chiloé. Its VATT for the current tariff period is USD 742,747;
- (v) The *Chiloé — Nueva Ancud* transmission line, with a longitude of 22.86 kilometers, located in Chiloé. Its VATT for the current tariff period is USD 486,664;
- (vi) The *Puerto Montt* substation, with a capacity of 60 MVA, located in the Los Lagos Region, Puerto Montt. Its VATT for the current tariff period is U.S.\$ 36,542;
- (vii) *Melipulli — Puerto Montt* transmission line operated by STS, with a length of 0.072 kilometers, located in Puerto Montt. Its VATT for the current tariff period is USD 6,838.

In the current tariff period, the Puerto Montt — Melipulli — Chiloé project has a total VATT of USD 3,445,543.

- ***Kimal***, is a project owned and operated by SATT located in the northern zone of the country that includes the following facilities:
 - (i) The *Kimal* substation, with a capacity of 220kV, that sections the *Crucero-Encuentro* transmission line, located in the Antofagasta Region. It has been under operation since March 2019 and its VATT for the current tariff period is U.S.\$2,381,069;
 - (ii) The *Kimal* expansion, consists of the execution of the expansion works on the *Kimal* substation. We expect it to be fully operational by November, 2021. The initial VATT for the expansion is U.S.\$1,686,421.

Our assets in the Zonal Transmission System

Our assets in the Zonal Transmission System are comprised of 955 kilometers of power transmission lines, with 58 substations, a maximum capacity of 220 kV and a transformation capacity of 2,316 MVA.

They are located between Antofagasta Region and Los Lagos Region. For the nine months ended September 30, 2021 these assets represented 55% of our combined revenues.

In addition, we are constructing 102 Km of power transmission line circuits that will operate in the Zonal Transmission System.

Set forth below is a summary of our most relevant assets currently operating in the Zonal Transmission System, which together generated an 8% of our total combined revenues and a 14% of our combined revenues from the Zonal Transmission System for the nine months ended September 30, 2021:

- **Llollelhue**, is a project owned and operated by STS located in the southern zone of the country that includes the following facilities:
 - (i) A 220/66 kV substation that sections the *Pichirropulli — La Unión* line located in Los Rios, Region. It has been under operation since May 2020 and its VATT for the current tariff period is USD 2,809,700.
 - (ii) The Llollelhue — La Union transmission line, with a capacity of 2x66KV and a length of 49.21 kilometers. It is located in Osorno and its VATT for the current tariff period is USD 1,593,100.

The *Llollelhue* project has total VATT for the current tariff period of USD 4,402,800.

- **Subestacion Quellon**, is a 32 MW substation operated by STS located in the southern zone of the country. It is located in the Los Lagos Region. Its VATT for the current tariff period is USD 3,007,648.
- **Subestacion La Mision**, is a 66 kV substation operated by STS located in the southern zone of the country. It sections the 2x66 kV *Osorno — La Unión* line. It is located in the northwest area of *Rahue* and it also comprises the *Remehue — La Misión* Line, with a capacity of 2x66 kV and approximately 16.1 km of length. It has been under operation since June 2021 and its VATT for the current tariff period is USD 2,255,300.
- **Pargua**, is a project located in the southern zone of the country, which includes the following facilities:
 - (i) A substation with a capacity of 110/23 kV and 30 MVA that sections the *Colaco — Punta Barranco* line. Its is located in the south of Puerto Montt. It has been under operation since September 2019 and its VATT for the current tariff period is USD 434,000 and;
 - (ii) A substation with a capacity of 220/110 kV and 60 MVA that constitutes the second phase of the substation mentioned above. It sections the *Melipulli — Chiloé* 1x220 kV Line. It has been under operation since September 2019 and its VATT for the current tariff period is USD 2,243,000.

The *Pargua* project has a total VATT of USD 2,677,000 for the current tariff period.

- **Paranal Armazones System** consists of a substation and a 49 kilometers 1x66 kV transmission line, located in *Paposo*, Antofagasta Region northern zone of the country. It has been under operation since September 2017 and its VATT for the current tariff period is USD 2,891,129.
- The **Chiloe Gamboa** substation consists of a new 2x220 kV line of approximately 45 km of length, and a new substation named “*Gamboa*” located near *Castro* in the southern zone of the country, which will be connected by means of the sectioning the 1x110 kV *Pid Pid — Castro* Line. This project consists of the installation of two new 220/110 kV transformation equipments of 90 MVA in and its respective connection patios. The Project is currently under construction, and we expect it to be fully operating by 2023.

Our assets in the Dedicated Transmission System

Our assets in the Dedicated Transmission System consist of 20 transmission lines, with a total of 605 Km in length, and 9 substations, a maximum capacity of 220 kV and a transformation capacity of 402 MVA. For the nine months ended September 30, 2021, these assets accounted for approximately 24% of our combined revenues.

We operate in the Dedicated Transmission System through the execution of Dedicated Contracts with Unregulated Consumers.

Our Dedicated Contracts regulate our obligations to build and operate transmission lines that allow Unregulated Consumers to take or inject electricity into the SEN. The terms of these agreements range from 10 to 30 years, with anticipated termination clauses that include the ability of the Unregulated Consumer to terminate the agreement in case of serious breach of our obligations or extended Force Majeure. We are required to guarantee compliance to certain obligations with bank guarantees (*boletas bancarias de garantia*). In addition, most of our Dedicated Contracts allow the Unregulated Consumer to impose fines on us, for breach of our obligations, or interruption of services. The rates payable to us are freely agreed by the parties and are also designed to compensate us for the invested capital, operation and maintenance costs and a guaranteed (after tax) rate of return ranging from 7 to 10%.

The following chart contains the main terms of our most relevant Dedicated Contracts. As of September 2021, the Dedicated Contracts summarized below represent a total 19% of our combined revenues.

Counterparty	STA Subsidiaries	Execution Date	Location	Capacity and length	Term	Fines	Annual rates VATT	Percentage of Revenues in the Dedicated Transmission System
Minera Escondida Limitada	STN	September, 2014	Antofagasta Region, North of Chile (Kapatatur Substation)	Minera Escondida connects its transmission system to the Kapatatur substation to withdraw 973 MVA of power.	Until May, 2036.	A system of fines is established based on the moving average of hours or unavailability and number of outages recorded during the last 5 years for the capital component of the substation and transmission line	VATT U.S.\$8,527* *(i) Rates of the agreement indexed with the U.S.Sat September 2021; and (ii) *Repayment of the Regulates System Transmission of U.S.\$293,000.	22.2%
Parque Eolico Cabo Leones I S.A., Ibereólica Cabo Leones II S.A., Ibereólica Cabo Leones III S.A.	Cabo Leones	July, 2016	Atacama Region, North of Chile (Cabo Leones System)	A double circuit 220 kV transmission line, with a total length of 109.38 kilometers for each circuit	Until December, 2047	The suspension of payments and a proportion of the AVI.	VATT U.S.\$5,131,452	19.6%
Hidroeléctrica Ñuble SpA	STC	March, 2015.	Ñuble and Biobío Regions (South of Chile) (San Fabián — Ancoa System)	A 220 kV substation and a 220 kV transmission line with a total length of 121 kilometers	Until April, 2023, unless renewed until April 2053, if Hidroeléctrica Ñuble SpA agrees on the additional term. It should be noted that our investment in this Dedicated Contract was made considering the total term of 37 years (until 2053).	Withholding of the proportional AVI.	VATT: U.S.\$3,820,000 (2021 and 2022) VATT: U.S.\$950,000 (January-March 2023) VATT U.S.\$4,800,000 (April 2023-April 2053) (only if extended).	13.4%

Counterparty	STA Subsidiaries	Execution Date	Location	Capacity and length	Term	Fines	Annual rates VATT	Percentage of Revenues in the Dedicated Transmission System
					Therefore, its termination on April 2023 would generate a reduction in the revenues that were originally projected for STN and would impede STN from recovering the total amount of investment from Hidroeléctrica Ñuble SpA.			
Hidrobonito S.A.	STS	2012	Los Lagos Region (South of Chile) (Puyehue Rupancho System)	Hidrobonito S.A. uses of 20.2 MW of the system named "Puyehue Rupancho" with a capacity of 180 MVA	Until May, 2043 automatically renewable for 5 years period	Double the monthly gross toll fee.	A VATT of UF 88,476 in total for the four Dedicated Contracts with: (i) Cumbres S.A., Hidrobonito S.A., Hidropalmar S.A., and Empresa Eléctrica Lican S.A.	4.4%
Parque Eólico El Alba, San Gabriel, Los Olmos and Tolpán Sur	Tolchén	May, 2020 (Los Olmos) July, 2021 (El Alba*, San Gabriel and Tolpán Sur) *Please note El Alba is not connected so they do not pay rates.	La Araucanía Region (South of Chile) (LAT Tolchén System)	A double circuit 220 kV transmission line, circuit Tolpán Sur -SE Mulchen with a total length of 33.4 kilometers and circuit San Gabriel -SE Mulchén, with a length of 26,87 kilometers.	Until May 2045-2030 (Los Olmos) Until October 2048 (El Alba) Until July 2046 (San Gabriel and Tolpán Sur)	Los Olmos: a cap of 6 monthly payment rates San Gabriel, Tolpán Sur and El	VATT U.S.\$3,525,671	3.6%
Empresa Eléctrica Lican S.A.	STS	December, 2013	Los Lagos Region (South of Chile) (Puyehue Rupancho System)	Empresa Eléctrica Lican S.A. uses 22 MW of the system named "Puyehue Rupancho System" with a capacity of 180 MVA	Until June 1st, 2052. Automatically renewable for 5 year periods	None.	A VATT of UF 88,476 in total for the four Dedicated Contracts with: (i) Cumbres S.A., Hidrobonito S.A., Hidropalmar S.A., and Empresa Eléctrica Lican S.A.	3.2%
Parque Eólico San Pedro (Alba S.A., Alba	STS	December, 2012	Los Lagos Region (South of Chile)	A 110 kV transmission line, with a	30 years automatically renewable for	None.	VATT U.S.\$761,116	3.1%

Counterparty	STA Subsidiaries	Execution Date	Location	Capacity and length	Term	Fines	Annual rates VATT	Percentage of Revenues in the Dedicated Transmission System
Andes S.A. and Alba Pacifico S.A.)			(San Pedro — Chiloé System)	length of 22 kilometers	5 years periods, counted as from the date of its execution			
Eléctrica Digua SpA	STC	July, 2019	Biobío and Maule Regions (South of Chile) (San Fabián — Ancoa System)	A 220 kV substation and a double circuit 220 kV transmission line with a total length of 121 kilometers	Until December 2048	None (subject to changes if another customer connects to the assets)	VATT: U.S.\$850,000* *Fixed amount.	3.1%
Hidropalmar S.A.	STS	January, 2015	Lagos and Rios Regions (South of Chile) (Puyehue Rupanco System)	Hidropalmar S.A. uses 20.86 MW of the system named “Puyehue Rupanco System” with a capacity of 180 MVA	Until December 31, 2043	Double the monthly gross toll fee.	A VATT of UF 88,476 in total for the four Dedicated Contracts with: (i) Cumbres S.A., Hidrobonito S.A., Hidropalmar S.A., and Empresa Eléctrica Lican S.A.	2.6%
WPD Negrete SpA	STS	June, 2019	Ñuble Region (Center of Chile) (Negrete Substation)	Transformer with a capacity of 40/50 MVA	20 years counted as from March 2021. WPD Negrete SpA has the right to renewable for terms of 5 years.	U.S.\$1,160 for each hour in which the project is unavailable with an annual cap of 30 connection days.	VATT U.S.\$633,866	0.7%
Parque Eolico San Pedro II (Energías de Abtao S.A., and Río Alto S.A.)	STS	May, 2015	Los Lagos Region (South of Chile) (San Pedro — Chiloé System)	A 110 kV transmission line, with a length of 22 kilometers	30 years automatically renewable for 5 years period, from the date of its execution	None.	VATT U.S.\$588,625	2.4%
Cumbres S.A.	STS	July, 2016	Los Lagos Region (South of Chile) (Puyehue Rupanco System)	Cumbres S.A., uses 19.69 MW of the system called “Puyehue Rupanco” with a capacity of 180 MVA.	Until December, 2043	Double the monthly gross toll fee.	A VATT of UF 88,476 in total for the four Dedicated Contracts with: (i) Cumbres S.A., Hidrobonito S.A., Hidropalmar S.A., and Empresa Eléctrica Lican S.A.	2.1%

Operation and Maintenance Agreements

Set forth below is a summary of our material operation and maintenance agreements. The revenues derived from the agreements summarized below under which we provide services represented approximately

9% of our total combined revenues for the nine-month period ended September 30, 2021 included in the Unaudited Combined Carve-Out Financial Statements and approximately 95% of our combined revenues from operation and maintenance services provided to third parties during the same period included in the Unaudited Combined Carve-Out Financial Statements, in each case, after elimination of intercompany transactions.

Notwithstanding the above, some of the operation and maintenance agreements summarized below are intercompany transactions between entities included in the combination reflected in the Combined Carve-Out Financial Statements and, as such, amounts revenues, amounts received and paid and other financial data related to those agreements were eliminated for purposes of combination and not reflected in the Combined Carve-Out Financial Statements.

Chilquinta and STS O&M

On June 24, 2020 STS and Chilquinta Energía S.A., entered into a maintenance and operation agreement, according to which, STS agreed to develop and implement an annual preventive maintenance plan for the equipment owned by Eletrans (a subsidiary of Chilquinta). The services include maintenance of electrical equipment, transmission lines, telecommunications systems; risk prevention functions, implementation of computer systems and the execution of major repairs, among others. The initial term of the agreement expires in June 2023, automatically renewable for 3 year periods. The price consists of a monthly payment of UF 2,456.53 plus VAT (approximately U.S.\$ 91,047 plus VAT.).

Compañía Minera Lomas Bayas and STN O&M

On September 1, 2020 STN and Compañía Minera Lomas Bayas (“CMLB”) entered into a maintenance and operation agreement, pursuant to which STN agreed to perform preventive and predictive maintenance services to the power system owned by CMLB. The initial term of the agreement expires in October 2023). The price consists of variable monthly payments that depend on the services rendered during each month.

Compañía Minera Doña Inés de Collahuasi and STN O&M

On September 17, 2020 STN and Compañía Minera Doña Inés de Collahuasi (“CMDI”) entered into a maintenance and operation, agreement, pursuant to which STN is obliged to provide maintenance of the transmission system, distribution electrical system, mine electrical system, water extraction electrical system, industrial lighting and operation support electrical system owned by CMDI. The initial term of the agreement expires in April 2024. The price consists of a total payment of CLP \$13,103,184,591 plus VAT (approximately U.S.\$16,128,914).

Compañía Minera Zaldívar SpA and STN O&M

On April 14, 2020, STN and Compañía Minera Zaldívar SpA (“CMZ”) entered into an agreement by virtue of which STN agreed to provide maintenance and cleaning services of the power lines and substations owned by CMZ. The initial term of the agreement expires in May 2023. The price consists of a total payment of UF 106,592 plus VAT (approximately USD 3,950,215 plus VAT).

Codelco and STN O&M

On August 26, 2021 STN and Corporación Nacional del Cobre de Chile (“Codelco”) entered into a maintenance agreement pursuant to which STN agreed to perform preventive and corrective maintenance and condition monitoring of electrical systems owned by Codelco. The initial term of the agreement expires in September, 2025. The price consists of a payment of CLP \$7,308,516,785 (approximately U.S.\$9,001,745) plus VAT. In addition, Codelco is obliged to pay a monthly fee of CLP \$8,400,000 (approximately U.S.\$10,346) plus VAT in relation to the Covid measures taken by STN in the provision of the services.

STN and STS O&M Agreement

On September 1, 2019, STN and STS entered into an operation and maintenance agreement. By virtue of this agreement, STN agreed to provide maintenance services to certain electric facilities owned by STS.

These services include preventive maintenance services and emergency attention services in the Paranal Armazones project. For further information on this project please see Business — Our Power Transmission Assets — Our Assets in the Zonal Transmission System. The initial term of the agreement expires in October 2023. The price is comprised by a monthly base fee of CLP\$2,500,000 (approximately U.S.\$3,079) plus VAT, and ancillary variable fees.

STN and Cabo Leones O&M Agreement

On January 1, 2021, STN and Cabo Leones entered into an operation and maintenance agreement under which STN agreed to provide maintenance services, field operation and emergency attention services in certain facilities owned by Cabo Leones. The initial term expires in January 2024, and the price is composed of a monthly fixed fee of CLP\$1,000,000 (approximately U.S.\$ 1,231.8) plus VAT, and ancillary variable fees.

STN and SATT Operation and Maintenance Agreement

On October 1, 2020, STN and SATT entered into an operation and maintenance agreement under which STN preventive maintenance services and emergency attention services in the Maria Elena and Kimal substations. The initial term of the agreement expires in October 2023 and the price is composed of a monthly fixed fee of CLP\$1,000,000 (approximately U.S.\$1,231.7) plus VAT for the Maria Elena substation, a monthly fixed fee of U.S.\$2,500 plus VAT for the Kimal substation, and ancillary variable fees. For further information on the Kimal substation please see Business — Our Power Transmission Assets — Our Assets in the National Transmission System.

Other Material Agreements

We have different agreements (equipment, high voltage towers and power conductors) that provide us with the necessary materials to carry out our business. As of September 30, 2021 the most important suppliers are: Siemens AG, Rhona S.A., and HMV Chile.

Set forth below is a summary of other material agreements:

Siemens S.A., and STS purchase agreements

Siemens S.A. (“Siemens”) has entered into several switchgear purchase agreements with STS to provide primary equipment for different projects, such as Fuentecilla, Santa Cruz and Puquillay substations. The prices for the purchase and sale of the switchgears vary.

Surigen SpA and STS quality assurance and quality control agreement

On September 15, 2021, STS and Surigen SpA (“Surigen”) entered into an agreement according to which Surigen undertook to provide quality assurance and quality control office, construction and commissioning to STS in two different projects (Montenegro and Lucero). The initial term of the agreement expires on January 1st, 2023. The price consists of a payment of CLP 527,533,518 (approximately U.S.\$649,751.8).

HMV Chile and STS engineering, control and supply agreements

On March 1, 2021 and September 24 2020, STS and HMV Chile (“HMV”) entered into two different agreements pursuant to which HMV agreed to provide engineering, control, supply and protection systems in four different substations. These agreements expire in 2023 and 2020 respectively, The prices consist of the payment of 16,296 UF and U.S.\$ 1,432,000 in total.

Rhona S.A., and STS purchase agreements

On April 12 and May 3, 2021, STS and Rhona S.A., (“Rhona”) entered into two different purchase agreements for the transfer by Rhona of power transformers to STA. The initial terms expire on 2022. The total price is U.S.\$1,747,310.

Physical Assets and Easements

We generally do not own the land on which our electricity transmission lines are located but rather hold easement rights with respect to such lands. Easement size varies according to the transmission line's voltage. Easements for electricity transmission lines are obtained either by negotiating directly with the property owner regarding the compensation owed to them with respect to the easement or through a judicial procedure for the imposition of such easement. As of the date of this offering memorandum we have obtained 100% of all the easements required for our electricity transmission infrastructure, although we are still involved in certain administrative proceedings to determine the compensation payable to the land owners that were compulsorily required to grant us an easement.

Equipment and Maintenance Plan

In the development of our projects, we acquire equipment from recognized brands in the industry, such as ABB, Schneider, Siemens, ALSTOM, Efacec, Rhona, Trafo, among others. As part of our procedures, "commissioning" is carried out to ensure that the new facilities and equipment are delivered according to established design criterias, compliance with technical safety and service quality standards and our technical requirements, thus ensuring the correct functioning in the operation stage. Additionally, as part of our maintenance policy, necessary maintenance is considered for each type of asset throughout its life cycle, recognizing within the annual plans the useful life of the assets. All of this aims to ensure the reliability of our facilities.

The following factors, among others, are considered for the formulation of maintenance plans: (i) technical recommendations of manufacturers of the equipment and parts; (ii) historical records of equipment anomalies and failures; (iii) previous maintenance records; (iv) industry best practices; (v) the age of the equipment and parts; (vi) vegetation height where the facilities are located, (vii) requirements and restrictions imposed by the Environmental Impact Assessment Service (SEIA); and (viii) climatic records of the areas where the assets are located.

All preventive maintenance done by *Sociedad de Transmisión Austral S.A.* is performed with the purpose of predicting and preventing the occurrence of abnormalities in the installations and, consists of the following:

- *Operational Preventive Maintenance:* Maintenance that includes non-invasive inspection of facilities, equipment and system elements, including variable readings where applicable.
- *Preventive Maintenance by Condition:* This corresponds to all those activities relating to a facility, equipment or part that are triggered by a condition of the same (e.g., extraordinary cleaning, paint touch-ups, replacement of parts and pieces, etc.).
- *Basic Preventive Maintenance:* The maintenance that is performed during a determined period of time on a facility, equipment or part, according to the manufacturer's indications, combined with the best practices of the industry, changes in technologies, history of anomalies and failures, the experience of field personnel and the age of the equipment.
- *Dynamic Maintenance:* Performed based on what is learned from inspection and will be executed based on how important the anomaly is.
- *Corrective Maintenance:* Performed based on what is learned from inspections and will be executed from the occurrence of the failure according to the level of severity determined.

Furthermore, the following plans are the most recurrent maintenance plans carried out on our transmission lines:

- *Operational Preventive Maintenance:* visual inspections (electrical and forestry), roads and access inspections, thermographies, analysis of insulators, inspection of guard wire, and measurements of ground grids.
- *Preventive Maintenance:* insulation cleaning, friction and major maintenance (involves replacement of parts and pieces, replacement of primary and major equipment or overhauling of the same).

- *Dynamic Preventive Maintenance*: visual inspections, rodent control, weeding, insulation cleaning, review of connections, review of leaks, review conditions of the oil sample key, review of insulation status, gas pressure, among others that depend on the kind of facility that is being maintained.

Insurance

We maintain a comprehensive insurance program that is consistent with industry practices for operators of power transmission lines and Substations of similar type, geographic location and capacity. Such insurance is underwritten by companies such as *Seguros de Vida Sura S.A.* and *Southbridge Compañía de Seguros Generales S.A.*, among others, all of them recognized local insurance companies. Among other insurance policies, we maintain civil liability, vehicular, electronic equipment, mobile equipment, personal accident, construction and “All Risks” insurance for the probable loss of any of our projects, as applicable, as determined by an insurance company of international recognition.

Employees

As of September 30, 2021, we had 300 employees, including executives, administrative employees, supervisors, technicians and professionals. As of September 30, 2021, 80% of STS employees belonged to trade unions. We believe we have constructive labor relations with the trade union three employee negotiation groups (*grupos negociadores*) and we have worked closely with the trade union and the employee negotiation groups (*grupos negociadores*) to develop plans that mutually benefit both employees and company operations. We have no record of interruptions in work activity. On September 30, 2021 we successfully completed the bargaining process with the STS trade union, according to which the bargaining agreement will be valid until December 31, 2024, starting on January 1, 2022. Please note, the two employee negotiation groups (*grupos negociadores*) of STS executed trade unions agreements that will be valid until October 2023 and February 2024.

Health, Safety and Environmental Matters

We endeavor to comply with applicable Chilean national and local environmental standards, rules and regulations, and believe that our current operations are substantially in compliance with such standards, rules and regulations as they have historically been interpreted and enforced.

We believe that we operate our facilities and conduct our operations, in all material respects, in accordance with internationally accepted good management practices on environmental and social issues. We are constantly monitoring our transmission assets to ensure environmental compliance and we provide a report to Environmental Superintendence (*Superintendencia del Medio Ambiente*) on a monthly, quarterly, semiannually and annually basis, to report such compliance.

Pursuant to the above, we have adopted an “Internal Occupational Safety and Health Regulations System” and the following systems: Quality Management System, Environmental Management Systems and Occupational Health and Safety Management System, with specific health, safety and environmental requirements and standards. These standards have been certified by Bureau Veritas by STN under ISO 9001:2015, ISO 14001:2015, ISO and 45001:2018.

In addition, as an electric power transmission company, we are subject to environmental regulations applicable to the operation, maintenance, and construction of our operating assets and for the licensing of new projects and facilities. Accordingly, we have taken measures in response to those requirements and as part of our responsibilities to protect the environment.

The following substations are considered Green Projects: María Elena, San Andrés, Río Toltén, Kimal, Guardiamarina, LT Valdivia-Picarte, La Ruca, La Señoraza, San Fabián-Ancoa, Pargua, Los Canelos, Larqui, Epuleufu, and Tolchén. These substations are considered Green Projects because they allow us to provide transmission services to power generating companies that generate clean and renewable energy and/or are located in zones with strong developments of green energy.

Legal and Administrative Proceedings

We are involved in a number of legal, governmental, fiscal and arbitration proceedings and investigations in connection with our operations in the normal course of business. These may include actions by regulatory

authorities, tax authorities, suppliers and customers, employment-related claims, contractual disputes, and claims for personal injury or property damage that occur in connection with our products or services performed in relation to projects or construction sites, tax assessments, environmental claims and other matters. We establish reserves for litigation and other contingent liabilities where we consider it probable that a claim will be resolved unfavorably and where we can reasonably estimate the potential loss involved. While we do not expect these proceedings, either individually or in the aggregate, to have a material adverse effect on our financial position or results of operations, because of the nature of these proceedings, we are not able to predict their ultimate outcomes, some of which may be unfavorable to us.

For additional information on legal and administrative proceedings, see Note 29 to the Unaudited Combined Carve-Out Financial Statements.

INDUSTRY

Overview

The Chilean electricity sector is subject to a regulatory framework that has been in effect and has significantly evolved during the past four decades. This framework has fostered the development of an industry with a high level of participation of private capital. The electricity transmission industry has duly satisfied the demand for energy, which has grown at an average rate of 3% between 2009 and 2019. The electricity sector and its private participants are subject to several regulations and the supervision of various technical bodies. The main material laws and regulations covering the Chilean electricity sector and our electric operations are:

- “Chilean Electricity Law”: DFL (*Decreto con Fuerza de Ley*) No. 4-2007 (*Ley General de Servicios Eléctricos*) as amended from time to time, including:
 - Law No. 20,701, enacted in 2013. This law expedites the process for electric concession assignments.
 - Law No. 20,726, enacted in 2014. This law promotes interconnection within electric systems.
 - The Chilean Transmission Law. This law established several amendments to transmission activities in Chile, created the CEN and the National Electrical Grid and unified valuation and expansions plans for each transmission system, among other things. See “— Chilean Electricity Law.”
 - Law No. 21, 185 enacted in 2019, which, amongst others, established a stabilization mechanism for energy and power prices that Regulated Consumers pay to distribution companies by bringing forward the projected reduction in supply prices.
 - Law No. 21,249 enacted in 2020, amended by Law No. 21,340 enacted in 2021, which prohibits the suspension of basic services (water, gas and electricity) to certain regulated consumers, due to COVID-19.
- Environmental law: Environmental regulation is mainly governed by Law No. 19,300 “General Environmental Law” (*Ley de Bases Generales del Medio Ambiente*), enacted in 1994 and modified in 2010. This law sets out the framework governing environmental impact assessment in Chile.

The electricity sector consists of three main business segments: generation, transmission, and distribution. These segments must operate in an interconnected and coordinated manner to supply electricity to clients at a low cost and within the standards of quality and security required by the industry’s rules and regulations. In general terms, generation is subject to market competition, while transmission and distribution, given their natural monopoly character, are subject to price regulation. Final customers may be regulated or unregulated depending on their connected capacity. Only Unregulated Consumers may freely choose a provider and freely agree to the energy price. Regulated Consumers are forced to contract with distribution companies and pay them a tariff defined by the CNE and set by the Ministry of Energy.

Chile’s power transmission system is divided into two main networks: the SEN and several smaller isolated networks, mainly in the regions of Aysén and Magallanes, that account for less than 2% of Chile’s power generation capacity. The SEN was created in November 2017 through the interconnection of SIC and the SING, and it extends from the city of Arica in the north of Chile to Chiloé in the south of Chile and is comprised of approximately 35,919 km of transmission lines as of 2021. The CEN, a centralized dispatch center, coordinates the SEN’s operations. The SEN operates at a national level with just a minor international component as Argentina receives certain exceptional export surpluses.

The transmission lines and Substations comprising our system form an integral part of the National Transmission System.

Chile’s electricity industry is unique since, though highly regulated, it is completely owned by the private sector, with multiple participants, both local and international.

Chile's Electric Power Transmission System

The interconnection of the SING and the SIC power grids took place in November 2017 through a double circuit line of 200 KVA. On May 29, 2019, the SEN's interconnection was completed by means of the operation of the 2x500 kV Cardones — Polpaico transmission line, operated by ISA Interchile, an affiliate of the Colombian ISA Group.

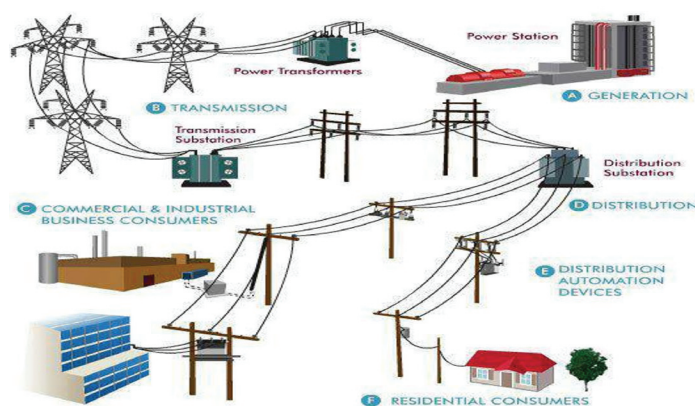
Currently, Transmisora del Norte S.A., a subsidiary of Engie Energia de Chile S.A, owned by France's ENGIE, is developing a project that involves the construction of a 600 km transmission line to connect Chile's central SIC and northern SING grids. The line will connect the SIC's Cardones Substation in Atacama region (III) to the new SING's Los Changos Substation in Antofagasta region (II). Once the interconnection is finished, those grids will form a single interconnected system that will be coordinated by the CEN. The Chilean Transmission Law has incorporated changes to reflect this new reality.

Chile has several other power transmission systems, mainly in the regions of the Aysén and Magallanes located in the far south of the country. As of August 31, 2021, the Aysén and Magallanes power grids had total installed power generation capacity of 68 MW and 120 MW, respectively.

Chile's electric market was designed to ensure a robust system and incentivize investment in a world-class transmission network. Regulatory changes have facilitated the development of the transmission industry. Each of these changes has been accompanied by a long stability period. Revenue is based on the replacement cost for new transmission assets, adjusted based on inflation and other relevant factors (costs in USD), plus operation and maintenance costs. Transmission assets are appraised every four years. Fees and returns have been stable in the last valuation periods.

Transmission System in Chile

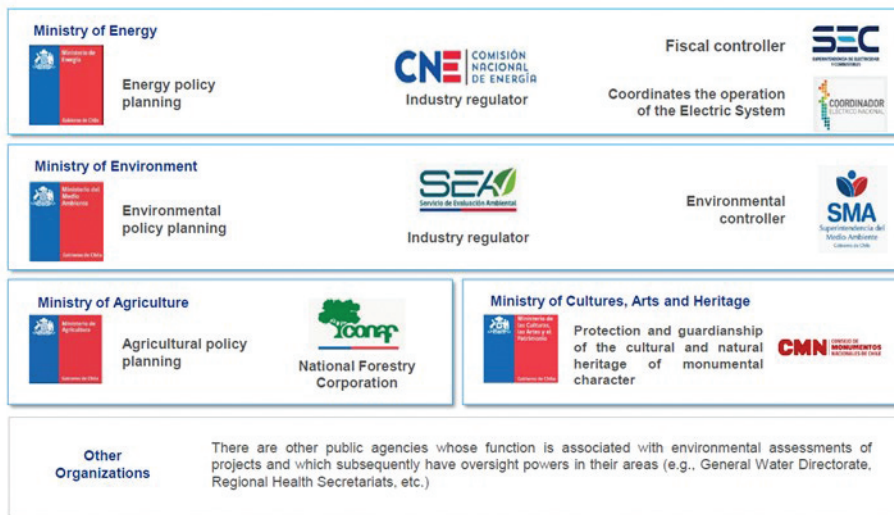
The following diagram illustrates the generation, transmission and distribution system for various transmission systems in Chile:



Regulating Agencies

The following diagram illustrates the various regulators in Chile's electric market:

Key Regulatory Authorities

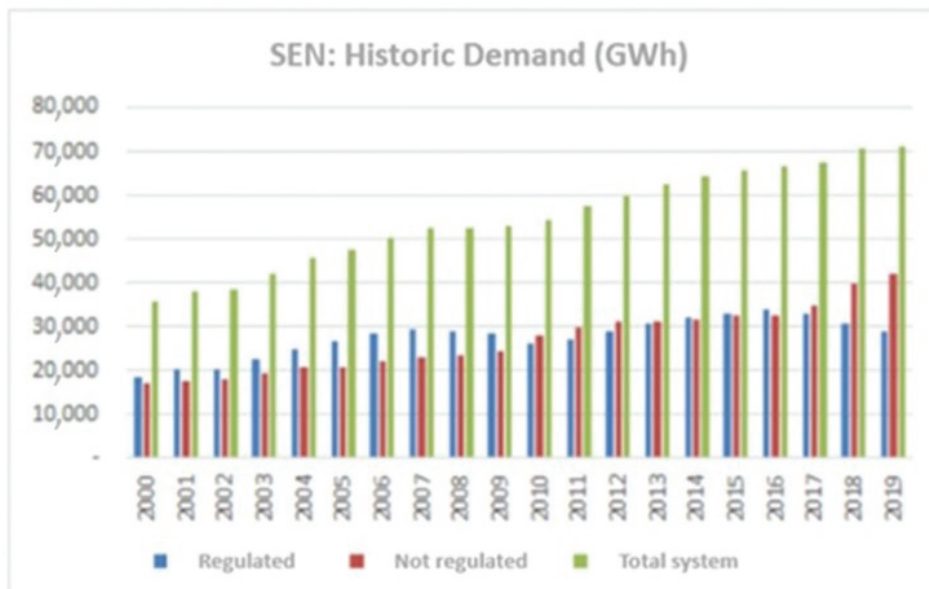


The Chilean Interconnected System — SEN

The SEN spans approximately 3,100 Km throughout Chilean territory between the locality of Arica and Chiloé, with an installed capacity of 28,087 MW as of June 2021. The SEN is the largest power grid in Chile and accounts for 98.5% of the country's installed power generation capacity. The development of Chile's electric power sector is based on the unification of two formerly separated systems and allowed for transmission of non-conventional renewable energy from the former SING power grid to the areas of consumption of the former SIC (both of which are currently interconnected under the SEN), covering the regions of Atacama, Coquimbo, Valparaíso and Santiago.

This power generation and transmission, measured in GWh and MW respectively, of power produced and transmitted by the system over time has increased annually by an average of 2.92% over the last 10 years. The SEN investment has historically met the needs imposed by growing demand for power and future investment plans aim to satisfy growing needs.

The following diagram illustrates the growth of the demand in the SEN by GWh from 2000 to 2019:



Although the SEN has enough installed generation capacity, the power supply is limited compared to power demand, since electricity production varies according to hydrological conditions (due to hydroelectric capacity) and natural gas supply conditions in the SEN

The SEN power grid featured installed capacity amounting to 28,946 MW as of August, 2021. Maximum hourly demand in 2020 came to 10,907 MW and total sales in the SEN in 2020 amounted to 71,782 GWh.

Transmission lines are key in improving the performance of this system, as these contribute, by connecting energy generation from clean, renewable sources to high consumption centers, to the decarbonization process of the energetic matrix in the country, goal set to be reached to its 50% by 2025, by the government.

Regulated Income

Regulated Revenue Components

Transmission income is determined by decree of the Ministry of Energy. The regulatory framework guarantees returns based on the VATT. For end consumers, trunk transmission charges represent a smaller portion of total costs.

Income Indexing

Regulated revenue and Dedicated Transmission revenue are indexed using formulas, where the main components of the indexing calculation are the following: U.S. dollars / Chilean pesos exchange rate; Chilean consumer price index; U.S. consumer price index.

Industry Participants

Chile's electricity industry is unique, since it is completely owned by the private sector, with multiple participants, both local and international.

Transmission

We own 1,852 km of the single and double circuit power lines and 75 substations in the aggregate of power transmission lines in the SEN power grid as of September 30, 2021.

The following table shows assets owned directly or indirectly by us and of the leading power transmission companies in Chile, considering both in operation and under construction projects:

Company	Power Grid (23kV-500kV, in km) as of September 30, 2021	Shareholders
STA	1,961 (including subsidiaries)	Alberta Investment Management Corporation (“AIMCO”) – 49.99% Ontario Teacher’s Pension Plan – 49.99% Other minority shareholders – 0.02%
Interchile	1,954	Interconexión Eléctrica S.A. E.S.P – 78.4% ISA Inversiones Chile SpA – 15.5%
Celeo Redes	506	Grupo Elecnor S.A. – 51% APG Infrastructure Pool – 49%
Transelec	9,857	China Southern Power Grid Co., Ltd – 27.79% Canada Pension Plan Investment Board – 27.73% British Columbia Investment Management Corp – 26% Public Sector Pension Investment Board – 18.48%

Remuneration and discount rate after tax

Discount rate: after tax

The old law represents a fixed rate of 10% before tax. Law No. 20, 936 represents a variable rate with a 7% floor and a 10% ceiling after taxes. Additional important elements regarding Law No. 20,936 include

the following: the tax rate is applicable after taxes; there is a quarterly review of the study rate; discernable before a panel of experts; considering the systemic risk of the activities of transmission companies in relation to the market; considering the risk-free rate of return; and considering the market risk premium.

The variable rate includes the business risk. After-tax consideration eliminates future tax risk and transfers efficiencies to the client.

Remuneration: right acquired by law

Article 144 of the Chilean Electricity Law: The companies that own the existing facilities in the national and zonal transmission systems and for development poles must annually receive the annual value of the transmission per section corresponding to each of said systems, defined in Article 103 of the Chilean Electricity Law. This value will constitute the total of your annual remuneration.

New Works: During its first five tariff periods from its entry into operation, the VATT will correspond to the one resulting from the award of the tender of the execution rights of said works and its indexing formula.

Expansion Works: During the first five tariff periods the VATT equal to the sum of:

- (i) AVI: this rate represents the annuity of the investment value, from the V.I. resulting from the award, considering the useful life of the installation established in the final technical report of the annual transmission expansion plan and the corresponding discount rate used in the valuation studies in force at the time of award;
- (ii) COMA: annual operation, maintenance and administration costs; and
- (iii) AEIR: adjustment for income tax effects.

Electric Transmission Expansion

In Chile, the regulation on electric transmission expansion has two main components: (1) the Long-Term Energy Planning (*Planificación Energética de Largo Plazo*) (“PELP”) conducted by the Ministry of Energy for energy planning, and (2) the Annual Transmission Expansion Plan (*Plan de Expansión Anual de la Transmisión*) conducted by the CNE.

Long-Term Energy Planning (Planificación Energética de Largo Plazo) (“PELP”)

The Ministry of Energy publishes a Long-Term Energy Planning (*Planificación Energética de Largo Plazo*) (“PELP”) every five years with a 30-year time horizon for the electricity transmission sector in Chile, based on LTES developed by in-house modelling teams. The PELP evaluates and projects different scenarios of electricity generation matrices for the Chilean market, takes into account long-term trends in terms of electricity supply, demand and consumption profiles in Chile.

Annual Transmission Expansion Plan (Plan de Expansión Anual de la Transmisión)

With the PELP as input, each year the CNE establishes the Annual Transmission Expansion Plan with a 20-year time horizon, which considers investment projects and growth prospects in the electricity generation system, as well as the projects proposed by transmission companies in Chile. It includes both new projects and extensions to current facilities.

Definitive Plan for the Next 12 Months

The definitive plan for the following 12 months is made official by the Ministry of Energy through a decree. The CEN is responsible for developing and awarding the bidding processes for all projects in the plan.

Modification to the Transmission Regulation

The latest modification to the transmission regulations was introduced with Law No. 20,936 in 2016, which, among other things, updated the regulated rate of return from 10.0% before taxes to a range of

between 7.0% and 10.0% after taxes. Law No. 20,936 established that the payment of the National Transmission System, the Zonal Transmission Systems and the Dedicated Transmission Systems used by regulated clients, shall be made by regulated and free clients.

Chilean Electricity Law

The Chilean Electricity Law aims to generate incentives to maximize efficiency, maximize resource allocation and to simplify the regulatory scheme. It includes a transparent process to determine the tariff that limits the broad discretionary power of the Chilean government by establishing objective criteria. The regulatory system allows competitive return rates on investment to stimulate private investment, while ensuring the availability of electricity service throughout Chile.

Authorities and other entities

The main regulatory agencies that have primary responsibility for the implementation and enforcement of the Chilean Electricity Law are the Ministry of Energy, the CNE, the SDEC, the Experts Panel and the CEN.

- The Ministry of Energy grants final approval of new works, expansion works, tariffs and node prices set by the CNE and regulates the granting of concessions to power generation, transmission and distribution companies.
- The CNE is a technical public organism that analyzes the structure and level of prices for goods and energy services. It is an adviser to the Ministry of Energy in matters relating to Chile's energy development. It issues technical regulation and calculates regulated tariffs and node prices. Every four years, the CNE leads the tariff-setting processes of the transmission system. For more information, please see “— Qualification and Valorization of the Existing Transmission System Facilities (Legacy Assets).”
- The SDEC's main responsibility is to supervise and ensure that power companies comply with regulations, service quality and safety standards currently in force. The SDEC is entitled to investigate any failure to comply with the quality and safety standards and may impose sanctions, mainly fines. These fines may be appealed in a court of law and have a maximum limit of 10,000 annual taxation units per event.
- The Experts Panel is a permanent entity that was created under the Short Law. The Experts Panel has the authority to resolve conflicts arising between companies and the CNE during the tariff review process.
- The CEN, which was created by the Chilean Transmission Law and replaced the CDECs in 2017, is an autonomous nonprofit corporation of public law (*corporación autónoma de derecho público*). The CEN is in charge of operating the electricity systems, maintaining a secure service, assuring efficient operation of all power installations, and guaranteeing open access to transmission systems. Moreover, the CEN prepares technical procedures, subject to approval by the CNE, authorize third-party connections, monitor the payment chain, promote competitive conditions, and implement public information systems, among other obligations.

Power Transmission System

The transmission sector is considered a natural monopoly that generally operates as a public service and is regulated.

The Chilean Electricity Law establishes certain principles that are used by the authority to determine the regulatory regime that governs each transmission facility. There are five regulatory regimes, as described below:

1. National Transmission System (former trunk transmission system): this is the high voltage backbone of the entire transmission system, where electricity flows according to supply and demand. The National Transmission System is required to provide “open access” to its system on a non-discriminatory basis under general rules, which consists of granting third parties the right to

access and connect to the National Transmission System. The open access obligations are subject to certain assumptions and conditions based on economic and technical criteria.

2. Zonal Transmission System (former sub-transmission system): this is the system that enables the supply of energy from the National Transmission System to distribution concessions areas where Regulated Consumers are ultimately supplied. The Zonal Transmission Systems are also subject to open access obligations.
3. Dedicated Transmission System (former additional system): this is the system through which Unregulated Consumers receive energy and generators inject the energy produced to the SEN.

As in the National and Zonal Transmission Systems, the Dedicated Transmission System is subject to open access obligations. To guarantee those obligations, the Chilean Transmission Law set forth certain measures such as the requirement for the owner, lessee or usufructuary of such facilities to disclose any Dedicated Contracts executed in that respect, on the basis that the owner, lessee or usufructuary of transmission facilities is required to always provide access when there is technical capacity available (not considering contracted or reserved capacity over the lines). The cost of any works or studies needed to allow the open access will be assumed by the applicant.

4. Development Zone System: refers to areas with resources or conditions that have high potential for the production of electricity using a joint transmission facility, which is of general public interest and economically efficient. The Ministry identifies potential areas for Development Zone Systems in its long-term annual planning decree.
5. International Systems. The International Systems will be constituted by transmission lines and substations destined to transport the electrical energy for export or import purposes, to and from the electrical systems located in Chile. These systems may be public or private. Importation or exportation of energy requires previous authorization from the Ministry of Energy.

As of the date of this offering memorandum, we did not have any operating transmission lines in the International System or Development Zones.

Categorization and Valorization of the Existing Transmission System Facilities (Legacy Assets)

The transmission facilities categorization process must be executed every four years. As a result of this process, the CNE categorizes each transmission system facility under one of the transmission categories considered by the Chilean Electricity Law. This process contemplates the possibility of presenting discrepancies before the Experts Panel.

Annual value for each section of the National and Zonal Transmission Systems is set by the Ministry of Energy every four years based on a TFVS. This study is conducted by an independent consultant, which is appointed through a bidding process carried out by the CNE (which results may be impugned before the Experts Panel). The main purpose of the TFVS is to calculate the regulated tariff of each transmission facility. The AVI components of the VATT is calculated based on the investment value for the existing segments, using a discount rate that is established by the CNE (between 7% and 10%, as a range for an after-tax IRR applicable since 2020), considering among other things, (i) the economic service life of assets and (ii) the amounts actually paid for the land rights. The economic service life of assets will be preliminarily determined by the CNE according to a procedure that allows the interested parties to submit comments to the preliminary technical report and to appeal before the Experts Panel if such observations were not admitted in the prior stage and will apply for three consecutive tariff periods. The investment value of the land rights, expenses and indemnities paid for the easements used will only consider the amounts actually paid, adjusted by the Chilean Index Consumer Price. However, this rule is modified by transitional articles of the Chilean Transmission Law, which considers special statutes to value such rights in certain existing facilities prior to the Chilean Electricity Law.

The amount of the COMA, which may consider scope and scale economies (to share costs with nonregulated business and between different transmission assets), is also calculated in the TFVS. In addition, the TFVS establishes indexing formulas for AVI and COMA in order to maintain the real value of these concepts throughout the four-year period.

Annual Expansion Plan

The expansion plan is prepared yearly by the CNE based on a proposal that is sent by CEN. Parties to the electrical system may suggest new works either before the CEN or before the CNE. With the CEN's proposal, the CNE issues a preliminary technical report, which is reviewed by the interested parties; and once the observations from such parties are resolved, the CNE will issue a definitive technical report against which interested parties may claim before the Experts Panel. If there are no discrepancies, or the discrepancies are solved by the Experts Panel, the CNE delivers the technical report to the Ministry, who will set forth in separate decrees (i) the upgrade works and (ii) the new works.

The upgrade works are those that increase the capacity or the safety and quality of service of the transmission lines and electrical substations. In contrast, new works would be new transmission lines or electrical substations that do not exist and are included to increase the capacity or safety and quality of service of the electrical system. Both kinds of works are carried out through separate bidding processes.

Tender, Adjudication and Compensation of New Works and Expansion Works

If the approved projects are deemed to be new works, they will be awarded through an open bidding process. The Chilean Electricity Act does not establish a rate of return for these new works projects: they are awarded to the bidder who offers the lowest AVI + COMA, values that will remain in force for five tariff periods (i.e., 20 years), adjusted by the indexation factors established in the award decrees.

In the case of expansion works, the Chilean Transmission Law guarantees as investment value 100% of the EPC awarded price for five tariff periods (i.e. 20 years), to determine the AVI component of the VATT of such expansion works. As for the corresponding COMA, it will be determined in the immediately following tariff processes. The Chilean Transmission Law states that the bidding process will be conducted by the CEN.

Remuneration

Under the Chilean Transmission Law, transmission companies will receive 100% of the VATT, which will be the sum of the actual tariff revenue and a mandatory flat charge, from generation and distribution companies. Generation and distribution companies will be entitled to retrieve the mandatory flat charge from final customers (whether Regulated Consumers or Unregulated Consumers). In addition, under the new Chilean Transmission Law, the generating facilities must retrieve mandatory flat charges from final customers, except for those injections derived from supply agreements between generation companies and Regulated or Unregulated Consumers executed before the entry into force of the new law, which will be subject to a special transitional regime until year 2034. During this transitional period, the injection tariffs would gradually decrease to 0% by the year 2034, simulating the term of existing contracts. However, this exception does not apply to facilities which enter in operation after December 31, 2018 and facilities related to the interconnection between the SIC and the SING, which will be remunerated according to the provisions of the new Chilean Transmission Law.

The Chilean Transmission Law also prohibits transferring to the customer transmission costs that are caused by the distance between power production centers and consumption centers.

Once a month, with connection to the energy and capacity transfer balances, the CEN will calculate the tariff revenue payments that every generation company will pay to each transmission company for the use of the electrical system of the previous month.

Conversely, the CNE sets the mandatory flat charge that is determined semi-annually in the respective technical report, which includes the resolution that determines the node prices. The flat charge, as well as the reassessments or adjustments that may occur, are calculated by the CEN, according to the law and the regulations. The values corresponding to the flat charge are invoiced by the generation or distribution companies to Regulated and Unregulated Consumers. The generation or distribution companies transfer the invoiced amounts to the transmission companies, as described in the following paragraph. Interested parties may submit observations to the technical report before the Experts Panel confirms the amount.

The transmission tariffs invoiced for the mandatory flat charges and the tariff revenue are distributed among the transmission companies under the following rules: (i) the total monthly collection of each system (that is, the National and Zonal Systems and under certain limited circumstances, the Dedicated Transmission System), must be paid in proportion to the VATT for each transmission facility; (ii) in each system, differences between total collection and VATT for each transmission facility, as indicated in clause (i) above, will be considered in the following period in order to pay or deduct such differences, as appropriate, in the calculation of the flat charge for the next period; and (iii) the CEN will ensure that the annual collection allocated to each transmission facility does not exceed its VATT.

Termination of Project Decrees and Dedicated Contracts

The compensation for transmission services in the National and Zonal Transmission Systems is based on Project Decrees and Tariff Decrees. The right to benefit from the exploitation of facilities pertaining to the National and Zonal Transmission System is generally considered perpetual in nature and not subject to concession risks; however, Project Decrees that grant the right to benefit from the use of new facilities currently under construction (which were awarded as part of the National and Zonal Transmission System's expansion plan), may be revoked in the event of a material breach of the transmission company's obligations under the applicable decrees. Current law does not clearly set forth which violations constitute a material breach that could lead to the termination of a decree, and neither the Chilean Electricity Law nor the Project Decrees define the scope of a material breach. As a result, it may be difficult to determine what breaches may constitute a "material breach" because such determination is based on investigations conducted by the CEN. In the event of a termination under these circumstances, the transmission company would not receive any compensation. In addition, the transfer of transmission line assets to third parties may not be possible after the termination of these Project Decrees. Notwithstanding the foregoing, terminations under these circumstances have not occurred in Chile in the past.

Transmission services in connection with assets in the Dedicated Transmission System are established in long-term Dedicated Contracts with Dedicated Customers, which are generation companies and other Unregulated Consumers. These counterparties may choose not to renew their Dedicated Contracts or may elect to renegotiate for future extensions and under new terms that are less favorable to the transmission company than the original terms. The rights of transmission companies to receive revenue under these Dedicated Contracts are per term, and parties to these contracts are not required to agree to extensions. In addition, Dedicated Customers have the right to early termination of these Dedicated Contracts in the event of a material breach by the transmission company. Most Dedicated Contracts do not specify what may constitute a material breach, and determination of whether a violation constitutes a material breach is based on the evidence rendered by the parties to the dispute and determined by the relevant court. In the event of an early termination due to a material breach by the transmission company, the transmission company would not receive any compensation.

Fines and compensations

The authority may impose fines on the transmission companies if a blackout or outage is caused due to any transmission's operational mistake, including failures related to the coordination duties of all system agents.

In addition, transmission companies may be subject to regulatory fines for any breach of current regulations, including energy supply failure. Any electricity transmission company supervised by the SDEC may be subject to these fines in cases where, in the opinion of the SDEC, such company is responsible for the operational failures that affect the regular energy supply to the system. The maximum fine that the SDEC can impose in the event of such failure is 10,000 annual taxation units, approximately equivalent to U.S.\$8,100,000. Fines imposed by the SDEC can be appealed at Santiago's Court of Appeals and, eventually, at Chile's Supreme Court.

The Chilean Transmission Law created a new system of compensation for unavailability due to supply outages payable to Regulated Consumers and Unregulated Consumers, which has become effective in 2020. Any event or failure in transmission facilities that causes an unauthorized unavailability of supply and is outside the minimum quality of service previously set will result in the payment of compensation equal to the energy not supplied valued at either (i) 15 times the energy rate applicable for Regulated Consumers or

(ii) 15 times the energy component of the average market price for Unregulated Consumers established in the final technical report prepared by the CNE (unless supply agreements provide for special rules). The compensation paid by a transmission company per event is capped to the lower between (x) 5% of its regulated revenue in the previous calendar year for the respective transmission system and (y) 20,000 *unidades tributarias anuales* (currently approximately U.S.\$17,174,383).

The new compensations system has been gradually implemented since January 1, 2020. From 2020 to 2023, the compensation amount due by a transmission company, subject to the cap previously described, for each kWh not supplied in compliance with minimum standards is equal to 10 times the value of the electricity rate. From 2024 and thereafter, the compensation amount for energy not supplied will be valued at 15 times the value of the electricity rate.

Electric Concessions

The Chilean Electricity Law provides a mechanism called electric concessions or franchises (*concesiones*) that (x) allows power transmission companies a “right of way” (*servidumbres*) in areas where electric infrastructure is required to be built and (y) to set a compensation value in case a bilateral agreement cannot be reached with affected parties in the area. The electric concession proceeding represents an alternative route to obtain easements in the event that a voluntary agreement cannot be reached.

In general terms, obtaining an electric concession is a process involving several stages, which start with filing an application for a definitive or provisional electric concession before the SDEC, the competent body before which the concession proceeding is carried out.

Environmental Regulation

The Chilean Constitution grants all citizens the right to live in a pollution-free environment. It further provides that other constitutional rights may be limited in order to protect the environment. Chile has numerous laws, regulations, decrees and municipal ordinances that may affect our operations, or the development of new projects, for purposes of environmental protection. Among others, there are regulations relating to waste disposal (including the discharge of liquid industrial wastes), air pollution (including greenhouse gases), cleanup of contamination (such as the establishment of industries in areas in which they may affect public health and the protection of water for human consumption). Under these laws, we may be required to obtain specific approvals, consents and permits. Also, emissions and discharges from our operations may be required to meet specific standards and limitations set forth in regulations or permits. We have made and will continue to make substantial investments to comply with such environmental laws, regulations, decrees and ordinances.

The Chilean Environmental Law establishes a framework for environmental regulation in Chile, which has become increasingly stringent in recent years. Recent amendments include, among other significant modifications, the creation of a new institutional framework comprised by: (i) the Ministry of Environment (*Ministerio del Medio Ambiente*); (ii) the Council of Ministers for Sustainability (*Consejo de Ministros para la Sustentabilidad*); (iii) the Environmental Assessment Service (*Servicio de Evaluación Ambiental*); (iv) the Environmental Superintendence (*Superintendencia del Medio Ambiente*); and (v) the Environmental Courts (*Tribunales Ambientales*), all of which are in charge of regulating, assessing and enforcing activities that could have an environmental impact. These institutions, which replaced their predecessors, the National Environmental Commission (*Comisión Nacional del Medio Ambiente*) and the Regional Environmental Commissions (*Comisiones Regionales del Medio Ambiente*), are currently fully operational.

The new institutions and regulatory framework as well as a more environmentally conscious society are likely to impose additional restrictions in connection with protection of the environment, particularly with respect to flora and fauna, wildlife protected areas, water quality, air and soil pollution. In addition, violations of these environmental regulations may lead to fines, the closure of facilities and the revocation of environmental approvals. The Environmental Superintendence has the authority to monitor and control the compliance with environmental permits, initiatives included in Prevention and Decontamination Plans, emission standards and quality and other environmental issues. The sanctions, procedures and liability claims derived from environmental damage will be ruled by the Environmental Court. The Chilean Environmental Law also grants citizens the right to bring civil actions against companies that do not comply with

environmental laws and regulations, after such non-compliance has been established by a judicial proceeding. In addition, citizens affected by environmental pollution may petition for relief to a Chilean Court of Appeal, which has the power to require the suspension of the offending activity and the adoption of protective measures through a protective action (*recurso de protección*).

The Chilean Environmental Law requires a developer of transmission projects to conduct Environmental Impact Studies (*Estudio de Impacto Ambiental*) or Environmental Impact Statements (*Declaración de Impacto Ambiental*) for any power generation or transmission project and to submit such studies for approval by the Environmental Assessment Service, in order to obtain environmental permits required for operation. The Environmental Assessment Service is in charge of managing, coordinating and consolidating the environmental evaluation process.

In September 2015, with the participation of the government, several stakeholders, key participants in the energy sector, universities and the public at large, the Ministry of Energy produced and issued a document titled “Energy 2050,” which contains Chile’s long-term energy policy, defining what should be the Chilean energy matrix for the years 2035 and 2050 (the “Energy Policy 2050”).

The Energy Policy 2050 is based on four principles identified as: (i) quality and security of supply (i.e., reliability); (ii) energy as a driving force for development (i.e. inclusiveness and social sustainability); (iii) environmentally friendly energy (i.e., environmental protection and sustainability); and (iv) energy efficiency and energy education (that is, competitiveness, efficiency and public awareness).

Within the framework of the Energy Policy 2050, the Ministry of Energy has developed a short-term energy policy known as “*Ruta Energética: liderando la modernización con sello ciudadano*” (Energy Roadmap: leading modernization to help energy serve citizens and improve quality of life), which addresses the following seven main focus areas: energy modernization, the social impact of energy, energy development, low emission energy, sustainable transport, energy efficiency and energy education and training. To achieve its goals, this agenda contains 10 commitments, which include:

- (i) to create a map detailing Chile’s energy vulnerabilities, and identifying families that do not have access to electricity or other energy services, with a view to addressing the existing gaps;
- (ii) to modernize the institutional framework for energy regulation and to increase government efficiency so that the government may provide better service, in particular the through the mandate of the SDEC and the Chilean Nuclear Energy Commission;
- (iii) to reduce the processing times for environmental projects under this agenda by 25%;
- (iv) to reach four times the current capacity of renewable small-scale (less than 300 KW) distribution generators by 2022;
- (v) to increase by at least ten times the number of electric vehicles that circulate in Chile;
- (vi) to modernize the regulation of electricity distribution through a participatory process;
- (vii) to regulate solid biofuels, such as firewood and its derivatives, granting the Ministry of Energy the necessary authority to establish technical specifications and regulations for the commercialization of firewood in urban areas;
- (viii) to establish a regulatory framework for energy efficiency that generates the necessary incentives to promote the efficient use of energy in the sectors of greater consumption (industry and mining, transport and buildings);
- (ix) to start the process of moving away from carbon-based energy sources through the decommissioning of coal- fired plants, and the introduction of concrete measures in electric-powered drive trains; and
- (x) to qualify 6,000 workers, technicians and professionals for jobs in the energy industry by helping them to develop skills and abilities in the management and sustainable use of energy, in the electricity, fuel and renewable energy sectors.

In late 2018, the Ministry of Energy and the Ministry of the Environment initiated negotiations with generation companies to implement a decarbonization process of the Chilean energy matrix. The goal of the government is to progressively close all coal-fired thermoelectric power plants by 2040, which is the year when Chile expects to become a carbon-neutral country. In June 2019, the government and the main generation companies entered into voluntary agreements by means of which the oldest eight thermoelectric plants (representing 1,047 MW of installed capacity) will stop their regular operations by year 2024. In December 2019, the Ministry of Energy announced an agreement according to which another two coal-fired thermoelectric power plants will be decommissioned by the end of 2024.

PERMITS AND REGULATORY APPROVALS

As an electric power transmission services provider, we are responsible for obtaining certain permits or governmental approvals for building, maintaining and operating the Projects.

As of the date of this offering memorandum, we have obtained all the required and applicable material permits for the construction, maintenance and operation of its projects, except for those permits which failure or delay to be obtained would not, individually or in the aggregate, reasonably be expected to have a material adverse effect.

MANAGEMENT

As a wholly-owned subsidiary of Grupo Saesa, the members of our management team are employed by Sociedad Austral de Electricidad del Sur S.A., and Empresa Eléctrica de la Frontera S.A. and tasked with providing management and other support services to us in connection with the day-to-day operation of our business. As such, the two companies mentioned above are responsible for the payment of salaries and other payroll expenses and other employment benefits for the members of our management team. The costs associated with the management functions performed by the members of our management team are allocated to us by the two companies based on the management support services provided to us compared to the services provided to other entities controlled by Grupo Saesa. The methodology used to determine the costs of these management services is continuously reviewed by Grupo Saesa to take into account changes in the market prices of similar services, provided by independent companies in the same or similar businesses, consistent with Chilean tax rules and, OECD guidelines.

Management Team

STA's management team is composed of Francisco Alliende, as General Manager, Victor Vidal, as Chief Financial Officer, Sebastian Saez, as Head of Legal and, Marcelo Matus, as Transmission Manager.

Below is a summary of our management team biographies.

Francisco Alliende, age 52, has served as a Chief Executive Officer of STA since January 2020 and joined Grupo Saesa in 2005. He previously served as Chief Financial Officer and Deputy CEO of Grupo Saesa. In addition, prior to his work at Grupo Saesa, Mr. Alliende worked as Deputy Chief Financial Officer at Enel Generación Chile (formerly known as Endesa). He holds a Commercial Engineering degree from the University of Chile, a Master's in Business Administration (MBA) from the University of Navarra and an Advanced Management Program (AMP) from Harvard University.

Victor Vidal, age 52, has served as the Chief Financial Officer of the STA since January 2020 and joined Grupo Saesa in 2012. He previously worked as Chief Financial Officer of Engie Energía Chile for 14 years. He holds an Industrial Chemical Engineering Degree from the Catholic University of Chile and a Master's in Business Administration (MBA) from the Catholic University of Chile.

Sebastian Sáez, age 50, has served as the Head of Legal of STA since January 2020 and joined Grupo Saesa in 1999. Prior to his work in STA Mr. Sáez worked as an associate at Evans & Cia and as an In-House Counsel for Empresas Copec S.A. He earned a Law degree from Universidad Central de Chile, a Trial Advocacy degree at Universidad Alberto Hurtado, and a Governance Degree at the Catholic University of Chile.

Marcelo Matus, age 52, has served as the Transmission Manager of STA since January 2020 and joined Grupo Saesa in 2012. He previously worked as a Submanager of Transmission at Grupo Saesa and in several positions at EMEL Group. He holds an Electrical Engineering degree from the University of Antofagasta, Chile, a Management and Total Quality Management Degree from the University of Chile, an Innovation and Technology Management degree from the University of Notre Dame, and a Master's in Business Administration (MBA) from Universidad Alberto Hurtado.

Board of Directors

STA's board of directors is the decision-making body responsible for the formulation and implementation of the general guidelines and policies of the businesses, including long-term strategies. Decisions of STA's board of directors, must be approved by a majority of votes at duly constituted board meetings. STA's board of directors is composed of eight members, including Jorge Lesser, Ivan Diaz-Molina, Juan Ignacio Parot, Waldo Fortin, Stacey Purcell, Jon Reay, Christopher Powell, and Ashley Munroe. Below is a summary of our board of directors' biographies.

Iván Díaz-Molina, Board President, age 60, has served as director of STA since January 2020 and joined Grupo Saesa as director in September 2010. Mr. Díaz-Molina is a professor of Strategy and Innovation, and serves as Head of the Strategy Department and Director of the Center for Innovation and Entrepreneurship at the ESE Business School in Santiago, Chile. His areas of interest include innovation

systems, ambidexterity in organizations and entrepreneurship. Before joining ESE, Mr. Díaz-Molina was vice president for Latin America of Pennsylvania Power and Light Company, with operations in Central America, Peru, Brazil, Bolivia and Chile. Mr. Díaz-Molina has a DBA from Temple University, a MSc Degree from Carnegie-Mellon University and a Civil Engineering Degree from National University of Córdoba, Argentina.

Jorge Lesser García-Huidobro, age 65, has served as director of STA since January 2020 and joined Grupo Saesa as director in August 2008. Mr. Lesser is an engineer, consultant, and businessman, and currently serves as a member of the Board of Directors of Grupo Saesa among other companies controlled by the Canadian fund Ontario Teachers' Pension Plan and Alberta Investment Management Corporation. He previously worked as finance manager and assistant general manager in Empresa Nacional de Electricidad. Prior to serving in Empresa Nacional de Electricidad, he worked in Celulosa Arauco and Pesquera Coloso where he had several management positions. He holds a degree in Civil Industrial Engineering from University of Chile and a Master's Degree in Electricity at University of Chile.

Juan Ignacio Parot, age 53, director of STA since January 2020 and joined Grupo Saesa as director in August 2011. Currently serves as CEO of AndesCan, and on the boards of Essbio, Esval and Grupo Saesa. Previously, Mr. Parot was the CFO of Aguas Nuevas where he was responsible for financing activities as well as all administrative, human resources and IT areas. During his tenure, he led Aguas Nuevas through two successful divestiture processes. Mr. Parot has also worked in the telecom industry and for a power plant utility. He holds a Civil Industrial Engineering Degree from the Universidad Católica de Chile and an MBA from the Sloan School of Management, MIT.

Waldo Fortín, age 78, has served as director of STA since January 2020 and joined Grupo Saesa as director in September 2012. Mr. Fortin is also a member of the Board of Directors of the Grupo Saesa and the Board of Directors of Schwager Energy S.A. Additionally, he serves as Senior Consultant at the law firm Mujica & Bertolotto in Santiago, Chile. He previously served in various senior executive positions in CODELCO (the large Chilean State-owned copper corporation and one of the world's largest copper producers), including General Counsel, and was a member of the board of several different companies in which CODELCO was a shareholder. In his capacity as General Counsel, he was involved in all major national and international ventures and operations of CODELCO. He also worked at the Institute for Policy Studies in Washington D.C., the Transnational Institute in Amsterdam and the University of Leiden and the Erasmus University in Rotterdam, The Netherlands, where he taught law. Mr. Fortin holds a law degree from the University of Chile.

Stacey Purcell, age 45, has served as director of STA since January 2020 and joined Grupo Saesa as director in August 2008. Additionally, Miss Purcell is the Managing Director, of Infrastructure & Natural Resources — Head of Latam of Ontario Teachers' Pension Plan. She previously served as Senior Principal of Ontario Teachers' Pension Plan, and Financial Analyst — Advisor at Enbridge Inc. Miss Purcell holds a Bachelor of Commerce degree from Dalhousie University and is a Chartered Business Valuator. She completed the OTPP Private Investment Board of Directors Program at the University of Toronto, Rotman School of Management and is an alumni of the Institute of Corporate Directors.

Jon Reay, age 40, has served as director of STA since October 2020. In addition, Mr. Reay is a Senior Portfolio Manager of Value Creation & Asset Management at Alberta Investment Management Corporation. He previously served as the Chief Compliance Officer and Associate General Counsel at the same company, being responsible for overseeing the compliance to its code of conduct and ethical standards, as well as regulatory and investment compliance. He holds a Law degree from the University of Toronto and he earned a bachelor's degree from the Academy of Arts at University of Alberta.

Christopher Powell, age 45, has served as director of STA since January 2020 and joined Grupo Saesa as director in April 2014. He also serves as Director of Infrastructure & Timber Investments at Alberta Investment Management Corporation. Mr. Powell previously served as Portfolio Manager, Principal, Senior Associate, Associate at the same company, and as Portfolio Manager/Research Analyst at Global Wealth Builders. Mr. Powell holds a Master's in Business Administration (MBA) at University of Alberta, Canada and a Bachelor of Science Environmental Science/Land Remediation at the same University. Lastly, he earned a degree in Honours Business Administration at Ivey Business School at Western University, and a Civil Engineering degree at Western University.

Ashley Munroe, age 37, has served as director of STA since April 2020. In addition, she serves as a Principal of Infrastructure & Natural Resources at Ontario Teachers' Pension Plan, Toronto, Canada. Miss Munroe was previously an Associate at Aquila Infrastructure Management Inc. She holds a degree in Honours Business Administration at Ivey Business School at Western University and a Civil Engineering degree at Western University.

OUR SHAREHOLDERS

As of December 31, 2021, our issued and paid in capital is CLP 166,132,452,480 represented by 620,093,318 series A shares and 38,352,069,948,752 series B shares. All of our series A shares have been fully subscribed and paid. Of the aggregate number of series B shares, 38,339,079,318,744 have been fully subscribed and paid, whereas 12,990,630,008 series B shares have yet to be subscribed and paid.

The following table sets forth certain information about the ownership of the STA's shares as of the date of this offering memorandum:

Shareholders	Number of Shares	Percentage of Total
Inversiones Eléctricas del Sur	38,327,951,402,259	99.93550%
Inversiones Grupo Saesa Limitada	10,978,241,721	0.02862%
Cóndor Holding SpA	248,037,779	0.00065%
Minority shareholders	521,730,303	0.00136%
Unsubscribed Shares	12,990,630,008	0.03387%
Total	38,352,690,042,070	100%

Prior to the completion of this offering, STA carried out a capital increase through the issuance of STA series B shares, partially subscribed and paid by Inversiones Eléctricas del Sur (on a pro rata basis in accordance with its ownership interest before giving effect the capital increase) through the contribution of its shares in STS. The unsubscribed and unpaid 12,990,630,008 Series B shares may be subscribed and paid by Series B shareholders, prorata their participation in the Series B shares, on or before January 26, 2022 (except for Inversiones Electricas del Sur S.A., which has already exercised its preemptive rights and subscribed and paid its pro rata portion of the Series B shares). See “Summary — STA’s Ownership Structure,” and “Summary — Recent Developments — Merger and acquisition by STA of Saesa TX, Predecessor STS and Frontel TX”.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

In the ordinary course of business, we engage in a variety of transactions with certain of our affiliates, primarily for the purchase, at fair market prices negotiated on an arm's-length basis, of goods or services that may also be provided by other suppliers. Our Board of Directors approves all such transactions in advance.

Article 89 of Law 18,406 of Corporations (the "Chilean Corporations Law") requires that our transactions with related parties (as defined by article 100 of the Chilean Securities Market Law) be on an arm's-length basis or on similar terms to those customarily prevailing in the market. Article 100 of the Chilean Securities Market Law provides that the following persons are related to a company: (i) other entities of the business conglomerate to which the company belongs; (ii) any legal entity that has, in relation to the company, the status of parent, affiliate or subsidiary according to such terms defined under such Chilean Corporations Law; (iii) all directors, managers, officers and liquidators of the company, and their spouses or blood relatives to the second degree, or any entity controlled, directly or indirectly, by any of the referred individuals; (iv) any person that, by him/herself or with other persons under a joint-action agreement, may appoint at least one member of the management of the company or controls 10% or more of the capital or voting capital of a stock company; and (v) other entities or persons determined as such by the CMF.

In addition, article 44 of the Chilean Corporations Law provides that a corporation may only enter into a material transaction in which one or more directors has a personal interest or is acting on behalf of a third party when (i) such transaction has been previously disclosed to the board of directors and approved by it and (ii) the terms and conditions of such transaction are similar to those prevailing in the market, except when the by-laws exempt such transactions from compliance with these conditions. For purposes of article 44, to the extent the amount exceeds UF2,000, any act or contract for an amount exceeding 1% of a company's equity shall be deemed to be a material transaction. In addition, any act or contract exceeding UF20,000 shall always be deemed to be a material transaction for these purposes, whether or not it represents less than 1% of a company's equity.

Chilean law considers a director to have an interest in a transaction when the transaction involves:

- a director, a director's spouse or relatives until the second degree of consanguinity or affinity;
- corporations in which the director holds the position of manager or owner, either directly or indirectly through third parties, of 10% or more of that corporation's capital;
- corporations in which any of the aforementioned persons holds the position of director or owner, either directly or indirectly through third parties, of 10% or more of that corporation's capital; or
- controllers of the corporation or their related persons, if the votes of these related persons were decisive in his/her election as director.

However, these regulations are not applicable if the transaction has been approved or ratified by an extraordinary shareholders' meeting with a quorum of two-thirds of the shareholders with voting rights. The decisions of the board are documented in the board minutes and disclosed at the following shareholders' meeting. An interested director must abstain from voting the matter.

Transactions that do not meet the foregoing requirements are valid and enforceable; however, the corporation and its shareholders and interested third parties shall have a cause of action to sue for reimbursement on behalf of the corporation, for a total of the benefits reported to the interested party, in addition to indemnification for the damages caused. In such proceedings, the defendant shall prove that the transaction met the legal requirements, and directors and executive officers of companies that violate this provision are personally liable for losses or damages resulting from such violations.

We are in compliance in all material respects with the requirements of the relevant provisions of the Chilean Corporations Law governing related party transactions with respect to all of our transactions with related parties.

For additional information with respect to transactions with related parties, see Note 7 to the Unaudited Combined Carve-Out Financial Statements.

DESCRIPTION OF THE NOTES

The Notes described in this offering memorandum (the “Notes”) will be issued under an indenture (the “Indenture”) to be dated as of January 27, 2022, between Sociedad de Transmisión Austral S.A. (the “Issuer”) and UMB Bank, National Association, as trustee (the “Trustee”), registrar, transfer agent and paying agent. The Indenture does not limit the aggregate principal amount of Notes that may be issued thereunder, and the Indenture provides that Notes may be issued thereunder from time to time in one or more series. The following summary of the material provisions of the Indenture and the Notes does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all the provisions of the Indenture and the Notes, including the definitions of certain terms therein. The definitions of certain terms used in the following summary are set forth below under “Covenants — Certain definitions.” Capitalized terms used in the following summary and not otherwise defined herein shall have the meanings ascribed to them in the Indenture.

General

The Indenture does not limit the amount of indebtedness or other obligations that may be incurred by the Issuer. Under the Indenture, we are permitted to issue additional Notes (which may, in the case of additional Notes of the same series as the Notes offered by this offering memorandum, have a different issue price, original issue date, initial interest date and initial interest payment date but otherwise have the same terms, including interest rate, maturity and redemption provisions as the Notes, and may constitute one series with the Notes); provide that unless such additional Notes are issued under a separate securities identifier number, such additional Notes must be fungible with the original Notes for U.S. federal income tax purposes.

The Notes will be general unsecured and unconditional obligations of the Issuer. The Notes will, other than with respect to certain obligations granted preferential treatment pursuant to the laws of Chile, at all times rank *pari passu* in right of payment among themselves and at least equally with all other present and future unsecured and unsubordinated obligations of the Issuer. The Notes will be effectively subordinated to all our secured indebtedness to the extent of the value of the assets securing that indebtedness. As of September 30, 2020, the Issuer had no secured indebtedness outstanding. See “*Risk Factors — Risk Related to the Notes — Payments on the Notes will be effectively subordinated to our secured debt obligations.*” The Notes will also be structurally subordinated to any existing and future indebtedness of any subsidiary of the Issuer. As of September 30, 2021, the Issuer’s subsidiaries had U.S.\$121,667,951 of indebtedness outstanding. See “*Risk Factors — Risk Related to the Notes — The Notes will be structurally subordinated to certain financial and other obligations of our consolidated subsidiaries.*”

The aggregate principal amount of the Notes will be U.S.\$390,000,000. The Notes will mature on January 27, 2032.

The Notes will bear interest at the rate per annum shown on the front cover of this offering memorandum from the date of issuance or from the most recent interest payment date to which interest has been paid or provided for. Interest on the Notes will be payable semi-annually on July 27 and January 27 of each year, commencing on July 27, 2022 to the Person in whose name a Note is registered at the close of business on the preceding fifteenth day before July 27, or the fifteenth day before January 27, whether or not a business day (each, a “Record Date”), as the case may be. Interest on the Notes will be computed on the basis of a 360-day year consisting of twelve 30-day months. Holders must surrender the Notes to the paying agent for the Notes to collect principal payments. Except as described in “ — Book-entry; Delivery and Form,” the Issuer will pay principal and interest by check and may mail interest checks to a Holder’s registered address.

The Notes will be issued only in fully registered form, without coupons, with a minimum denomination of U.S.\$200,000 and in multiples of U.S.\$1,000 in excess thereof. No service charge will be made for any registration of transfer or exchange of Notes, but the Issuer may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Initially, the Trustee will act as paying agent, transfer agent and registrar for the Notes. The Notes may be presented for registration of transfer and exchange at the offices of the registrar for the Notes.

Optional Redemption

The Notes will be redeemable, in whole or in part, at any time and from time to time, at our option at a redemption price equal to the greater of (i) 100% of the principal amount of the Notes to be redeemed and (ii) the sum of the present values of the Remaining Scheduled Payments of principal and interest on the Notes to be redeemed (exclusive of interest accrued to the applicable redemption date) discounted to that redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 40 basis points; plus, in the case of both clause (i) and clause (ii) above, accrued and unpaid interest on the principal amount of the Notes being redeemed to the date of redemption.

In addition, the Notes will be redeemable, in whole or in part, at any time and from time to time, beginning on the date that is 90 days prior to the scheduled maturity of the Notes, at our option at a redemption price equal to 100% of the principal amount of the Notes to be redeemed, plus accrued and unpaid interest on the principal amount of the Notes being redeemed to the date of redemption.

Notwithstanding the foregoing, payments of interest on the Notes that are due and payable on or prior to a date fixed for redemption of Notes will be payable to the Holders of those Notes registered as such at the close of business on the relevant Record Dates according to the terms and provisions of the Indenture.

In connection with such optional redemption, the following defined terms apply:

“Treasury Rate” means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity (computed as of the third business day immediately preceding that redemption date) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for that redemption date.

“Comparable Treasury Issue” means the United States Treasury security selected by the Independent Investment Banker that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes.

“Independent Investment Banker” means one of the Reference Treasury Dealers appointed by us to act as the “Independent Investment Banker.”

“Comparable Treasury Price” means, with respect to any redemption date, (i) the average of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) on the third business day preceding that redemption date, as set forth in the daily statistical release designated H.15 (519) (or any successor release) published by the Federal Reserve Bank of New York and designated “Composite 3:30 p.m. Quotations for U.S. Government Securities” or (ii) if such release (or any successor release) is not published or does not contain such prices on such business day, (A) the average of the Reference Treasury Dealer Quotations for that redemption date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (B) if the Independent Investment Banker for the Notes obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such Quotations.

“Reference Treasury Dealer” means The Bank of Nova Scotia, New York Agency (an affiliate of Scotia Capital (USA) Inc.), and its successor and two other nationally recognized investment banking firms that are Primary Treasury Dealers specified from time to time by the Issuer; provided that if any of the foregoing shall cease to be a primary U.S. Government securities dealer in New York City (a “Primary Treasury Dealer”), the Issuer shall substitute therefor another nationally recognized investment banking firm that is a Primary Treasury Dealer.

“Reference Treasury Dealer Quotation” means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker by such Reference Treasury Dealer at 3:30 p.m., New York City time, on the third business day preceding that redemption date.

“Remaining Scheduled Payments” means, with respect to each Note to be redeemed, the remaining scheduled payments of the principal thereof and interest thereon that would be due after the related redemption date but for such redemption; provided that, if that redemption date is not an interest payment

date with respect to such Notes, the amount of the next succeeding scheduled interest payment thereon will be reduced by the amount of interest accrued thereon to that redemption date.

Notice of any redemption will be given at least 30 days but not more than 60 days before the redemption date to each Holder of the Notes to be redeemed. On and after any redemption date, interest will cease to accrue on the Notes or any portion thereof called for redemption, unless the Issuer defaults in the payment of the redemption price.

In case of any partial redemption, selection of the Notes for redemption will be made (i) in accordance with applicable procedures of DTC (if the Notes are global notes) in compliance with the requirements of the principal national securities exchange, if any, on which the Notes are listed and any applicable depository procedures, (ii) or if the notes are not global notes or if there are no such requirements of such exchange or DTC, on a pro rata basis, although no Note of the minimum denomination in original principal amount or less will be redeemed in part. If any Note is to be redeemed in part only, the notice of redemption relating to such Note shall state the portion of such principal amount thereof to be redeemed. A new Note in principal amount equal to the unredeemed portion thereof will be issued in the name of the Holder thereof upon cancellation of the original Note.

Upon presentation of any Note redeemed in part only, the Issuer will execute and the Trustee will authenticate and deliver to or on the order of the Holder thereof, at the expense of the Issuer, a new Note or Notes, of authorized denominations, in principal amount equal to the unredeemed portion of the Note so presented.

Reacquisition. There is no restriction on the ability of any of the Issuer or any of its Subsidiaries, or their respective Affiliates, to purchase or repurchase Notes. Any such purchased or repurchased Notes will not be resold, except in compliance with applicable requirements or exemptions under the relevant securities laws.

Redemption for Taxation Reasons

The Issuer may redeem the Notes in whole, but not in part, upon giving not less than 30 nor more than 60 days' written notice to the Holders of the Notes at their principal amount, together with interest accrued to the date fixed for redemption, if the Issuer certifies to the Trustee immediately prior to the giving of such notice that the Issuer has or will become obligated to pay any Additional Amounts with respect to the Notes on the next interest payment date in excess of the Additional Amounts that would be payable if payments of interest on the Notes were subject to withholding or deduction at a rate of 4.0% (the "Minimum Withholding Level"), as a result of any change in or amendment to the laws or regulations of the Republic of Chile or any other jurisdiction in which the Issuer is organized or engaged in business for tax purposes or, in each case, any political subdivision or governmental authority thereof or therein having the power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment occurs after the date of issuance of the Notes and such obligations cannot be avoided by the Issuer taking reasonable measures available to it; provided, however, that for these purposes reasonable measures will not include changing the jurisdiction of incorporation of the Issuer; provided, *further*, that no such notice of redemption shall be given earlier than 60 days prior to the earliest date on which the Issuer would be obligated to pay such Additional Amounts above the Minimum Withholding Level if payment in respect of the Notes were then due.

Prior to the giving of any notice of redemption described in the preceding paragraph, the Issuer shall deliver to the Trustee an Officers' Certificate stating that the Issuer is entitled to effect such redemption in accordance with the terms set forth in the Indenture and setting forth in reasonable detail a statement of the facts relating thereto (together with a written Opinion of Counsel to the effect that the Issuer has become obligated to pay such Additional Amounts above the Minimum Withholding Level as a result of a change or amendment described above and that the Issuer cannot avoid payment of such Additional Amounts above the Minimum Withholding Level by taking reasonable measures available to the Issuer and that all governmental approvals necessary for the Issuer to effect such redemption have been obtained and are in full force and effect or specifying any such necessary approvals that as of the date of such opinion have not been obtained).

Covenants

Limitation on Liens

The Issuer will not, nor will it permit any Subsidiary to, issue, assume or guarantee any Indebtedness, if such Indebtedness is secured by a Lien upon (i) any Specified Property or (ii) any shares or other ownership interest in, or any indebtedness of, any Person which holds, owns or is entitled to receive Specified Property, unless, concurrently with the issuance, assumption or guarantee of such Indebtedness, the Notes shall be secured equally and ratably with (or prior to) such Indebtedness for so long as such Indebtedness is secured; provided, however, that the foregoing restriction shall not apply to:

(1) any Lien on (A) any Specified Property acquired, constructed, developed, extended or improved by the Issuer or any Subsidiary (singly or together with other Persons) after the date of the Indenture, or (B) any shares or other ownership interest in, or any indebtedness of, any Person which holds, owns or is entitled to Specified Property, in each of cases (A) and (B), to the extent such Lien is created, incurred or assumed contemporaneously with, or within 360 days after, such acquisition or the completion of such construction, development, extension or improvement in order to secure or provide for the payment of any part of the purchase price or other consideration of such Specified Property or the other costs of such acquisition, construction, development, extension or improvement (including costs such as escalation, interest during construction and financing and refinancing costs);

(2) any Lien on any Specified Property existing at the time of acquisition thereof and that is not created as a result of or in connection with or in anticipation of such acquisition (unless such Lien was created to secure or provide for the payment of any part of the purchase price of such Specified Property);

(3) any Lien on any Specified Property of a Person existing at the time such Person is merged with or into the Issuer or any Subsidiary or any Lien on Specified Property of a Person existing at the time such Person becomes a Subsidiary, in either such case that is not created as a result of or in connection with or in anticipation of any such transaction;

(4) any Lien existing on the date of the Indenture;

(5) any Lien in favor of any Person to secure obligations under the provisions of any letters of credit, bank guarantees, bonds or surety obligations in the ordinary course of business;

(6) Liens for taxes, assessments or governmental charges or levies if such taxes, assessments, governmental charges or levies are not at the time due and payable, or if the same are being contested in good faith by appropriate proceedings and appropriate provisions, if any, have been established as required by IFRS;

(7) Liens arising solely by operation of law;

(8) Liens resulting from the deposit of funds or evidences of Indebtedness in trust for the purpose of discharging or defeasing Indebtedness of the Issuer or any Subsidiary;

(9) Liens to secure the Notes;

(10) Liens granted in favor of the Issuer and/or any wholly owned Subsidiary to secure Indebtedness owing to the Issuer or such wholly owned Subsidiary, and (ii) Liens granted by a Subsidiary in favor of another Subsidiary to secure Indebtedness owing to such other Subsidiary; or

(11) any extension, renewal or replacement (or successive extensions, renewals or replacements), in whole or in part, of any Lien referred to in the foregoing clauses (1) through (11) inclusive; provided that the principal amount of Indebtedness secured thereby shall not exceed the principal amount of Indebtedness so secured at the time of such extension, renewal or replacement, and that such extension, renewal or replacement shall be limited to all or a part of the property that secured the Lien so extended, renewed or replaced (plus improvements on such property).

The Issuer or any Subsidiary, however, may issue, assume or guarantee Indebtedness secured by a Lien that would otherwise be prohibited under the provisions of the Indenture described in this section or enter

into Sale and Leaseback Transactions that would otherwise be prohibited by the provisions of the Indenture described below under “ — Limitation on Sale and Leaseback Transactions,” if, at the time of such issuance, assumption, guarantee or Sale and Leaseback Transaction, after giving effect thereto and the retirement of any Indebtedness that is concurrently being retired, the aggregate amount of such Indebtedness of the Issuer and its Subsidiaries, together with the then – Attributable Value of all Sale and Leaseback Transactions of the Issuer and its Subsidiaries outstanding, shall not exceed 15% of Consolidated Net Tangible Assets at the time any such Indebtedness is issued, assumed or guaranteed, or at the time any such Sale and Leaseback Transaction is entered into, as the case may be.

Limitation on Sale and Leaseback Transactions

For so long as any of the Notes are outstanding, neither the Issuer nor any Subsidiary may enter into any Sale and Leaseback Transaction with respect to any Specified Property, unless either (x) the Issuer or such Subsidiary would be entitled to issue, assume or guarantee Indebtedness secured by a Lien on such Specified Property without equally and ratably securing the Notes pursuant to the provisions of the Indenture described above under “ — Limitation on Liens” or (y) the Issuer or such Subsidiary shall apply or cause to be applied, in the case of a sale or transfer for cash, an amount equal to the net proceeds thereof and, in the case of a sale or transfer otherwise than for cash, an amount equal to the fair market value of the Specified Property so leased, within 360 days after the effective date of such Sale and Leaseback Transaction, (A) to the retirement of Indebtedness of the Issuer ranking at least on a parity with the Notes or Indebtedness of any Subsidiary, in each case owing to a Person other than the Issuer or any Affiliate of the Issuer, or (B) to the acquisition, purchase, construction, development, extension or improvement of any property or assets of the Issuer or any Subsidiary used or to be used by or for the benefit of the Issuer or any Subsidiary in the ordinary course of business.

Financial statements

The Issuer shall furnish or cause to be furnished to the Trustee (i) annual reports in English, which will include annual audited consolidated financial statements of the Issuer prepared in conformity with IFRS, not later than 180 days after the end of the Issuer’s most recently completed fiscal year and (ii) quarterly reports in English, which will include unaudited and un-reviewed interim consolidated financial statements (excluding annual financial statements) prepared in conformity with IFRS, not later than 90 days after the end of the Issuer’s most recently completed fiscal quarter. The Issuer shall also furnish or cause to be furnished to the Trustee all notices of shareholders’ meetings and other public reports and public communications that are filed with any stock exchange, in the language required by such stock exchange. Delivery of such reports, information and documents to the Trustee is for informational purposes only and the Trustee’s receipt of such reports shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Issuer’s or any other Person’s compliance with any of its covenants under the Indenture or the Notes (as to which the Trustee is entitled to rely exclusively on Officers’ Certificates).

Consolidation, merger, sale or conveyance

For so long as the Notes are outstanding, the Issuer may not consolidate with or merge into any other corporation or convey or transfer its properties and assets substantially as an entirety to any Person, unless (i) the successor corporation (if not the Issuer) shall be a corporation organized and existing under the laws of Chile or the United States, and shall expressly assume, by a supplemental indenture, the due and punctual payment of the principal of, premium, if any, and interest on all the outstanding Notes and the performance of every covenant in the Indenture to be performed or observed on the part of the Issuer, (ii) immediately after giving effect to such transaction, no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, shall have happened and be continuing and (iii) the Issuer shall have delivered to the Trustee an Officers’ Certificate and an Opinion of Counsel, each stating that such consolidation, merger, conveyance or transfer and such supplemental indenture comply with the foregoing provisions relating to such transaction. In case of any such consolidation, merger, conveyance or transfer, such successor corporation will succeed to and be substituted for the Issuer as obligor on the Notes with the same effect as if it had been named in the Indenture as such obligor.

Change of Control Event

Upon the occurrence of a Change of Control Event, each Holder will have the right to require that the Issuer purchase all or a portion (in integral multiples of U.S.\$1,000; provided that the remaining principal amount of such Holder's Note will not be less than U.S.\$200,000) of the Holder's Notes at a purchase price equal to 101% of the principal amount thereof, plus any accrued and unpaid interest thereon up to but excluding the purchase date (the "Change of Control Payment").

Within 30 days following the date upon which the Change of Control Event occurs, the Issuer must send a notice to each Holder, with a copy to the Trustee, offering to purchase the Notes as described above (a "Change of Control Offer") as described in "— Notices" below. The Change of Control Offer will state, among other things, the purchase date, which must be at least 30 but not more than 60 days from the date the notice is given, other than as may be required by law (the "Change of Control Payment Date").

On the Business Day immediately preceding the Change of Control Payment Date, the Issuer will, to the extent lawful, deposit with the paying agent funds in an amount equal to the Change of Control Payment, in respect of all Notes or portions thereof so tendered.

On the Change of Control Payment Date, as applicable, the Issuer will, to the extent lawful:

- (1) accept for payment all Notes or portions thereof properly tendered and not withdrawn; and
- (2) deliver or cause to be delivered to the Trustee the Notes so accepted together with an Officer's Certificate stating the aggregate principal amount of Notes or portions thereof being purchased by the Issuer.

If only a portion of a Note is purchased pursuant to a Change of Control Offer, as applicable, a new Note in a principal amount equal to the portion thereof not purchased will be issued in the name of the Holder thereof upon cancellation of the original Note (or appropriate adjustments to the amount and beneficial interests in a Global Note will be made, as appropriate). Notes (or portions thereof) purchased pursuant to a Change of Control Offer, as applicable will be cancelled and cannot be reissued.

The Issuer will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations to the extent any such rule, laws and regulations are applicable in connection with the purchase of Notes in connection with a Change of Control Offer, as applicable. To the extent that the provisions of any applicable securities laws or regulations conflict with the Change of Control provisions of the Indenture, the Issuer will comply with such securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by doing so.

If a Change of Control Offer occurs, the Issuer may not have available funds sufficient to make the Change of Control Payment, for all the Notes that might be delivered by Holders seeking to accept the Change of Control Offer. In the event the Issuer is required to purchase outstanding Notes pursuant to a Change of Control Offer, the Issuer expects that it would seek third-party financing to the extent it does not have available funds to meet its purchase obligations and any other obligations it may have. However, we cannot assure you that the Issuer would be able to obtain necessary financing, and the terms of the Indenture may restrict the ability of the Issuer to obtain such financing.

Holder will not be entitled to require the Issuer to purchase their Notes in the event of a takeover, recapitalization, leveraged buyout or similar transaction which is not a Change of Control Event.

The Issuer will not be required to make a Change of Control Offer upon a Change of Control Event if: (a) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Company and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer or (b) prior to the date the Change of Control Offer is required to be made, the Issuer has given notice of redemption in respect of all of the outstanding Notes in accordance with the Indenture.

Notwithstanding anything to the contrary herein, a Change of Control Offer may be made in advance of a Change of Control Event, conditional upon such Change of Control Event, if a definitive agreement is in place for the Change of Control at the time of making of the Change of Control Offer.

In the event that the Holders of not less than 90% of the aggregate principal amount of outstanding Notes accept a Change of Control Offer and the Issuer or a third party purchases all the Notes held by such Holders, the Company will have the right, on not less than 10 nor more than 60 days' prior notice, given not more than 30 days following the purchase pursuant to the Change of Control Offer described above, to redeem all of the Notes that remain outstanding following such purchase at a purchase price equal to 101% of the principal amount of Notes outstanding plus accrued and unpaid interest and Additional Amounts, if any, on the Notes that remain outstanding, to, but excluding, the date of redemption.

One of the events that constitutes a Change of Control under the Indenture is the disposition of "all or substantially all" of the Issuer's assets under certain circumstances. This term varies based upon the facts and circumstances of the subject transaction and has not been interpreted under New York State law (which is the governing law of the Indenture) to represent a specific quantitative test. As a consequence, in certain circumstances there may be uncertainty in ascertaining whether a particular transaction involved a disposition of "all or substantially all" of the assets of a Person. In the event that Holders elect to require the Issuer to purchase the Notes and the Issuer contests such election, there can be no assurance as to how a court interpreting New York State law would interpret that phrase under certain circumstances.

Certain definitions

The following terms have the following definitions in the Indenture:

"Affiliate" means, with respect to any specified Person, any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control," when used with respect to any specified Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise.

"Attributable Value" means, as to any particular lease under which the Issuer or any Subsidiary is at any time liable as lessee and any date as of which the amount thereof is to be determined, the total net obligations of the lessee for rental payments during the remaining term of the lease (including any period for which such lease has been extended or may, at the option of the lessor, be extended) discounted from the respective due dates thereof to such date at a rate per annum equivalent to the interest rate inherent in such lease (as determined in good faith by the Issuer in accordance with generally accepted financial practice).

"Change of Control" means the occurrence of one or more of the following events:

(1) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the assets of the Issuer and its Subsidiaries taken as a whole to any Person (including any "person" (as that term is used in Section 13(d)(3) of the Exchange Act)) other than to (i) the Issuer or one of its Subsidiaries and/or (ii) one or more of the Permitted Holders;

(2) the consummation of any transaction (including without limitation, any merger or consolidation) the result of which is that any Person other than one or more of the Permitted Holders (individually or collectively) acquires the beneficial ownership, directly or indirectly, of 50% or more of the outstanding Voting Stock of the Company, measured by voting power rather than number of shares; or

(3) the adoption of a plan relating to the liquidation or dissolution of the Issuer.

"Change of Control Event" means the occurrence of both (i) a Change of Control and (ii) a Ratings Decline.

"Change of Control Offer" has the meaning set forth under " — Change of Control Event."

"Change of Control Payment" has the meaning set forth under " — Change of Control Event."

"Change of Control Payment Date" has the meaning set forth under " — Change of Control Event."

"Consolidated Net Tangible Assets" means the total of all assets (including rights-of-way and revaluations of any asset as a result of commercial appraisals, price-level restatement or otherwise) appearing on a

consolidated balance sheet of the Issuer and its Subsidiaries, net of all applicable reserves and deductions, but excluding goodwill, trade names, trademarks, patents, unamortized debt discount and all other like intangible assets (which term shall not be construed to include rights-of-way and revaluations), less the aggregate of the current liabilities of the Issuer and its Subsidiaries appearing on such balance sheet (excluding the current portion of long-term debt); provided, that intangible assets arising from, or relating to concessions and licenses that result in the property, plant and equipment of the Issuer and its Subsidiaries being recorded as intangible assets under IFRS (IFRIC 12) or similar accounting standards or pronouncements shall not be excluded for purposes of calculating “Consolidated Net Tangible Assets”

“Designated Jurisdiction” means any country or territory to the extent that such country or territory itself is the subject of Sanctions that broadly prohibit dealings with that country or territory (as of the issue date of the Notes, Venezuela, Cuba, Iran, North Korea, Syria and the Crimea region of Ukraine).

“IFRS” means the International Financial Reporting Standards and applicable accounting requirements set by the International Accounting Standards Board or any successor thereto, as in effect from time to time.

“Indebtedness” means, with respect to any Person (without duplication), (a) any obligation of such Person (1) for borrowed money, (2) under any reimbursement obligation relating to a letter of credit (other than letters of credit payable to suppliers in the ordinary course of business), financial bond, or similar instrument or agreement, (3) evidenced by a bond, note, debenture or similar instrument or agreement (including a purchase money obligation) given in connection with the acquisition of any business, properties or assets of any kind (other than a trade payable or a current liability arising in the ordinary course of business), (4) for the payment of money relating to any obligations under any capital lease of real or personal property or (5) for purposes of the provisions of the Indenture described above under “ — Limitation on Liens” and “ — Limitation on Sale and Leaseback Transactions,” under any agreement or instrument in respect of an interest rate or currency swap, exchange or hedging transaction or other financial derivatives transaction; (b) any liability of others described in the preceding clause (a) that the Person has Guaranteed; and (c) any amendment, supplement, modification, deferral, renewal, extension or refunding of any liability of the types referred to in clauses (a) and (b) above. For the purpose of determining any particular amount of Indebtedness under this definition, guarantees of (or obligations with respect to letters of credit or financial bonds supporting) Indebtedness otherwise included in the determination of such amount shall not be included.

“Investment Grade Rating” means a rating equal to or higher than (a) BBB-, in the case of S&P and Fitch, and (b) Baa3, in the case of Moody’s.

“Lien” means any mortgage, pledge, lien, security interest, charge or similar encumbrance (including any conditional sale or other title retention agreement not in connection with the purchase of goods in the ordinary course of business which is outstanding for more than 360 days).

“Permitted Holders” means any of (i) Ontario Teachers’ Pension Plan Board, (ii) Alberta Investment Management Corporation, (iii) any Qualified Investor, and (iv) any non-natural Person that is an Affiliate of any of the Persons referred to in the preceding clauses (i) (ii) and (iii) and with respect to which a Person or Persons listed in the preceding clauses (i), (ii) and (iii) owns the majority of the aggregate voting power of the Voting Stock in such non-natural Person, on a fully diluted basis.

“Person” means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization, government or any agency or political subdivision thereof or any other entity.

“Qualified Investor” means a Person that at the time it acquires an interest that is necessary to avoid the occurrence of a Change of Control:

(1) (A) has a consolidated tangible net worth or assets under management of at least U.S.\$1.0 billion and (B) the ratings (from at least one of S&P, Moody’s or Fitch) of the unsecured senior indebtedness of such Person are at least “BBB – ” (or its equivalent); or

(2) either individually or together with its Affiliates, owns and actively managed or operated at least 10,000 km of high-voltage power transmission and/or power distribution lines and related infrastructure;

provided that in no case shall any Person that (i) is currently the subject of any Sanctions, (ii) is located, organized or resident in any Designated Jurisdiction, (iii) is a department, agency or instrumentality of, or otherwise controlled by or acting on behalf of, the government of any country that is the target of any of the economic sanctions programs administered by the OFAC (31 C.F.R. Parts 500 through 598) or (iv) is included on OFAC's Specially Designated Nationals List or the Consolidated Sanctions List maintained by OFAC, HMT's Consolidated List of Financial Sanctions Targets or the Investment Ban List, or any similar list enforced by any other relevant Sanctions authority, constitute a Qualified Investor.

"Rating Agencies" shall mean Fitch, Moody's and S&P or, if any of Fitch, Moody's or S&P shall not make a rating on the Notes publicly available, such other "nationally recognized statistical rating organization" (within the meaning of Rule 15c3 1(c)(2)(vi)(F) under the Exchange Act) as the Issuer may select (as certified by a Board Resolution) as a replacement agency for Fitch, Moody's or S&P or each of them, as the case may be.

"Ratings Decline" means, at any time during a Ratings Decline Period, (i) the occurrence of a downgrade of the rating of the Notes by at least one Rating Agency by one or more gradations (including gradations within ratings categories as well as between rating categories) and (ii) the resulting rating of the Notes is below Investment Grade Rating; provided that such downgrade was related to, in whole or in part, a Change of Control.

"Ratings Decline Period" means the period that (a) begins on the earlier of (i) the date of the first public notice of the occurrence of, or the intention by the Issuer or any other Person to effect, a transaction that, if consummated, would constitute a Change of Control and (ii) the occurrence of such Change of Control and (b) ends 90 days following the later of such notice or the consummation of such Change of Control (which period will be (x) extended for so long as any of the Rating Agencies has publicly announced that it is considering a possible downgrade or (y) reduced in the event of a Ratings Reaffirmation to the date on which the Ratings Reaffirmation has been obtained).

"Rating Reaffirmation" means in connection with a Change of Control, a written reaffirmation from each Rating Agency then rating the Notes stating that the credit rating on the Notes, which was in effect immediately prior to a public notice of such Change of Control or of the intention of the Issuer or of any other Person to effect such Change of Control, will not be decreased as a result of such Change of Control.

"Relevant Jurisdiction" means the Republic of Chile or any other jurisdiction where Issuer is resident for tax purposes or, in each case, any political subdivision or governmental authority thereof or therein having power to tax.

"Sale and Leaseback Transaction" means any transaction or series of related transactions pursuant to which the Issuer or any Subsidiary sells or transfers any property to any Person, for a sale price of U.S.\$10 million (or its equivalent) or more, with the intention of taking back a lease of such property pursuant to which the rental payments are calculated to amortize the purchase price of such property substantially over the useful life thereof and such property is in fact so leased.

"Sanctions" shall mean the economic or financial sanctions, requirements or trade embargoes imposed, administered or enforced from time to time by (a) U.S governmental authorities (including OFAC, the U.S. Department of State and the U.S. Department of Commerce), the United Nations Security Council, the European Union and Her Majesty's Treasury, and (b) any corresponding laws of jurisdiction in which the Company or any of its Subsidiaries operates, to the extent applicable to the Company or such Subsidiary, as the case may be.

"Significant Subsidiary" means a Subsidiary of the Issuer that would be a "significant subsidiary" within the meaning of Rule 1-02 under Regulation S-X promulgated by the Securities and Exchange Commission as in effect on the date of the Indenture, assuming the Issuer is the registrant referred to in such definition.

"Specified Property" means any transformation, transmission, transportation or storage facility of the Issuer or any Subsidiary, whether at the date of the Indenture owned or thereafter acquired, including any land, buildings, structures or machinery and other fixtures that constitute such facility or portion thereof.

“STS” means Sistema de Transmisión del Sur S.A., a Chilean stock corporation (*sociedad anónima*).

“Subsidiary” means any corporation or other business entity of which the Issuer owns or controls (either directly or through one or more other Subsidiaries) more than 50% of the issued share capital or other ownership interests, in each case having ordinary voting power to elect or appoint directors, managers or trustees of such corporation or other business entity (whether or not capital stock or other ownership interests or any other class or classes shall or might have voting power upon the occurrence of any contingency).

Periodic Reports

The Indenture provides that, at any time during which Notes are outstanding and are “restricted securities” as defined in Rule 144(a)(3) under the Securities Act, the Issuer is neither subject to Section 13 or 15(d) of the Exchange Act nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, the Issuer will furnish, upon request, to any Holder, any owner of a beneficial interest in any Note or any prospective purchaser designated by a Holder or owner, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

Events of Default

An “Event of Default” with respect to the Notes is defined in the Indenture as:

- (i) a default in the payment of any principal of the Notes, when due and payable, whether at maturity, upon redemption or otherwise;
- (ii) a default in the payment of any interest or any Additional Amounts (as defined below) when due and payable on any Notes, and the continuance of such default for a period of 30 days;
- (iii) a default in the performance or observance of any other term, covenant, warranty or obligation of the Issuer in the Notes or the Indenture, not otherwise expressly included as an Event of Default in (i) or (ii) above, and the continuance of such default for more than 60 days after written notice of such default has been given to the Issuer by the Trustee or the Holders of at least 25% in aggregate principal amount of the Notes then outstanding (with a copy to the Trustee) specifying such default and requiring it to be remedied and stating that such notice is a “Notice of Default;”
- (iv) a default in the payment of the principal of, or interest on, any Indebtedness of the Issuer or any Subsidiary having an aggregate principal amount exceeding U.S.\$30 million (or its equivalent in any other currency or currencies) when due, if such default shall continue for more than the period of grace, if any, applicable thereto (including any extensions thereof granted by the holder of such Indebtedness) and such Indebtedness shall have been declared due and payable;
- (v) one or more final and non-appealable judgments or decrees for the payment of money in excess of U.S.\$30 million (or the equivalent thereof in other currencies) in the aggregate are rendered against the Issuer or a Subsidiary and are not paid (whether in full or in installments in accordance with the terms of the judgment) or otherwise discharged and, in the case of each such judgment or decree, either (a) an enforcement proceeding has been commenced by any creditor upon such judgment or decree and is not dismissed within 30 days following commencement of such enforcement proceedings or (b) there is a period of 60 days following such judgment during which such judgment or decree is not discharged, waived or the execution thereof stayed; or
- (vi) certain events of bankruptcy or insolvency with respect to the Issuer or a Significant Subsidiary.

The Indenture provides that (i) if an Event of Default (other than an Event of Default described in clause (vi) above) shall have occurred and be continuing with respect to the Notes, either the Trustee or the Holders of not less than 25% in aggregate principal amount of the Notes then outstanding may declare the principal of all such outstanding Notes and the interest accrued thereon, if any, to be due and payable immediately and (ii) if an Event of Default described in clause (vi) above shall have occurred, the principal of all such outstanding Notes and the interest accrued thereon, if any, shall become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holder of such Notes, other than during the period in which the *Protección Financiera Concursal* described in Article 57 of Chilean

Law No. 20,720 is in effect with respect to the Issuer. The Indenture provides that the Notes owned by the Issuer or any Affiliate of the Issuer shall be deemed not to be outstanding for, among other purposes, declaring the acceleration of the maturity of the Notes. Upon certain conditions, including, but not limited to, the deposit with the Trustee of a sum sufficient to pay the Trustee for its fees and expenses in connection with such defaults, such declarations may be annulled and past defaults (except for defaults in the payment of principal of or any interest on the Notes and compliance with certain covenants that cannot be modified or amended without the consent of the Holder of each outstanding Note) may be waived by the Holders of a majority in aggregate principal amount of Notes then outstanding.

The Trustee must give to the Holders of the Notes notice of all uncured defaults known to it with respect to the Notes within 90 days after a responsible officer of the Trustee receives written notice of such a default (the term default to include the events specified above without notice or grace periods) at the corporate trust office of the Trustee; provided, however, that, except in the case of default in the payment of principal of, or any interest or Additional Amounts on, any of the Notes, the Trustee shall be protected in withholding such notice if it in good faith determines that the withholding of such notice is in the interest of the Holders of the Notes. The Trustee shall not be deemed to have knowledge of any default or Event of Default (other than payment default under subsection (i) or (ii) above) unless a responsible officer of the Trustee shall have received written notice of such event, referencing the Notes and the Indenture, at the corporate trust office of the Trustee, and the receipt and/or delivery of reports and other information under the Indenture by the Trustee shall not constitute notice or actual or constructive knowledge of any default or Event of Default contained therein.

No Holder of any Notes may institute any action under the Indenture unless (a) such Holder shall have given the Trustee written notice of a continuing Event of Default with respect to the Notes, (b) the Holders of not less than 25% in aggregate principal amount of the Notes then outstanding shall have made written request to the Trustee to institute proceedings in respect of such Event of Default, (c) such Holder or Holders shall have offered the Trustee indemnity satisfactory to it as the Trustee may require, (d) the Trustee shall have failed to institute an action for 60 days thereafter and (e) no inconsistent direction shall have been given to the Trustee during such 60-day period by the Holders of a majority in aggregate principal amount of the outstanding Notes. Such limitations, however, do not apply to any suit instituted by a Holder of a Note for enforcement of payment of the principal of and any interest on the Note on or after the respective due dates expressed in the Note.

The Indenture provides that, during an Event of Default the Trustee shall act with the required standard of care. The Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request or direction of any Holders of the Notes, unless such Holders have offered an indemnity satisfactory to the Trustee.

The Issuer is required to furnish to the Trustee annually a statement as to the performance by it of certain of its obligations under the Indenture and as to any default in such performance.

Notices

All notices regarding the Notes will be deemed to have been duly given to the Holders of such Notes upon (i) if to the Holders of non-global Notes, the mailing of such notices in writing, by first class mail, postage prepaid, or delivery by courier, by hand or by facsimile to each Holder at the address of such Holder as it appears in the note register and (ii) if to the Holders of Global Notes, the delivery of such notices in writing to the Depository in accordance with its applicable procedures, in each case, not earlier than the earliest date and not later than the latest date prescribed for the giving of such notice.

Payment of Additional Amounts

The Issuer is required to make all payments in respect of the Notes free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, fines, penalties, assessments or other governmental charges of whatever nature (or interest on any taxes, duties, fines, penalties, assessments or other governmental charges of whatever nature) (collectively, "Taxes"), imposed, levied, collected, withheld or assessed by, within or on behalf of the Republic of Chile or any other jurisdiction where Issuer is resident for tax purposes or any jurisdiction through which payments are made, in each case, any

political subdivision or governmental authority thereof or therein having power to tax (“Relevant Jurisdiction”), unless such withholding or deduction is required by law. In such event, the Issuer is required to pay such additional amounts (“Additional Amounts”) as may be necessary to ensure that the net amounts received by the Holders of Notes (including Additional Amounts) after such withholding or deduction shall equal the amounts which would have been receivable in respect of the Notes in the absence of such withholding or deduction, except that no such Additional Amounts shall be payable in respect of a Note (i) in the case of payments for which presentation of a Note is required, if such Note is presented for payment more than 30 days after the later of (a) the date on which such payment first became due and (b) if the full amount payable has not been received by the Trustee on or prior to such due date, the date on which, the full amount having been so received, notice to that effect shall have been given to the Holder by the Trustee, except to the extent that such Holder would have been entitled to such Additional Amounts on presenting such Notes for payment on the last day of such period of 30 days; (ii) for any estate, inheritance, gift, sales, transfer, personal property or similar Taxes; (iii) in respect of any Tax which is payable other than by deduction of withholding from payments of principal (including premium) or interest on the Note; (iv) if such Note is held by or on behalf of a Holder or beneficial owner who is liable for Taxes in respect of such Note by reason of having some present or former, direct or indirect, connection with any Relevant Jurisdiction, other than the mere holding of such Note or the receipt of payments in respect thereof; (v) for any Tax imposed due to the failure of the Holder or beneficial owner to satisfy any certification, identification or other reporting requirements whether imposed by statute, treaty, regulation or administrative practice; provided, however, that the Issuer has delivered a request to the Holder or beneficial owner to comply with such requirements at least 30 days prior to the date by which such compliance is required; (vi) where the Holder is resident in the European Union and could avoid such Taxes by requesting that a payment on the Notes be made by, or is able to avoid such Taxes by presenting the relevant Notes for payments to another paying agent in the European Union; or (vii) any combination of clauses (i) through (vi) above. In addition, no Additional Amounts shall be paid, and the second preceding sentence shall not apply, with respect to any payment to any Holder of Notes who is a fiduciary or a partnership or other than the sole beneficial owner of such Notes to the extent that the beneficiary or settlor with respect to such fiduciary, the member of such partnership or the beneficial owner of such Notes would not have been entitled to Additional Amounts had such beneficiary, settlor, member or beneficial owner held such Notes directly.

Notwithstanding anything to the contrary in this section, none of the Issuer, the paying agent or any other person shall be required to pay any Additional Amounts with respect to any payment in respect of any Taxes imposed under Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the “Code”), any successor law of regulation implementing or complying with, or introduced in order to conform to, such sections or any intergovernmental agreement or any agreement entered into pursuant to section 1471(b)(1) of the Code.

References to principal, interest, premium or other amounts payable in respect of the Notes shall be deemed also to refer to any Additional Amounts which may be payable.

The Issuer will also (i) make any required withholding or deduction and (ii) remit the full amount deducted or withheld to the relevant authority in accordance with applicable law. The Issuer will furnish to the Trustee, within 60 days after the date the payment of any Taxes so deducted or withheld is due pursuant to applicable law, either certified copies of tax receipts evidencing such payment by the Issuer, or, if such receipts are not obtainable, other evidence of such payments by the Issuer reasonably satisfactory to the Trustee.

The Issuer will pay any present or future stamp, court or documentary taxes or any excise or property taxes, charges or similar levies that arise in any jurisdiction from the execution, delivery or registration of the Notes or any other document or instrument relating to the issuance thereof, excluding any such taxes, charges or similar levies imposed by any jurisdiction outside a Relevant Jurisdiction.

Modification of the Indenture

From time to time the Issuer and the Trustee may, without the consent of the Holders of Notes, amend or supplement the Indenture or the Notes for certain specified purposes, including, among other things, (i) curing ambiguities, defects or inconsistencies or (ii) making any other changes or provisions with respect

to matters or questions arising under the Indenture or the Notes, in each case, as shall not adversely affect the interests of any Holder of the Notes in any material respect.

In addition, with certain exceptions, the Indenture and the Notes may be modified by the Issuer and the Trustee with the consent of the Holders of a majority in aggregate principal amount of the Notes then outstanding, but no such modification may be made without the consent of the Holder of each outstanding Note which would (i) change the maturity of any payment of principal of, or any installment of interest on, any such Note, or reduce the principal amount thereof or the rate of interest (or Additional Amounts, if any) payable thereon, or change the method of computing the amount of principal thereof or interest (or Additional Amounts, if any) payable thereon on any date, or change any place of payment where, or the coin or currency in which, any such Note or interest thereon is payable, or impair the right of Holders to institute suit for the enforcement of any such payment on or after the date when due; (ii) reduce the percentage in aggregate principal amount of the outstanding Notes the consent of whose Holders is required for any such modification or the consent of whose Holders is required for any waiver of compliance with certain provisions of the Indenture or certain defaults thereunder and their consequences provided for in the Indenture; or (iii) modify any of the provisions of certain sections of the Indenture, including the provisions summarized in this paragraph, except to increase any such percentage or to provide that certain other provisions of the Indenture cannot be modified or waived without the consent of the Holder of each outstanding Note. The Indenture provides that the Notes owned by the Issuer or any Affiliate of the Issuer shall be deemed not to be outstanding for, among other purposes, consent to any such modification.

No Personal Liability of Directors, Officers, Employees, Partners and Shareholders

No director, officer, employee, incorporator, partner or shareholder of the Issuer will have any liability for any obligations of the Issuer under the Notes, the Indenture, or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. The waiver may not be effective to waive liabilities under the federal securities laws.

Defeasance and Covenant Defeasance

The Issuer may, at its option, at any time upon the satisfaction of certain conditions described below, elect to be discharged from its obligations with respect to the Notes (“Defeasance”). In general, upon a Defeasance, the Issuer shall be deemed to have paid and discharged the entire indebtedness represented by the Notes and to have satisfied all of its obligations under the Notes and the Indenture, except for (i) the rights of Holders of the Notes to receive, solely from the trust fund established for such purposes as described below, payments in respect of the principal of, and interest and Additional Amounts on, the Notes when such payments are due, (ii) certain provisions relating to ownership, registration and transfer of the Notes, (iii) the covenant relating to the maintenance of an office or agency in New York City and (iv) certain provisions relating to the rights, powers, trusts, duties and immunities of the Trustee.

In addition, the Issuer may, at its option, at any time, upon the satisfaction of certain conditions described below, elect to be released with respect to the Notes from the covenants of the Indenture described above under the caption “Covenants” (a “Covenant Defeasance”). Following such Covenant Defeasance, the occurrence of a breach or violation of any such covenant with respect to the Notes will not constitute an Event of Default under the Indenture, and certain other events (not including, among other things, nonpayment of other obligations or bankruptcy and insolvency events) described above under “ — Events of Default” also will not constitute Events of Default.

In order to cause a Defeasance or Covenant Defeasance with respect to the Notes, the Issuer will be required to satisfy, among other conditions, the following:

- (i) the Issuer shall have irrevocably deposited with the Trustee cash or U.S. Government Obligations, or a combination thereof, sufficient, in the written opinion of an internationally recognized firm of independent public accountants delivered to the Trustee, to pay and discharge the principal of, Additional Amounts, if any, and each installment of interest on, the Notes on the stated maturity of such principal or installment of interest in accordance with the terms of the Notes;

- (ii) in the case of an election to fully defease the Notes, the Issuer shall have delivered to the Trustee an Opinion of Counsel stating that (x) the Issuer has received from, or there has been published by, the Internal Revenue Service a ruling that the Issuer can rely upon or (y) since the date of the Indenture there has been a change in the applicable U.S. federal income tax statutes or regulations, in either case to the effect that, and based thereon such opinion shall confirm that, the beneficial owners of the Notes will not recognize gain or loss for U.S. federal income tax purposes as a result of such deposit, defeasance and discharge and will be subject to U.S. federal income tax on the same amount, in the same manner and at the same times as would have been the case if such deposit, defeasance and discharge had not occurred;
- (iii) in the case of a Covenant Defeasance, the Issuer shall have delivered to the Trustee an Opinion of Counsel to the effect that the beneficial owners of the Notes will not recognize gain or loss for U.S. federal income tax purposes as a result of such deposit and covenant defeasance and will be subject to U.S. federal income tax on the same amount, in the same manner and at the same times as would have been the case if such deposit and covenant defeasance had not occurred;
- (iv) no Event of Default, or event that with notice or lapse of time or both would become an Event of Default, shall have occurred and be continuing with respect to the Notes, including with respect to certain events of bankruptcy or insolvency, at any time during the period ending on the 121st day after the date of such deposit (it being understood that this condition shall not be deemed satisfied until the expiration of such period);
- (v) the Issuer shall have delivered to the Trustee an Opinion of Counsel to the effect that the Holders of the Notes will not recognize income gain or loss for Chilean tax purposes as a result of such deposit and defeasance or covenant defeasance and will be subject to Chilean Taxes on the same amount, in the same manner and at the same times as would have been the case if such deposit and defeasance or covenant defeasance had not occurred; and
- (vi) the Issuer shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent relating to the Defeasance or Covenant Defeasance, as applicable, have been complied with.

The Trustee

UMB Bank, National Association is the Trustee under the Indenture and has been appointed by the Issuer as registrar and paying agent with respect to the Notes. The address of the Trustee is 100 William Street , New York, New York 10038, United States, Attention: Corporate Trust Team.

Registrar, Paying Agent and Transfer Agent for the Notes

The Trustee will initially act as registrar and New York paying agent and transfer agent. The Issuer may change the registrar, paying agents or transfer agents without prior notice to the Holders of the notes, and the Issuer or any of its Subsidiaries may act as registrar, paying agent or transfer agent. Any change in respect of such agents will be published in accordance with “ — Notices.”

Governing Law

The Indenture provides that it and the Notes will be governed by, and be construed in accordance with, the laws of the State of New York.

The Issuer will irrevocably consent to the nonexclusive jurisdiction of any court of the State of New York or any U.S. Federal court sitting in the Borough of Manhattan, The City of New York, New York, United States (the “New York Courts”) and any appellate court from any thereof, and will waive any immunity from the jurisdiction of the New York Courts over any suit, action or proceeding that may be brought in connection with the Indenture or the Notes. The Issuer has appointed Corporation Service Company as its initial authorized agent upon which all writs, process and summonses may be served in any suit, action or proceeding brought in connection with the Indenture or the Notes against the Issuer in any such court and has agreed that such appointment shall be irrevocable so long as any of the Notes remain

outstanding or until the irrevocable appointment by the Issuer of a successor in the City of New York as its authorized agent for such purpose and the acceptance of such appointment by such successor.

Listing

Application will be made for the listing and quotation of the Notes on the SGX ST. The SGX ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this offering memorandum. Admission of the Notes to the Official List of the SGX ST and the quotation of the Issuer on the SGX ST are not to be taken as an indication of the merits of the Issuer or the Notes. For so long as the Notes are listed on the SGX ST and the rules of the SGX ST so require, in the event that a Global Note is exchanged for a Certificated Note, the Issuer will appoint and maintain a paying agent in Singapore, where the Certificated Notes may be presented or surrendered for payment or redemption. In addition, in the event that a Global Note is exchanged for a Certificated Note, an announcement of such exchange will be made by or on behalf of the Issuer through the SGX ST and such announcement will include all material information with respect to the delivery of the Certificated Notes, including details of the paying agent in Singapore. The Notes will be traded on the SGX ST in a minimum board lot size of SGD\$200,000 (or its equivalent in foreign currencies) for so long as the Notes are listed on the SGX ST.

Singapore Listing Agent

Rajah & Tann Singapore LLP is the Singapore Listing Agent in respect of the Notes. The Issuer will maintain such agency so long as the Notes are listed on the Official List of the SGX ST. The address of the Singapore Listing Agent is set forth on the inside back cover of this offering memorandum.

Book-entry; Delivery and Form

The Notes are being offered and sold in connection with the initial offering thereof solely to “qualified institutional buyers,” as defined under Rule 144A under the Securities Act, pursuant to Rule 144A, and in offshore transactions to persons other than “U.S. persons,” as defined in Regulation S under the Securities Act, in reliance on Regulation S. Following the initial offering of the Notes, the Notes may be resold to qualified institutional buyers pursuant to Rule 144A, and to non-U.S. persons in reliance on Regulation S and pursuant to Rule 144 under the Securities Act, as described under “Transfer Restrictions.”

The Global Notes

Rule 144A Global Note

Notes offered and sold to qualified institutional buyers pursuant to Rule 144A will initially be issued in the form of one or more registered Notes in global form, without interest coupons. The Rule 144A Global Note will be deposited on the date of the closing of the sale of the Notes with, or on behalf of, The Depository Trust Company, or DTC, and registered in the name of Cede & Co., as nominee of DTC, or will remain in the custody of the Trustee pursuant to the FAST Balance Certificate Agreement between DTC and the Trustee. Interests in the Rule 144A Global Note will be available for purchase only by qualified institutional buyers.

Regulation S Global Note

Notes offered and sold in offshore transactions to non-U.S. persons in reliance on Regulation S under the Securities Act will initially be issued in the form of one or more registered Notes in global form, without interest coupons. The Regulation S Global Note will be deposited upon issuance with, or on behalf of, a custodian for DTC in the manner described in the preceding paragraph for credit to the respective accounts of the purchasers, or to such other accounts as they may direct, at Euroclear Bank S.A./N.V., as operator of the Euroclear System, or Clearstream Banking, *société anonyme*.

Investors may hold their interests in the Rule 144A Global Note and the Regulation S Global Note, collectively referred to in this section as the “Global Notes,” directly through DTC, Euroclear or Clearstream, if they are participants in such systems, or indirectly through organizations which are participants in such systems. Euroclear and Clearstream will hold such interests in the Global Notes on behalf of their participants

through customers' securities accounts in their respective names on the books of their respective depositaries. Such depositaries, in turn, will hold such interests in the Global Notes in customers' securities accounts in the depositaries' names on the books of DTC.

Except as set forth below, the Global Notes may be transferred, in whole and not in part, solely to another nominee of DTC or to a successor of DTC or its nominee. Beneficial interests in the Global Notes may not be exchanged for Notes in physical, certificated form (referred to as "Certificated Notes") except in the limited circumstances described below.

The Notes will be subject to certain restrictions on transfer and will bear a restrictive legend as set forth under "Transfer Restrictions."

All interests in the Global Notes, including those held through Euroclear or Clearstream, may be subject to the procedures and requirements of DTC. Those interests held through Euroclear or Clearstream may also be subject to the procedures and requirements of such systems.

Exchanges Among the Global Notes

Prior to the 40th day after the later of the commencement of the offering of the Notes and the date of the closing of the sale of the Notes (through and including the 40th day, the "restricted period"), transfers by an owner of a beneficial interest in the Regulation S Global Note to a transferee who takes delivery of this interest through the Rule 144A Global Note will be made only in accordance with applicable procedures and upon receipt by the Trustee of a written certification from the transferor of the beneficial interest to the effect that such transfer is being made to a person whom the transferor reasonably believes is a qualified institutional buyer within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A. Such written certification will no longer be required after the expiration of the restricted period.

Transfers by an owner of a beneficial interest in the Rule 144A Global Note to a transferee who takes delivery of such interest through the Regulation S Global Note, whether before or after the expiration of the restricted period, will be made only upon receipt by the Trustee of a certification from the transferor to the effect that such transfer is being made in accordance with Regulation S or (if available) Rule 144 under the Securities Act.

Any beneficial interest in one of the Global Notes that is transferred to a person who takes delivery in the form of an interest in another Global Note will, upon transfer, cease to be an interest in such Global Note and become an interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to beneficial interests in such other Global Note for as long as it remains such an interest.

Certain Book-entry Procedures for the Global Notes

The descriptions of the operations and procedures of DTC, Euroclear and Clearstream set forth below are provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to change by them from time to time. Neither we nor the Initial Purchasers take any responsibility for these operations or procedures, and investors are urged to contact the relevant system or its participants directly to discuss these matters.

DTC has advised us that it is (i) a limited purpose trust company organized under the laws of the State of New York, (ii) a "banking organization" within the meaning of the New York State Banking Law, (iii) a member of the Federal Reserve System, (iv) a "clearing corporation" within the meaning of the Uniform Commercial Code, as amended, and (v) a "clearing agency" registered pursuant to Section 17A of the Exchange Act. DTC was created to hold securities for its participants and facilitates the clearance and settlement of securities transactions between participants through electronic book-entry changes to the accounts of its participants, thereby eliminating the need for physical transfer and delivery of certificates. DTC's participants include securities brokers and dealers (including the Initial Purchasers), banks and trust companies, clearing corporations and certain other organizations. Indirect access to DTC's system is also available to other entities such as banks, brokers, dealers and trust companies, or indirect participants that clear through or maintain a custodial relationship with a participant, either directly or indirectly. Investors

who are not participants may beneficially own securities held by or on behalf of DTC only through participants or indirect participants.

We expect that pursuant to procedures established by DTC (i) upon deposit of each Global Note, DTC will credit the accounts of participants designated by the Initial Purchasers with an interest in the Global Note and (ii) ownership of the Notes will be shown on, and the transfer of ownership thereof will be effected only through, records maintained by DTC (with respect to the interests of participants) and the records of participants and the indirect participants (with respect to the interests of persons other than participants).

The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of such securities in definitive form. Accordingly, the ability to transfer interests in the Notes represented by a Global Note to such persons may be limited. In addition, because DTC can act only on behalf of its participants, who in turn act on behalf of persons who hold interests through participants, the ability of a person having an interest in Notes represented by a Global Note to pledge or transfer such interest to persons or entities that do not participate in DTC's system, or to otherwise take actions in respect of such interest, may be affected by the lack of a physical definitive security in respect of such interest.

So long as DTC or its nominee is the registered owner of a Global Note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by the Global Note for all purposes under the Indenture. Except as provided below, owners of beneficial interests in a Global Note will not be entitled to have Notes represented by such Global Note registered in their names, will not receive or be entitled to receive physical delivery of Certificated Notes, and will not be considered the owners or holders thereof under the Indenture for any purpose, including with respect to the giving of any direction, instruction or approval to the Trustee thereunder. Accordingly, each holder owning a beneficial interest in a Global Note must rely on the procedures of DTC and, if such holder is not a participant or an indirect participant, on the procedures of the participant through which such holder owns its interest, to exercise any rights of a holder of Notes under the Indenture or such Global Note. We understand that under existing industry practice, in the event that we request any action of holders of Notes, or a holder that is an owner of a beneficial interest in a Global Note desires to take any action that DTC, as the holder of such Global Note, is entitled to take, DTC would authorize the participants to take such action and the participants would authorize holders owning through such participants to take such action or would otherwise act upon the instruction of such holders. Neither we nor the Trustee will have any responsibility or liability for any aspect of the records relating to or payments made on account of Notes by DTC, or for maintaining, supervising or reviewing any records of DTC relating to such Notes.

Payments with respect to the principal of, premium, if any, and interest on any Notes represented by a Global Note registered in the name of DTC or its nominee on the applicable Record Date (in the case of interest payments) will be payable by the Trustee to or at the direction of DTC or its nominee in its capacity as the registered Holder of the Global Note representing such Notes under the Indenture. Under the terms of the Indenture, we and the Trustee, and each of our respective agents, may treat the persons in whose names the Notes, including the Global Notes, are registered as the owners thereof for the purpose of receiving payment thereon and for any and all other purposes whatsoever. Accordingly, neither we nor the Trustee, nor any of our respective agents, has or will have any responsibility or liability for the payment of such amounts to owners of beneficial interests in a Global Note (including principal, premium, if any, and interest). Payments by the participants and the indirect participants to the owners of beneficial interests in a Global Note will be governed by standing instructions and customary industry practice and will be the responsibility of the participants or the indirect participants and DTC.

Transfers between participants in DTC will be effected in accordance with DTC's procedures, and will be settled in same-day funds. Transfers between participants in Euroclear or Clearstream will be effected in the ordinary way in accordance with their respective rules and operating procedures.

Subject to compliance with the transfer restrictions applicable to the Notes, cross-market transfers between the participants in DTC, on the one hand, and Euroclear or Clearstream participants, on the other hand, will be effected through DTC in accordance with DTC's rules on behalf of Euroclear or Clearstream, as the case may be, by its respective depository. However, such cross-market transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counterparty in such system in accordance with the rules and procedures and within the established deadlines (Brussels time) of such

system. Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depository to take action to effect final settlement on its behalf by delivering or receiving interests in the relevant Global Notes in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear participants and Clearstream participants may not deliver instructions directly to the depositories for Euroclear or Clearstream.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant purchasing an interest in a Global Note from a participant in DTC will be credited, and any such crediting will be reported to the relevant Euroclear or Clearstream participant, during the securities settlement processing day (which must be a business day for Euroclear and Clearstream) immediately following the settlement date of DTC. Cash received in Euroclear or Clearstream as a result of sales of an interest in a global security by or through a Euroclear or Clearstream participant to a participant in DTC will be received with value on the settlement date of DTC but will be available in the relevant Euroclear or Clearstream cash account only as of the business day for Euroclear or Clearstream following DTC's settlement date.

Although DTC, Euroclear and Clearstream have agreed to the foregoing procedures to facilitate transfers of interests in the Global Notes among participants in DTC, Euroclear and Clearstream, they are under no obligation to perform or to continue to perform such procedures, and such procedures may be discontinued at any time. Neither we nor the Trustee will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Certificated Notes

If DTC or any successor depository is at any time unwilling or unable to continue as a depository for the Global Notes and a successor depository is not appointed by the Issuer within 90 days, the Issuer will issue, or cause to be issued, authentic and deliver Certificated Notes in registered form in exchange for the Global Notes that, in the case of Notes issued in exchange for the Rule 144A Global Notes, will bear the legend referred to under the heading "Transfer Restrictions."

TAXATION

General

This section summarizes the principal Chilean tax and U.S. federal income tax considerations relating to the purchase, ownership and disposition of the Notes. This summary does not provide a comprehensive description of all tax considerations that may be relevant to a decision to purchase the Notes. This summary does not describe any tax consequences arising under the laws of any state, locality or taxing jurisdiction other than Chile and the United States. There is currently no convention for the avoidance of double taxation between the United States and Chile.

This summary is based on the tax laws of Chile and the United States as in effect on the date of this offering memorandum, as well as regulations, rulings and decisions of Chile and the United States available on or before that date and now in effect. Those laws, rules, regulations and decisions are subject to change and changes could apply retroactively, which could affect the continued accuracy of this summary.

Prospective purchasers of the Notes should consult their own tax advisors as to the Chilean, U.S. or other tax consequences of the purchase, ownership and disposition of the Notes. They should especially consider how the tax considerations discussed below, as well as the application of state, local, foreign or other tax laws, could apply to them in their particular circumstances.

Chilean Taxation

The following is a general summary of the relevant consequences under Chilean tax law, as currently in effect, of an investment in the Notes made by a Foreign Holder. The term “Foreign Holder” means either (i) in the case of an individual, a person who is neither domiciled nor resident in Chile (for purposes of Chilean taxation, (a) an individual is domiciled in Chile if he or she resides in Chile with the actual or presumptive intent of staying in Chile (such intention to be evidenced by circumstances such as the acceptance of employment in Chile or the relocation of one’s family to Chile) and (b) an individual is resident in Chile if he or she has remained in Chile, whether intermittently or not, for a period or periods exceeding 183 days in total, within any given 12 month period), or (ii) a legal entity that is not organized under the laws of Chile, unless the Notes are assigned to a branch or an agent, representative or permanent establishment of such entity in Chile.

All of the foregoing is subject to change. Under Chilean tax law, provisions contained in laws which determine the tax rates applicable to foreign investors, the computation of the taxable basis for Chilean purposes, the event the verification of which is subject to taxation, the person or entity liable for the declaration and payment of taxes and the manner the taxes are collected may be amended only by another law or international law treaty. The manner in which Chilean taxes are imposed and declared may be interpreted and ruled by the Chilean tax authorities. The Chilean tax authorities enact rulings and regulations to interpret the provisions of Chilean tax law of either general or specific application. Chilean tax authorities may change their rulings, regulations or interpretations prospectively or retroactively, but Chilean tax law may not be applied retroactively against taxpayers who act in good faith relying on rulings, regulations or interpretations addressing identical situations.

Payments of interest or premium

Under the Chilean Income Tax Law (*Ley de Impuesto a la Renta*) payments of interest or premium made by STA, if any, to a Foreign Holder in respect of the Notes will generally be subject to a Chilean withholding tax currently at the rate of 4%.

However, interest, premiums, remuneration for services, financial expenses and any other contractual surcharges paid, credited to an account or made available to foreign entities related to STA in respect of loans or liabilities (e.g. the Notes) during the year in which the indebtedness is considered to be excessive are subject to a single tax of 35% that will be applied to us separately, to the extent paid to entities related to STA. The 4% withholding tax already paid can be used as a credit against the applicable 35% single tax.

STA’s indebtedness will be considered to be excessive (“Excessive Indebtedness”) when, at the end of the corresponding fiscal year, STA has a “total annual indebtedness” with entities incorporated, domiciled,

residing or established whether in a foreign country or in Chile, either related or not to STA, that exceeds three times STA's tax adjusted equity, as calculated for Chilean tax purposes. Only the short-term debts acquired with non-related parties (i.e., with maturity of less than 90 days), including extensions or renewals) may be excluded from the total annual indebtedness calculation. Consequently, interest or premium paid to foreign entities related to STA with respect to debt that exceeds this Excessive Indebtedness ratio will be subject to a 35% tax rate applicable to STA.

Under the Excessive Indebtedness rules, a lender or creditor, such as a holder of the Notes, will be deemed to be related to the payor or debtor, if: (i) the beneficiary (i.e., lender or creditor) is incorporated, domiciled, resident or established in one of the territories or jurisdictions within the scope of section 41 H of the Chilean Income Tax Law (harmful preferential tax regimes, as defined in the same section 41 H); or (ii) the beneficiary (i.e., lender or creditor) or debtor belongs to the same corporate group, or directly or indirectly, owns or participates in 10% or more of the capital or the profits of the other, or if the lender and debtor have a common partner or shareholder which, directly or indirectly, owns or participates in 10% or more of the capital or the profits of one or the other, and that beneficiary is incorporated, domiciled, resident or established outside Chile; or (iii) the debt is guaranteed directly or indirectly by a related third-party under the terms of (i) and (ii) above, provided such third-party is established or resident outside Chile and is also the final beneficiary of the interests from the financing; ; (iv) it refers to securities placed and acquired by independent entities and that are subsequently acquired or transferred to a related entity according to prior numbers (i) to (iii) above; or (v) a party carries out one or more transactions with a third-party who, in turn, carries out directly or indirectly, with a related party of the first party, one or more transactions similar or identical to those carries out with the first party, whatever the capacity in which said third-party and the parties intervene in such operations. The debtor will be required to issue a sworn statement in this regard in the form set forth by the Chilean tax authorities.

As described above, we have agreed, subject to specific exceptions and limitations, to pay Additional Amounts to the Foreign Holder of the Notes in respect of the Chilean interest withholding tax in order that any interest or premium the Foreign Holder receives from us, net of the Chilean interest withholding tax, equals the amount which would have been received by such Foreign Holder in the absence of such Chilean interest withholding tax. See "Description of the Notes — Payment of the Notes — Additional Amounts."

Payments of principal

Under existing Chilean law and regulations, a Foreign Holder will not be subject to any Chilean taxes in respect of payments of principal made by STA with respect to the Notes. Any other payment to be made by STA (other than interest, premium or principal on the Notes and except for special exceptions granted by Chilean law and tax treaties subscribed by Chile and currently in force) will be subject to up to 35% withholding tax. ***Capital gains***

Capital gains realized by a Foreign Holder on the sale or other disposition of the Notes will not be subject to Chilean income taxes.

Gift and Inheritance Tax

A Foreign Holder will not be liable for estate, gift, inheritance or similar taxes with respect to its holdings unless Notes held by a Foreign Holder are either deemed located in Chile at the time of such Foreign Holder's death, or if the Notes are not deemed located in Chile at the time of a Foreign Holder's death, if such Notes were purchased or acquired with cash obtained from a Chilean source. A Foreign Holder will not be liable for Chilean stamp, registration or similar taxes.

Stamp Tax

As a general rule, the issuance of the Notes is subject to stamp tax at a rate of 0.066% per month or fraction thereof elapsed between the issuance and the maturity of the Notes, calculated over the principal amount of the Notes, with a maximum of 0.8% over the principal amount, which will be payable by us. If the stamp tax is not paid when due, the Chilean law imposes inflation adjustments, interests and penalties. Interest payments that are deferred may be subject to stamp tax if such interests are deemed capitalized

according to Chilean law. In addition, until such tax (and any penalty) is paid, Chilean courts will not enforce any action based on the Notes.

U.S. Federal Income Taxation

The following discussion is a summary of certain U.S. federal income tax consequences of the acquisition, ownership and disposition of Notes by a U.S. Holder (as defined below). This discussion only applies to Notes that are purchased pursuant to this offering circular at the initial issue price indicated on the cover of this offering circular, and that are held by U.S. Holders as capital assets within the meaning of Section 1221 of the Code (generally, property held for investment). Furthermore, this discussion does not purport to describe all of the U.S. federal income tax consequences that may be relevant to the particular circumstances of a U.S. Holder, and does not apply to U.S. Holders that may be subject to special tax rules, such as:

- financial institutions;
- banks;
- insurance companies;
- real estate investment trusts;
- regulated investment companies;
- traders in securities that elect the mark to market method of accounting with respect to their securities holdings;
- partnerships or other pass through entities for U.S. federal income tax purposes;
- U.S. Holders having a functional currency other than the U.S. Dollar;
- U.S. Holders subject to special rules under Section 451(b) of the Code;
- pension funds, individual retirement accounts and tax exempt organizations;
- S corporations;
- U.S. expatriates;
- dealers or traders in securities or currencies; and
- U.S. Holders that will hold Notes as part of a position in a straddle or as part of a hedging, conversion, “synthetic security” or other integrated financial transaction for U.S. federal income tax purposes.

This discussion also does not address the U.S. federal estate and gift tax or alternative minimum tax consequences of the acquisition, ownership and disposition of Notes, the consequences of the Medicare tax on net investment income or any aspect of state, local or non-U.S. tax law or any other aspect of U.S. federal taxation other than income taxation. Each prospective investor should consult its own independent tax advisor with respect to the U.S. federal, state, local and non-U.S. income and other tax consequences of the acquisition, ownership and disposition of Notes.

The following discussion is based on the Code, existing and proposed Treasury regulations, administrative pronouncements of the Internal Revenue Service (“IRS”) and judicial decisions, all as of the date hereof. Each of the foregoing authorities is subject to change, possibly with retroactive effect, or differing interpretations which could affect the U.S. federal income tax consequences described herein. Prospective investors should be aware that no ruling will be sought from the IRS with respect to the offering of the Notes pursuant to this offering circular, and there can be no assurances that the IRS will not take positions contrary to the discussion below.

For purposes hereof, the term “U.S. Holder” means a beneficial owner of Notes that, for U.S. federal income tax purposes, is:

- a citizen or individual resident of the United States;

- a corporation, organized in or under the laws of the United States, or any political subdivision thereof,
- a trust subject to the control of one or more U.S. persons and the primary supervision of a U.S. court or that has validly elected to be treated as a U.S. person, or
- an estate the income of which is subject to U.S. federal income taxation regardless of its source.

If a partnership (or any other entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds Notes, the tax treatment of the partnership and a partner in such partnership generally will depend on the status of the partner and the activities of the partnership. Such a partner or partnership should consult its own independent tax advisor as to the tax consequences of an investment in Notes through a partnership.

Potential Contingent Payment Debt Instrument Treatment

In certain circumstances STA may be required to make payments on a Note that would change the yield of the Note. See “Description of the Notes — Change of Control Event” and “Description of the Notes — Optional Redemption”. This obligation may implicate the provisions of Treasury regulations relating to contingent payment debt instruments (“CPDIs”). According to the provisions of Treasury regulations, certain contingencies, will not cause a debt instrument to be treated as a CPDI if such contingencies, as of the date of issuance, are “remote or incidental” or certain other circumstances apply. STA intends to take the position that the Notes are not CPDIs. This determination, however, is not binding on the IRS and if the IRS were to challenge this determination, a holder may be required to accrue income on the Notes that such holder owns in excess of stated interest. and to treat as ordinary income rather than capital gain any income realized on the taxable disposition of such Notes before the resolution of the contingency. If the Notes are not CPDIs but such contingent payments were required to be made, it would affect the amount and timing of the income that a U.S. Holder recognizes/ U.S. Holders are urged to consult their own tax advisors regarding the potential application to the Notes of the CPDI rules and other rules above and the consequences thereof. The remainder of this discussion assumes that the Notes will not be treated as CPDIs.

Interest

Interest paid on a Note (including any Additional Amounts, which includes any amount withheld on account of foreign taxes) will be taxable to you as ordinary interest income at the time it accrues or is received, in accordance with your method of accounting for federal income tax purposes. It is expected, and this discussion assumes, that the Notes will be issued “without original issue discount” for U.S. federal income tax purposes.

Subject to generally applicable restrictions and conditions, Chilean withholding tax paid at the appropriate rate applicable to the U.S. Holder will be treated as foreign income tax eligible for credit against a U.S. Holder’s U.S. federal income tax liability. Interest income with respect to a Note will constitute foreign-source income and generally will constitute passive income for U.S. federal income tax purposes, which may be relevant to you in calculating your foreign tax credit limitation. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. Alternatively, U.S. Holders may be able to deduct such taxes in computing taxable income for U.S. federal income tax purposes if they elect to do so for all foreign taxes in the relevant taxable year. The rules governing foreign tax credits are complex and, therefore, you should consult your own tax adviser regarding the availability of foreign tax credits in your particular circumstances.

Sale, Exchange, Retirement or Other Taxable Disposition

Upon the sale, exchange, retirement or other taxable disposition (including a redemption) of a Note, a U.S. Holder will recognize taxable gain or loss equal to the difference between the amount realized on the sale, exchange, retirement or other taxable disposition (other than amounts attributable to accrued but unpaid stated interest, which amounts generally will be taxable as ordinary interest income to the extent not previously included in gross income), and the U.S. Holder’s adjusted tax basis in the Note. A U.S. Holder’s

adjusted tax basis in a Note generally will equal the cost of the Note to the U.S. Holder. Any such gain or loss generally will be capital gain or loss, and will be long term capital gain or loss if, at the time of its sale, exchange, retirement or other taxable disposition, the Note has been held for more than one year. Certain non-corporate U.S. Holders (including individuals) may be eligible for preferential tax rates in respect of long term capital gains. The deductibility of capital losses is subject to limitations under the Code.

Backup Withholding and Information Reporting

Payments of interest made to a U.S. Holder and proceeds to a U.S. Holder from the sale of a Note that are made within the United States or through certain U.S.-related financial intermediaries may be subject to information reporting and to backup withholding unless the U.S. Holder establishes it is an exempt recipient (if required to do so) or, in the case of backup withholding, the U.S. Holder provides a correct taxpayer identification number and certifies that no loss of exemption from backup withholding has occurred. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against such holder's U.S. federal income tax liability and may entitle such holder to a refund, provided that the required information is timely furnished to the IRS.

Foreign Financial Asset Reporting

Owners of "specified foreign financial assets" with an aggregate value in excess of U.S.\$50,000 (and in some circumstances, a higher threshold), may be required to file an information statement with respect to such assets with their U.S. federal income tax returns, currently on IRS Form 8938. The Notes generally are expected to constitute "specified foreign financial assets" unless they are held in accounts maintained by financial institutions). U.S. Holders are urged to consult their tax advisors regarding the application of this legislation to their ownership of the Notes.

The above discussion is intended only as a general summary of certain aspects of U.S. federal income tax law and does not constitute a complete analysis of all tax consequences relating to the acquisition, ownership and disposition of Notes. Prospective investors should consult their own independent tax advisors concerning the U.S. federal, state, local and non-U.S. income and other tax consequences to them based upon their particular circumstances.

CERTAIN CONSIDERATIONS FOR ERISA AND OTHER U.S. EMPLOYEE BENEFIT PLANS

Subject to the following discussion, the Notes may be acquired by an “employee benefit plan” as defined in Section 3(3) of ERISA that is subject to Title I of ERISA, a “plan” as defined in and subject to Section 4975 of the Code or an entity or account deemed to hold plan assets of the foregoing (each, a “Benefit Plan Investor”), as well as by “governmental plans” (as defined in Section 3(32) of ERISA), “church plans” (as defined in Section 3(33) of ERISA) and other plans (collectively, with Benefit Plan Investors, referred to as “Plans”). Section 406 of ERISA and Section 4975 of the Code prohibit Benefit Plan Investors from engaging in certain transactions with persons that are “parties in interest” under Section 3(14) of ERISA or “disqualified persons” under Section 4975(e)(2) of the Code with respect to such Benefit Plan Investor. A violation of these “prohibited transaction” rules may result in an excise tax or other penalties and liabilities under ERISA and the Code for such persons or the fiduciaries of such Benefit Plan Investor. In addition, Title I of ERISA requires fiduciaries of a Benefit Plan Investor subject to ERISA to make investments that are prudent, diversified and in accordance with the governing plan documents. Plans that are not Benefit Plan Investors are not subject to the fiduciary responsibility and prohibited transaction provisions of Title I of ERISA or Section 4975 of the Code. However, such Plans may be subject to a U.S. federal, state, local or other law or regulation that contains one or more provisions that are similar to the fiduciary responsibility and prohibited transaction provisions of Title I of ERISA or Section 4975 of the Code (“Similar Law”).

General Fiduciary Matters

In considering an investment in the Notes of a portion of the assets of any Plan, a fiduciary should determine whether the investment is in accordance with the documents and instruments governing the Plan and the applicable provisions of ERISA, the Code or any Similar Law relating to a fiduciary’s duties to the Plan including, without limitation, the prudence, diversification, delegation of control and prohibited transaction provisions of ERISA, the Code and any other applicable Similar Law.

Prohibited Transaction Issues

The acquisition and/or holding of the Notes by or on behalf of a Benefit Plan Investor could be considered to give rise to a prohibited transaction if any of us, the Initial Purchasers, or another Transaction Party is or becomes, a party in interest or a disqualified person with respect to such Benefit Plan Investor. Certain exemptions from the prohibited transaction rules could be applicable to the purchase and holding of the Notes by a Benefit Plan Investor depending on the type and circumstances of the plan fiduciary making the decision to acquire such Notes and the relationship of the party in interest to the Benefit Plan Investor. Included among these exemptions are: Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code for certain transactions between a Benefit Plan Investor and service providers to the Benefit Plan Investor, provided that neither the service provider nor its affiliate has or exercises any discretionary authority or control or renders any investment advice with respect to the assets of any Benefit Plan Investor involved in the transaction (in other words, not a fiduciary) and provided further that the Benefit Plan Investor pays no more than, and receives no less than, “adequate consideration” in connection with the transaction; Prohibited Transaction Class Exemption (“PTCE”) 96-23, regarding transactions effected by “in-house asset managers;” PTCE 95-60, regarding investments by insurance company general accounts; PTCE 91-38, regarding investments by bank collective investment funds; PTCE 90-1, regarding investments by insurance company pooled separate accounts; and PTCE 84-14, regarding transactions effected by “qualified professional asset managers.” Even if the conditions specified in one or more of these exemptions are met, the scope of the relief provided by these exemptions might or might not cover all acts which might be construed as prohibited transactions. There can be no assurance that any of these, or any other exemption, will be available with respect to any particular transaction involving the Notes, and prospective acquirers that are Benefit Plan Investors should consult with their legal advisors regarding the applicability of any such exemption.

Representation

By acquiring a Note (or an interest therein), each purchaser and transferee (and if the purchaser or transferee is a Plan, its fiduciary) is deemed to represent, warrant and covenant that either (i) it is not acquiring the Note (or an interest therein) with the assets of a Benefit Plan Investor or any other employee

benefit plan that is subject to a Similar Law; or (ii) the acquisition and holding of the Note (or an interest therein) will not give rise to a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code because such purchaser or transferee relied on an available prohibited transaction exemption, all of the conditions of which are satisfied, or a violation of any applicable Similar Law.

In addition, by acquiring a Note (or an interest therein), each purchaser and transferee that is a Benefit Plan Investor is deemed to represent, warrant and covenant that (i) none of the Transaction Parties has provided any investment recommendation or investment advice to the Benefit Plan Investor, or any fiduciary or other person investing on behalf of the Benefit Plan Investor or who otherwise has discretion or control over the investment and management of “plan assets” (“Plan Fiduciary”), on which either the Benefit Plan Investor or Plan Fiduciary has relied in connection with the decision to invest in the Note (or an interest therein), (ii) the Transaction Parties are not otherwise acting as a “fiduciary”, as that term is defined in Section 3(21) of ERISA or Section 4975(e)(3) of the Code, to the Benefit Plan Investor or Plan Fiduciary in connection with the Benefit Plan Investor’s investment in the Note (or an interest therein) and (iii) the Plan Fiduciary is exercising its own independent judgment in evaluating the transaction.

The foregoing discussion is general in nature and is not intended to be all inclusive. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries, or other persons considering purchasing the Notes on behalf of, or with the assets of, any Plan, consult with their counsel regarding the potential applicability of ERISA, Section 4975 of the Code and any Similar Law to such investment and whether an exemption would be applicable to the purchase and holding of the Notes.

PLAN OF DISTRIBUTION

Under the terms and subject to the conditions set forth in a purchase agreement (the “Purchase Agreement”) among us and Itau BBA Securities Inc., and Scotia Capital (USA) Inc. (the “Initial Purchasers”), we have agreed to sell to each Initial Purchaser named below and each of the Initial Purchasers, acting severally and not jointly, has agreed to purchase, the respective principal amounts of the Notes set forth opposite its name below.

<u>Initial Purchasers</u>	<u>Principal Amount of Notes</u>
Itau BBA USA Securities, Inc.	US\$195,000,000
Scotia Capital (USA) Inc.	US\$195,000,000
Total	US\$390,000,000

In addition to the fee to be paid to the Initial Purchasers in connection with the offering, we have agreed in the Purchase Agreement to reimburse the Initial Purchasers for certain expenses incurred in connection with the offering. In addition, we have agreed to indemnify the several Initial Purchasers and their affiliates against certain liabilities, including liabilities under the Securities Act, or to contribute to payments that the Initial Purchasers may be required to make in respect of those liabilities.

The Purchase Agreement provides that the obligations of the Initial Purchasers to purchase the Notes offered hereby are subject to certain conditions precedent and that the Initial Purchasers will purchase all of such Notes offered by this offering memorandum if any of such Notes are purchased. The Initial Purchasers reserve the right to withdraw, cancel or modify offers to potential investors and to reject orders in whole or in part. The Initial Purchasers may offer and sell the Notes through their affiliates.

The Notes have not been and will not be registered under the Securities Act. Each Initial Purchaser has agreed that it will offer or sell the Notes only (a) in the United States to qualified institutional buyers in reliance on Rule 144A under the Securities Act or (b) in offshore transactions in reliance on Regulation S under the Securities Act. The Initial Purchasers will not offer or sell the Notes except to persons they reasonably believe to be qualified institutional buyers or pursuant to offers and sales to non-U.S. persons that occur outside of the United States within the meaning of Regulation S. In addition, until 40 days following the commencement of this offering, an offer or sale of Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act unless the dealer makes the offer or sale in compliance with Rule 144A or another exemption from registration under the Securities Act. Each purchaser of the Notes will be deemed to have made acknowledgments, representations and agreements as described under “Transfer Restrictions.”

New Issue of Securities

The Notes will constitute a new class of securities with no established trading market. Although approval-in-principle has been received for the listing and application to the SGX-ST, we cannot assure you that an active market for the Notes will develop. We have been advised by the Initial Purchasers that they presently intend to make a market in the Notes after completion of the offering. However, they are under no obligation to do so and may discontinue any market making activities at any time without any notice. We cannot assure the liquidity of the trading market for the Notes. If an active trading market for the Notes does not develop, the market price and liquidity of the Notes may be adversely affected. If the Notes are traded, they may trade at a discount from their initial offering price, depending on prevailing interest rates, the market for similar securities, our operating performance and financial condition, general economic conditions and other factors.

No Sale of Similar Securities

We have agreed with the Initial Purchasers that for a period of 90 days after the date of this offering memorandum, without first obtaining the prior written consent of the Initial Purchasers, directly or indirectly, sell, offer, contract or grant any option to sell, pledge, transfer or establish an open “put equivalent position,” or otherwise dispose of, transfer, announce the offering of, or file any registration statement

under the Securities Act in respect of, any of our debt securities or securities exchangeable for or convertible into our debt securities, except for the Notes sold to the Initial Purchasers pursuant to the purchase agreement.

Stabilization Transactions

In connection with this offering memorandum, the Initial Purchasers may, but are not obliged to, engage in over-allotment, stabilizing transactions and covering transactions. Over-allotment involves sales in excess of the offering size, which creates a short position for an initial purchaser. Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum. Covering transactions involve purchases of the Notes in the open market after the distribution has been completed in order to cover short positions.

Any of these transactions may have the effect of raising or maintaining the market price of the Notes or preventing or retarding a decline in the market price of the Notes. As a result, the price of the Notes might be higher than the price that might otherwise exist in the open market. These transactions, if commenced, may be discontinued by the Initial Purchasers in their sole discretion at any time.

Settlement

We expect that delivery of the Notes will be made against payment therefor on or about January 27, 2022, which will be the fourth business day following the date of this offering memorandum (such settlement being referred to as “T+4”). Under Rule 15c6-1 under the Exchange Act, trades in the secondary market generally are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes on the date of pricing will be required, by virtue of the fact that the Notes initially will settle in T+4, to specify an alternate settlement cycle at the time of any such trade to prevent failed settlement. Purchasers of Notes who wish to trade Notes on the date of pricing or the next two business days should consult their own advisors.

Relationships with the Initial Purchasers

The Initial Purchasers and their affiliates perform various financial advisory, investment banking and commercial banking services from time to time for us, our affiliates and our significant equity investors, for which they have received customary fees and commissions, and they expect to provide these services to us and others in the future, for which they expect to receive customary fees and commissions.

In addition, affiliates of the Initial Purchasers from time to time have acted or in the future may continue to act as agents and lenders to us and our affiliates under our or their respective credit facilities, for which services they expect to receive customary compensation.

In addition, in the ordinary course of their business activities, the Initial Purchasers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. If any of the Initial Purchasers or their affiliates has a lending relationship with us, certain of those Initial Purchasers or their affiliates routinely hedge, and certain other of those Initial Purchasers or their affiliates may hedge, their credit exposure to us consistent with their customary risk management policies. Typically, these Initial Purchasers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the Notes offered hereby. Any such credit default swaps or short positions could adversely affect future trading prices of the Notes offered hereby. The Initial Purchasers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Sales Outside the United States

None of us, the initial purchasers or the placement agents are making an offer to sell, or seeking offers to buy, the Notes in any jurisdiction where the offer and sale is not permitted. You must comply with all

applicable laws and regulations in force in any jurisdiction in which you purchase, offer or sell the Notes or possess or distribute this offering memorandum, and you must obtain any consent, approval or permission required for your purchase, offer or sale of the Notes under the laws and regulations in force in any jurisdiction to which you are subject or in which you make such purchases, offers or sales. None of us, the Initial Purchasers or the placement agents will have any responsibility therefor.

Canada

The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws. Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this offering memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor. Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the initial purchasers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Chile

The Notes being offered will not be registered under the Chilean Securities Market Law (*Ley de Mercado de Valores*) in the Chilean Securities Registry (*Registro de Valores*) or in the Foreign Securities Registry (*Registro de Valores Extranjeros*) both kept by the CMF and, therefore, the Notes are not subject to the oversight of the CMF. As unregistered securities in Chile, we are not required to disclose public information about the Notes in Chile. Accordingly, the Notes cannot and will not be publicly offered to persons in Chile unless they are registered in the corresponding Chilean Securities Registry. The Notes may only be offered in Chile in circumstances that do not constitute a public offering under Chilean law or in compliance with General Rule No. 336 of the CMF. Pursuant to the Chilean Securities Market Law, a public offering of securities is an offering that is addressed to the general public or to certain specific categories or groups thereof. Considering that the definition of public offering is quite broad, even an offering addressed to a small group of investors may be considered to be addressed to a certain specific category or group of the public and therefore be considered public under applicable law and, as such, subject to registration in Chile. However, pursuant to the Chilean Securities Market Law and NCG 336 of the CMF, the Notes may be privately offered in Chile to certain "qualified investors" identified as such by NCG 336 (which in turn are further described in General Rule No. 216, dated June 12, 2008, issued by the CMF as amended).

NCG 336 requires the following information to be provided to prospective investors in Chile:

1. Date of commencement of the offer: January 14, 2022. The offer of the Notes is subject to NCG 336, issued by the CMF.
2. The subject matter of this offer are securities not registered with the Securities Registry (*Registro de Valores*) of the CMF, nor with the foreign securities registry (*Registro de Valores Extranjeros*) of the CMF, due to the Notes not being subject to the oversight of the CMF.
3. Since the Notes are not registered in Chile there is no obligation by the issuer to make publicly available information about the Notes in Chile.
4. The Notes shall not be subject to public offering in Chile unless registered with the relevant Securities Registry of the CMF.

Información a los Inversionistas Chilenos

De conformidad con la ley N° 18.045, de mercado de valores y la Norma de Carácter General N° 336 (la “NCG 336”), de 27 de junio de 2012, de la Comisión para el Mercado Financiero (“CMF”), los bonos pueden ser ofrecidos privadamente a ciertos “inversionistas calificados”, a los que se refiere la NCG 336 y que se definen como tales en la Norma de Carácter General N° 216 de la CMF de 12 de junio de 2008.

La siguiente información se proporciona a potenciales inversionistas de conformidad con la NCG 336:

1. La oferta de los bonos comienza el 14 de enero de 2022, y se encuentra acogida a la Norma de Carácter General N° 336, de fecha 27 de junio de 2012, de la CMF.
2. La oferta versa sobre valores no inscritos en el Registro de Valores o en el Registro de Valores Extranjeros que lleva la CMF, por lo que ni tales valores ni el emisor están sujetos a la fiscalización de esa Superintendencia.
3. Por tratarse de valores no inscritos en Chile no existe la obligación por parte del emisor de entregar en Chile información pública sobre los mismos.
4. Estos valores no podrán ser objeto de oferta pública en Chile mientras no sean inscritos en el Registro de Valores correspondiente.

European Economic Area

This offering memorandum is not a prospectus for the purposes of the EU Prospectus Regulation. The Notes are not intended to be offered, sold, or otherwise made available to and should not be offered, sold, or otherwise made available to any retail investor in the European Economic Area. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of MiFID II; or (ii) a customer within the meaning of Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the EU Prospectus Regulation. Consequently, no key information document required by the EU PRIIPs Regulation for offering or selling the Notes or otherwise making them available to retail investors in the European Economic Area has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the European Economic Area may be unlawful under the EU PRIIPs Regulation.

This offering memorandum has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area will be made pursuant to an exemption under the EU Prospectus Regulation from the requirement to publish a prospectus for offers of Notes.

United Kingdom

This offering memorandum is not a prospectus for the purposes of the UK Prospectus Regulation.

The Notes are not intended to be offered, sold, or otherwise made available to and should not be offered, sold, or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97 (as amended), where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in the UK Prospectus Regulation. Consequently, no key information document required by the UK PRIIPs Regulation for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

This offering memorandum has been prepared on the basis that any offer of Notes in the UK will be made pursuant to an exemption under the UK Prospectus Regulation from the requirement to publish a prospectus for offers of Notes. This offering memorandum has not been approved by an authorized person

for the purposes of Section 21 of the FSMA. This offering memorandum is for distribution only to persons who: (i) are outside the UK; (ii) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Promotion Order; (iii) are persons falling within Articles 49(2)(a) to (d) (“high net worth companies, unincorporated associations, etc.”) of the Financial Promotion Order; or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as “relevant persons”). This offering memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this offering memorandum relates is available only to relevant persons and will be engaged in only with relevant persons.

Each of the initial purchasers has represented and agreed that:

1. it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to us; and
2. it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Hong Kong

This offering memorandum has not been approved by or registered with the Securities and Futures Commission of Hong Kong or the Registrar of Companies of Hong Kong. No person may offer or sell in Hong Kong, by means of any document, any Notes other than (1) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance, or (2) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance. No person may issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the FIEA) and each initial purchaser has represented and agreed that it will not offer or sell any Note, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or entity organized under the laws of Japan), or to others for reoffering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Singapore

Each initial purchaser has acknowledged, and each further initial purchaser appointed under the offering will be required to acknowledge, that this offering memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore (the “MAS”). Accordingly, each initial purchaser has represented, warranted and agreed, and each further initial purchaser appointed under the offering will be required to represent, warrant and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this offering memorandum or any other

document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- 1. to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- 2. where no consideration is or will be given for the transfer;
- 3. where the transfer is by operation of law;
- 4. as specified in Section 276(7) of the SFA; or
- 5. as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Any reference to the SFA is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

TRANSFER RESTRICTIONS

Because the following restrictions will apply with respect to the resale of the Notes, purchasers are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of the Notes.

The Notes have not been, and will not be, registered under the Securities Act or any state securities laws, and they may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Notes are being offered and sold only (A) to QIBs in compliance with Rule 144A and (B) in offshore transactions in reliance upon Rule 903 or Rule 904 of Regulation S under the Securities Act, or Regulation S. As used herein, the terms “United States” and “U.S. person” have the meanings given to them in Regulation S.

Each purchaser of the Notes in the United States will be deemed to have represented and agreed as follows:

The purchaser is either (1) a QIB and is aware that the sale of the Notes to it is being made in reliance on exemptions from the registration requirements of the Securities Act and such acquisition will be for its own account or for the account of a qualified institutional buyer or (2) a non-U.S. person who, at the time the buy order for the Notes was originated, was outside of the United States.

In making its decision to purchase the Notes, the purchaser understands and acknowledges that:

- (1) the Notes are being offered in a transaction not involving any public offering in the United States within the meaning of the Securities Act; that the Notes have not been registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;
- (2) it shall not resell or otherwise transfer any of such Notes, except (A) to STA or any of its subsidiaries, (B) to a person it reasonably believes to be a QIB in a transaction complying with Rule 144A, (C) outside of the United States in compliance with Rule 904 of Regulation S, (D) in accordance with another exemption from the registration requirements of the Securities Act (if available and based upon an opinion of counsel if STA so requests) or (E) pursuant to an effective registration statement under the Securities Act;
- (3) it agrees that it will give to each person to whom it transfers the Notes notice of any restrictions on transfer;
- (4) prior to any proposed transfer of Notes in certificated form or of beneficial interests in a Global Note (in each case other than pursuant to an effective registration statement), the holder of Notes or the holder of beneficial interests in a Global Note, as the case may be, may be required to provide certifications and other documentation relating to the manner of such transfer and submit such certifications and other documentation as provided in the Indenture;
- (5) it understands that the Rule 144A Global Note will bear a legend substantially to the following effect unless otherwise agreed by us and the holder thereof:

THE NOTES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (A) (1) TO STA OR ANY OF ITS SUBSIDIARIES, (2) TO A PERSON WHO THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (4) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT (IF AVAILABLE) OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND OTHER

JURISDICTIONS. AS USED HEREIN, THE TERMS “OFFSHORE TRANSACTION” AND “UNITED STATES” HAVE THE MEANING GIVEN TO THEM BY REGULATIONS UNDER THE SECURITIES ACT. THE FOREGOING LEGEND WILL ONLY BE REMOVED AT THE OPTION OF STA.

- (6) it understands that the Regulation S Global Note will bear a legend substantially to the following effect unless otherwise agreed by us and the holder thereof:

THE NOTES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION AND IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY OTHER APPLICABLE JURISDICTION.

THE FOREGOING LEGEND MAY BE REMOVED FROM THIS NOTE AFTER 40 DAYS BEGINNING ON AND INCLUDING THE LATER OF (A) THE DATE ON WHICH THE NOTES ARE OFFERED TO PERSONS OTHER THAN DISTRIBUTORS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) AND (B) THE ORIGINAL ISSUE DATE OF THE NOTES.

- (7) the foregoing restrictions apply to holders of beneficial interests in the Notes, as well as holders of the Notes;
- (8) the trustee will not be required to accept for registration of transfer any Notes acquired by it, except upon presentation of evidence satisfactory to us and the trustee that the restrictions set forth herein have been complied with;
- (9) either (i) it is not acquiring the Note (or an interest therein) with the assets of a Benefit Plan Investor or any other employee benefit plan that is subject to a Similar Law; or (ii) the acquisition and holding of the Note (or an interest therein) will not give rise to a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code because such purchaser or transferee relied on an available prohibited transaction exemption, all of the conditions of which are satisfied, or a violation of any applicable Similar Law;
- (10) if it is a Benefit Plan Investor (i) none of the Transaction Parties has provided any investment recommendation or investment advice to the Benefit Plan Investor, or any fiduciary or other person investing on behalf of the Benefit Plan Investor or Plan Fiduciary, on which either the Benefit Plan Investor or Plan Fiduciary has relied in connection with the decision to invest in the Note (or an interest therein), (ii) the Transaction Parties are not otherwise acting as a “fiduciary”, as that term is defined in Section 3(21) of ERISA or Section 4975(e)(3) of the Code, to the Benefit Plan Investor or Plan Fiduciary in connection with the Benefit Plan Investor’s investment in the Note (or an interest therein) and (iii) the Plan Fiduciary is exercising its own independent judgment in evaluating the transaction; and
- (11) we, the Initial Purchasers and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agrees that if any of the acknowledgments, representations or agreements deemed to have been made by its purchase of the Notes is no longer accurate, it shall promptly notify us and the Initial Purchasers. If it is acquiring the Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgments, representations, and agreements on behalf of each account.

Chile

Pursuant to the Chilean Securities Market Law an offer of securities will be considered as a public offering if it is directed to the public in general or to certain sectors or groups of it. Therefore, if the offering of the Notes does not fall among that criteria, will be considered as a private offering. Nevertheless, on June 27, 2012, the CMF issued NCG 336, in accordance to which an offer of securities to qualified investors (which are described in NCG 216, dated June 12, 2008, of the CMF) that accomplish with the

particular requirements established on it, will be considered as a private offering. In addition, on February 22, 2021, the CMF issued NCG 452, in accordance to which a public offer of securities to qualified investors (which are described in NCG 216, dated June 12, 2008, of the CMF) that comply with the particular requirements established on it, will be possible without prior registration against the CMF.

If the Notes are to be offered in Chile in accordance with NCG 336, the following Disclaimer must be included in the Notes:

Information to Chilean Investors

- (1) The offer of the Notes will commence on January 14, 2022 and will be subject to CMF Rule 336, issued by the CMF.
- (2) The Notes are securities not registered with the Securities Registry (*Registro de Valores*) of the CMF, nor with the Foreign Securities Registry (*Registro de Valores Extranjeros*) of the CMF, which result in the Notes not being subject to the surveillance of the CMF.
- (3) Since the Notes are not registered in Chile there is no obligation for STA to make publicly available information about the Notes in Chile.
- (4) The Notes shall not be subject to public offering in Chile unless registered with the relevant Securities Registry of the CMF.

Información a los Inversionistas Chilenos

- (1) La oferta de los bonos comienza el 14 de enero de 2022 y se encuentra sujeta a la Norma de Carácter General N° 336, de fecha 27 de junio de 2012, de la CMF.
- (2) La oferta versa sobre valores no inscritos en el Registro de Valores o en el Registro de Valores Extranjeros que lleva la CMF, por lo que los bonos no están sujetos a la fiscalización de la misma.
- (3) Por tratarse de valores no inscritos en Chile, no existe la obligación por parte de STA de entregar en Chile información pública sobre los bonos.
- (4) Los bonos no podrán ser objeto de oferta pública en Chile mientras no sean inscritos en el Registro de Valores correspondiente.

If the Notes are to be offered in Chile in accordance with NCG 452, it shall indicate, in the verbal, physical or electronic communication that is used to offer the Notes, that the offer deals with securities not registered in the registries held by the CMF, therefore: (i) that no public offer can be made in Chile of these securities, and (ii) in the event that the issuer of the securities is not registered in such registries, that such issuer will not be subject to oversight of the CMF or to the obligations of permanent reporting that, by law and regulations, these registered issuers are subject to.

LISTING INFORMATION

Application will be made for the listing of the Notes on the Official List of the SGX-ST. Approval in-principle from, admission to the Official List of, and the listing and quotation of any Notes on, the SGX-ST are not to be taken as an indication of the merits of the offering, STA, its subsidiaries, its affiliates or the Notes.

So long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, STA shall appoint and maintain a paying agent in Singapore, where the Notes may be presented or surrendered for payment or redemption, in the event that a Global Note is exchanged for notes in certified form. In addition, an announcement of such exchange shall be made by or on behalf of STA through the SGX-ST and such announcement will include all material information with respect to the delivery of notes in certificated form, including details of the paying agent in Singapore.

LEGAL MATTERS

Certain legal matters as to New York and U.S. federal law will be passed upon for us by Milbank LLP. Certain legal matters will be passed upon for the Initial Purchasers by Clifford Chance US LLP, special counsel to the Initial Purchasers as to matters of New York and U.S. federal law. Certain Chilean law matters will be passed on for us by Carey & Cia and for the Initial Purchasers by Claro & Cia.

INDEPENDENT AUDITORS

The combined carve-out financial statements of Sociedad de Transmisión Austral S.A and its subsidiaries (formerly a Component of “Sociedad Austral de Electricidad S.A.” spun off and incorporated as the named legal entity on December 31, 2019) and Saesa Transmisión S.A. and its subsidiary (formerly a Component of “Sociedad Austral de Electricidad S.A.” spun off and incorporated as the named legal entity on December 31, 2020) and Frontel Transmisión S.A. (formerly a Component of “Empresa Eléctrica de la Frontera S.A.” spun off and incorporated as the named legal entity on December 31, 2020) (the “Entities”) as of and for the years ended December 31, 2020 and 2019 have been audited by Deloitte Auditores y Consultores Limitada, as stated in their report appearing herein.

Annex A

**Interim Combined Carve-out Classified Financial
Statements**

**As of September 30, 2021 (unaudited) and December 31, 2020
and for the nine-month periods ended September 30, 2021
and 2020 (unaudited)**

**SOCIEDAD DE TRANSMISION AUSTRAL S.A. AND SUBSIDIARIES
&**

**SAESA TRANSMISION S.A. AND SUBSIDIARY – Formerly a
Component of “Sociedad Austral de Electricidad S.A.” spun off
and incorporated as the named legal entity on December 31,
2020 &**

**FRONTEL TRANSMISION S.A. – Formerly a Component of
“Empresa Eléctrica de la Frontera S.A.” spun off and
incorporated as the named legal entity on December 31, 2020.**

**SOCIEDAD DE TRANSMISION AUSTRAL S.A. AND SUBSIDIARIES & SAESA TRANSMISION S.A. AND
SUBSIDIARY & FRONTEL TRANSMISION S.A.**

Interim Combined Carve-out Statements of Financial Position, Classified

As of September 30, 2021 (unaudited) and December 31, 2020

(In thousands of Chilean pesos - ThCLP\$)

ASSETS	Note	09-30-2021	12-31-2020
		ThCLP\$	ThCLP\$
CURRENT ASSETS			
Cash and cash equivalents	5	999,657	1,458,987
Other financial assets current	15	76,822	147,556
Other non financial assets (current)		1,310,327	933,138
Trade debtors and other accounts receivable	6	26,971,476	32,865,594
Accounts receivable from related entities, current	7	422,076	1,359,305
Inventory, current		3,115,990	2,880,479
Current tax assets	8	7,745,418	15,276,091
TOTAL CURRENT ASSETS		40,641,766	54,921,150
NON CURRENT ASSETS			
Other non-current non-financial assets		34,460	38,960
Non-current accounts receivable	6	10,972,356	394,924
Accounts receivable from related entities, non-current	7	5,327,262	2,904,797
Intangible assets other than goodwill	9	41,947,617	34,748,887
Goodwill	10	76,901,011	75,718,651
Property, plant and equipment	11	601,727,574	512,928,353
Right of use assets		1,298,847	1,363,138
Deferred tax assets	12	25,725,873	17,853,472
TOTAL NON CURRENT ASSETS		763,935,000	645,951,182
TOTAL ASSETS		804,576,766	700,872,332

The accompanying notes are an integral part of these unaudited interim combined carve-out financial statements.

**SOCIEDAD DE TRANSMISION AUSTRAL S.A. AND SUBSIDIARIES & SAESA TRANSMISION S.A. AND
SUBSIDIARY & FRONTEL TRANSMISION S.A.**

Interim Combined Carve-out Statements of Financial Position, Classified

As of September 30, 2021 (unaudited) and December 31, 2020

(In thousands of Chilean pesos – ThCLP\$)

EQUITY AND LIABILITIES	Note	09-30-2021	12-31-2020
		ThCLP\$	ThCLP\$
CURRENT LIABILITIES			
Other financial liabilities, current	13	1,676,999	15,681,535
Lease liabilities, current		293,539	196,664
Trade accounts payable and other payables	14	25,232,841	18,310,512
Due to related companies, current	7	12,106,213	6,968,182
Other provisions, current		2,711,907	451,704
Current tax liabilities	8	2,601,603	11,190,548
Current accruals for employee benefits		1,326,996	1,548,563
Other non-financial liabilities, current	16	645,904	743,868
TOTAL CURRENT LIABILITIES		46,596,002	55,091,576
NON CURRENT LIABILITIES			
Other financial liabilities, non-current	13	121,667,951	117,546,212
Lease liabilities, non-current		1,447,112	1,355,567
Trade accounts payable and other payables, non-current	14	330,482	-
Due to related companies, non-current	7	279,777,664	205,873,048
Deferred tax liabilities	12	62,908,568	52,194,012
Non-current accruals for employee benefits		1,699,836	2,059,727
Other non-financial liabilities, non-current	16	13,481,076	10,375,887
NON CURRENT LIABILITIES		481,312,689	389,404,453
TOTAL LIABILITIES		527,908,691	444,496,029
EQUITY			
Net Parent Investment		238,433,109	228,344,608
Other reserves		37,813,246	27,628,089
Equity attributable to owners of controller		276,246,355	255,972,697
Non-controlling interests		421,720	403,606
TOTAL EQUITY		276,668,075	256,376,303
TOTAL EQUITY AND LIABILITIES		804,576,766	700,872,332

The accompanying notes are an integral part of these unaudited interim combined carve-out financial statements.

**SOCIEDAD DE TRANSMISION AUSTRAL S.A. AND SUBSIDIARIES & SAESA TRANSMISION S.A. AND
SUBSIDIARY & FRONTEL TRANSMISION S.A.**

Interim Combined Carve-out Statements of Comprehensive Income, by nature

For the nine-months periods ended September 30, 2021 and 2020 (unaudited)

(In thousands of Chilean pesos – ThCLP\$)

STATEMENT OF COMPREHENSIVE INCOME	Note	01-01-2021	01-01-2020
		09-30-2021	09-30-2020
		ThCLP\$	ThCLP\$
Profit			
Revenue from ordinary activities	17	58,895,891	43,603,925
Other revenue	17	6,395,155	3,377,446
Raw materials and consumables used		(424,479)	(335,535)
Employee benefits expenses	18	(6,216,330)	(4,629,099)
Depreciation and amortization expense	19	(8,727,176)	(8,209,485)
Other expenses, by nature	20	(12,112,057)	(8,698,869)
Other income (losses)		18,780	(1,782)
Financial income	21	52,912	105,478
Financial expenses	21	(4,801,932)	(4,680,742)
Exchange differences	21	(2,352,722)	873,630
Effect of inflation-indexation	21	(3,569,211)	(1,409,977)
Profit before tax		27,158,831	19,994,990
Income tax expense	12	(6,145,672)	(5,997,365)
Profit from continued operations		21,013,159	13,997,626
Profit from discontinued operations		-	-
Profit		21,013,159	13,997,626
Profit, attributable to:			
Owners of the Group		20,973,569	13,975,926
Non-controlling interest		39,590	21,700
Profit		21,013,159	13,997,626

The accompanying notes are an integral part of these unaudited interim combined carve-out financial statements.

**SOCIEDAD DE TRANSMISION AUSTRAL S.A. AND SUBSIDIARIES & SAESA TRANSMISION S.A. AND
SUBSIDIARY & FRONTEL TRANSMISION S.A.**

Interim Combined Carve-out Statements of Other Comprehensive Income

For the nine-months periods ended September 30, 2021 and 2020 (unaudited)

(In thousands of Chilean pesos – ThCLP\$)

Other comprehensive income	Note	01-01-2021	01-01-2020
		09-30-2021	09-30-2020
		ThCLP\$	ThCLP\$
Profit		21,013,159	13,997,626
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Other comprehensive income, before tax, actuarial income (loss) from defined benefit plans		1,127,410	(107,527)
Other comprehensive income that will not be reclassified to profit and loss for the year, before tax		1,127,410	(107,527)
Items that may be reclassified subsequently to profit or loss:			
Reserve for exchange differences		13,539,036	2,478,001
Fair value gain/(loss) arising on Cash flow hedge reserves during the period		(714,175)	(483,089)
Other comprehensive income that will be reclassified to results for the year, before tax		12,824,860	1,994,912
Income tax on actuarial loss on defined benefit plans.		(304,401)	29,032
Income tax relating to items that will not be reclassified subsequently to profit or loss		(304,401)	29,032
Income tax relating to Reserve for exchange differences		(3,655,540)	(669,060)
Income tax relating to fair value gain/(loss) arising on Cash flow hedge reserves during the period		192,827	130,434
Income tax relating to items that may be reclassified subsequently to profit or loss		(3,462,712)	(538,626)
Other comprehensive income		10,185,157	1,377,791
Comprehensive income		31,198,316	15,375,417
Comprehensive income attributable to			
Comprehensive income attributable to the owners of the Group		31,180,202	15,366,395
Comprehensive income attributable to non-controlling owners		18,114	9,022
Comprehensive income		31,198,316	15,375,417

The accompanying notes are an integral part of these unaudited interim combined carve-out financial statements.

SOCIEDAD DE TRANSMISION AUSTRAL S.A. AND SUBSIDIARIES & SAESA TRANSMISION S.A. AND SUBSIDIARY & FRONTEL TRANSMISION S.A.
Interim Combined Carve-out Statements of Changes in Parent Group Equity and Comprehensive income
For the nine-months periods ended September 30, 2021 and 2020 (unaudited)
(In thousands of Chilean pesos – ThCLP\$)

	Parent Group Investment	Reserve for exchange differences	Cash flow hedge reserve	Reserve of actuarial gains and losses on defined benefit plans	Other sundry reserves	Total Other reserves	Total Parent Group Equity	Non-controlling equity	Total Invested and Shareholders' Equity
	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
Opening balance 01-01-2021	228,344,608	8,926,949	362,754	(570,116)	18,908,502	27,628,089	255,972,697	403,606	256,376,303
Changes in equity									
Profit	20,973,569					-	20,973,569	39,590	21,013,159
Dividends	(15,078,394)						(15,078,394)		(15,078,394)
Other comprehensive income		9,904,972	(521,348)	823,009		10,206,633	10,206,633	(21,476)	10,185,157
Deconsolidation of movement in generation subsidiaries' investment	4,171,850						4,171,850		4,171,850
Total changes in equity	10,067,025	9,904,972	(521,348)	823,009	-	10,206,633	20,273,658	18,114	20,291,772
Closing balance at 09-30-2021	238,411,633	18,831,921	(158,594)	252,893	18,908,502	37,834,722	276,246,355	421,720	276,668,075
	Parent Group Investment	Reserve for exchange differences	Cash flow hedge reserve	Reserve of actuarial gains and losses on defined benefit plans	Other sundry reserves	Total Other reserves	Total Parent Group Equity	Non-controlling equity	Total Invested and Shareholders' Equity
	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
Opening balance 01-01-2020	216,531,549	13,151,991	511,462	(516,625)	18,908,502	32,055,330	248,586,879	401,287	248,988,166
Changes in equity									
Profit	13,975,926					-	13,975,926	21,700	13,997,626
Dividends	(10,305,002)					-	(10,305,002)		(10,305,002)
Other comprehensive income		1,821,619	(352,655)	(78,495)		1,390,469	1,390,469	(12,678)	1,377,791
Deconsolidation of movement in generation subsidiaries' investment	(6,424,353)					-	(6,424,353)		(6,424,353)
Assignments	2,182,713					-	2,182,713		2,182,713
Total changes in equity	(570,717)	1,821,619	(352,655)	(78,495)	-	1,390,469	819,752	9,022	828,774
Closing balance at 09-30-2020	215,960,832	14,973,610	158,807	(595,120)	18,908,502	33,445,799	249,406,631	410,309	249,816,940

SOCIEDAD DE TRANSMISION AUSTRAL S.A. AND SUBSIDIARIES & SAESA TRANSMISION S.A. AND SUBSIDIARY & FRONTEL TRANSMISION S.A.

Interim Combined Carve-out Statements of Cash Flows, Direct Method

For the nine month periods ended September 30, 2021 and 2020 (unaudited)

(In thousands of Chilean pesos – ThCLP\$)

CASH FLOW STATEMENT DIRECT METHOD	Note	09-30-2021	09-30-2020
		ThCLP\$	ThCLP\$
Cash flows provided by (used in) operating activities			
Proceeds provided by sales of goods and services		80,302,585	52,206,135
VAT Recovery		4,554,309	184
Payments to suppliers for goods and services		(24,646,023)	(23,168,451)
Payments to and on behalf of employees		(6,560,869)	(4,402,061)
Payments to settle forwards		(1,061,332)	(2,320,144)
Cash received provided by the settlements of the derivative financial instruments held for hedging purposes		980,868	2,348,186
Other cash receipts/(payments)		(2,055,712)	(913,833)
Income tax paid (refunded) classified as operating activities		(13,598,608)	(2,166,097)
Net cash flows provided by operating activities		37,915,218	21,583,920
Cash flows provided by (used in) investing activities			
Acquisition of interest in subsidiary Tolchén Transmisión SpA		(26,842,351)	-
Loans to related entities		(6,774,433)	(15,360,593)
Purchase of property, plant and equipment		(31,693,068)	(29,717,288)
Receipts provided by loans to related entities		4,485,663	16,553,718
Interest received		21,483	108,264
Other inflows of cash		-	5,437
Cash flows used in investing activities		(60,802,706)	(28,410,462)
Cash flows provided by (used in) financing activities			
Proceeds provided by the issuance of shares		13,098	-
Proceeds provided by short-term borrowings		10,000,000	66,000,000
Loans provided by related companies		134,489,391	74,787,568
Loan repayments		(25,000,000)	(74,000,000)
Lease repayments		(27,608)	(15,359)
Repayments of loans to related entities		(87,793,379)	(30,847,746)
Dividends paid		(1,921,875)	(17,875,511)
Interest paid		(7,383,866)	(6,474,731)
Cash flows provided by financing activities		22,375,761	11,574,221
Net increase (decrease) in cash and cash equivalents, before effect of exchange rate changes		(511,727)	4,747,679
Effect of exchange rate changes on cash and cash equivalents		52,397	(48,152)
Net increase (decrease) in cash and cash equivalents		(459,330)	4,699,527
Cash and cash equivalents at beginning of the period		1,458,987	1,071,210
Cash and cash equivalents at end of the period		999,657	5,770,737

The accompanying notes are an integral part of these unaudited interim combined carve-out financial statements

NOTES TO THE UNAUDITED INTERIM COMBINED CARVE-OUT FINANCIAL STATEMENTS

INDEX

1	Composition of the entities on a combined basis	10
2	Summary of significant Accounting Policies	11
2.1	Accounting policies	11
2.2	Periods covered	11
2.3	Basis of preparation	11
2.4	Basis of combination	11
2.5	Business combination	12
2.6	Goodwill	12
2.7	Functional and reporting currency	13
2.8	Offsetting of Balances and Transactions	13
2.9	Property, plant and equipment	14
2.10	Intangible Assets	15
2.11	Impairment of property, plant and equipment and intangible assets excluding goodwill	15
2.12	Financial instruments	16
2.12.1	Financial assets	16
	a) Classification and initial measurement of financial assets	16
	b) Subsequent measurement of financial assets	16
	c) Impairment of financial assets	17
2.12.2	Financial liabilities	17
	a) Classification, initial and subsequent measurement of financial liabilities	17
2.12.3	Derivatives and Hedge Accounting	17
2.13	Inventories	18
2.14	Other non-financial liabilities	18
	2.14.1 Prepaid income for tolls sale	18
	2.14.2 Other works of third parties	18
2.15	Provisions	18
2.16	Employee Benefits	19
2.17	Current/Non-Current Classification	19
2.18	Income tax	19
2.19	Recognition of income and expenses	19
2.20	Interest revenue	20
2.21	Dividends	20
2.22	Cash and cash equivalents	20
2.23	Statement of cash flows	20
2.24	New standards and amendments	21
3	Risk management policy	21
3.1	Financial risk	21
	3.1.1 Exchange rate	22
	3.1.2 UF Variance	22
	3.1.3 Liquidity risk	22
	3.1.4 Credit risk	23
	3.1.5 Covid Risk	23
4	Judgments and estimates of Management in applying the entity's significant accounting policies	23
5	Cash and cash equivalents	25
6	Trade Debtors and Other Accounts Receivable	25
7	Balances and Transactions with Related Parties	26
	7.1 Balances and transactions with related entities	26
	7.2 Board of Directors and Key Management Personnel	28
8	Current Tax Assets and Liabilities	29
9	Intangibles other than Goodwill	30

10	Goodwill	31
11	Property, plant and equipment	32
12	Income tax and deferred taxes	34
	12.1 Income tax	34
	12.2 Deferred Taxes	35
13	Other current and non-current Financial Liabilities	36
14	Trade and Other Accounts Payable	37
15	Financial instruments	37
	15.1 Financial instruments by category	37
	15.2 Fair value of financial instruments	38
16	Other Non-Financial Liabilities, current and non-current	39
17	Revenue	40
18	Expenses for Benefits to Employees	40
19	Expense for depreciation and amortization	41
20	Other expenses by nature	41
21	Financial Results	42
	21.1 Guarantees Pledged to Third Parties	42
22	Sureties Obtained from Third Parties	43
23	Commitments and Restrictions	43
24	Summarized Financial Information of the Group Subsidiaries	43
25	Additional Information on Financial Debt	44
26	Foreign Currency	45
27	Contingencies	47
28	Subsequent events	47

SOCIEDAD DE TRANSMISION AUSTRAL S.A. AND SUBSIDIARIES & SAESA TRANSMISION S.A. AND SUBSIDIARY & FRONTEL TRANSMISION S.A.

Notes to the Interim Combined Carve-out Financial Statements

As of September 30, 2021 and for the nine-month periods ended September 30, 2021 and 2020 (unaudited)
(In thousands of Chilean pesos – ThCLP\$)

1 Composition of the entities on a combined basis

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

The basis of these unaudited interim combined carve-out financial statements is to carve out the economic activity of the transmission business (components or legal entities under the umbrella of the ultimate controlling party, Inversiones Eléctricas del Sur S.A.). The unaudited interim combined carve-out financial statements are prepared for purposes of carving out the transmission business in line with Chilean regulation requiring its separation from the generation and distribution businesses. In the process of effecting the separation of the transmission economic activities, various corporate restructurings have been and are currently being undertaken. The results of operations and all of the assets and liabilities of the transmission business have been carved out from the consolidated financial statements of Inversiones Eléctricas del Sur S.A. These unaudited interim combined carve-out financial statements are to be included in a placement in the Singapore regulated market under the issuer name of Sociedad de Transmisión Austral S.A.

These unaudited interim combined carve-out financial statements are presented in Chilean pesos and the amounts are rounded to the nearest unit of thousands of pesos (Th\$000), unless otherwise indicated.

The unaudited interim combined carve-out financial statements as of September 30, 2021 and for the nine-month periods ended September 30, 2021 and 2020 (unaudited) include the following entities ("Entities"):

- Sociedad de Transmisión Austral S.A. (STA).
- Sistema de Transmisión del Norte S.A. (STN)
- Sociedad Austral de Transmisión Troncal S.A. (SATT)
- Sistema de Transmisión del Centro S.A. (STC)
- Línea de Transmisión Cabo Leones S.A. (LTCL)
- Sistema de Transmisión del Sur S.A. (STS)
- Saesa Transmisión S.A. (Saesa Tx)– Formerly a Component of "Sociedad Austral de Electricidad S.A." spun off and incorporated as the named legal entity on December 31, 2020.
- Frontel Transmisión S.A. (Frontel Tx) - Formerly a Component of "Empresa Eléctrica de la Frontera S.A." spun off and incorporated as the named legal entity on December 31, 2020.
- Tolchén Transmisión Spa – Entity acquired by the Group on July 9, 2021 (please refer to Note 9).

In order to present the transmission business on a stand-alone basis, the movements in the existing investments of two generation business legal entities are deconsolidated in the statement of parent group equity and comprehensive income for the nine-months periods ended September 30, 2021 and 2020 as well as carving-out the existing investments in such legal entities in the opening balance of parent group equity as of January 1, 2020.

The unaudited interim combined carve-out financial statements as of September 30, 2021 and for the nine-months periods ended September 30, 2021 and 2020 (unaudited), show negative working capital mainly due to the amounts of account payables for products and services for projects; and related company debt. Notwithstanding, cash flow from operating activities is positive. The Group is in an important expansion period developing several projects (long term assets) which will continue until their Commercial Operation Date (COD) is reached and refinancing of the short-term debt (related to such projects) to a long-term basis is achieved. In the meantime, the capital expenditures to complete the projects will continue to be financed by related party and parent company loans. The Group monitors its cash flow projections on a continuous basis and has the commitment of its related parties and parent company to finance ongoing projects when necessary. Based on their assessment of the Group's prospects and viability, the Directors (common to the Entities in the Group) have determined at the time of approving the financial statements, that there are no material uncertainties that cast doubt on the Group's going concern status and that there is a

reasonable expectation that the Group has adequate resources to continue in operational existence for at least twelve months from the date of approval of the financial statements. The Directors therefore consider it appropriate to adopt the going concern basis of accounting in preparing its unaudited interim combined carve-out financial statements.

2 Summary of significant Accounting Policies

2.1 Accounting policies

These unaudited interim combined carve-out financial statements as of September 30, 2021 and for the nine-months periods ended September 30, 2021 and 2020 (unaudited), have been prepared in accordance with recognition, measurement and presentation principles of International Financial Reporting Standards (“IFRS”).

The purpose of these interim combined carve-out financial statements (“Unaudited Interim combined carve-out financial statements”) is to provide general purpose historical financial information for inclusion in an offering memorandum for a placement of debt and for admission to the regulated market in Singapore.

These unaudited interim combined carve-out financial statements were prepared based on the accounting records kept by the Entities (the “Group”). The accounting policies described herein have been consistently applied by all the Entities.

These unaudited interim combined carve-out financial statements have been approved by the Board at its meeting held on January 13, 2022.

2.2 Periods covered

These unaudited interim combined carve-out financial statements comprise the following:

- Unaudited interim combined carve-out statements of financial position as of September 30, 2021 and December 31, 2020 (audited).
- Unaudited Interim combined carve-out statements of comprehensive income by nature for the nine-month periods ended September 30, 2021 and 2020.
- Unaudited Interim combined carve-out statements of changes in parent group equity and comprehensive income for the nine-month periods ended September 30, 2021 and 2020.
- Unaudited Interim combined carve-out statements of cash flows for the nine months periods ended September 30, 2021 and 2020.

2.3 Basis of preparation

The Unaudited interim combined carve-out Financial Statements have been prepared on a historical cost basis.

2.4 Basis of combination

The accompanying unaudited interim combined carve-out financial statements include the accounts of the Entities on a combined basis.

Intercompany balances and transactions with other combined entities have been eliminated. Intragroup balances and transactions with Inversiones Eléctricas del Sur S.A. entities are shown separately in the combined carve-out financial statements and are presented in the related party transactions footnote. Allocations have been made to the statement of parent group equity and comprehensive income for employee remuneration for services performed with respect to the combined Group by the ultimate controlling party.

Total comprehensive income and profit is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Non-controlling interest – A parent company will present the non-controlling interests in the unaudited interim combined carve-out statement of financial position, within equity, separately from the equity of the owners of the Group.

2.5 Business combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 and IAS 19 respectively.
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date.
- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognized in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date.

2.6 Goodwill

Goodwill is initially recognized and measured as set out above.

Goodwill is not amortized but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

2.7 Functional and reporting currency

a) Functional currency

The functional currency of each entity in the Group has been determined as the currency of the main economic environment in which it operates. (CLP – Chilean Peso; USD – US dollar)

The functional currencies of the entities are as follows:

Company	Currency
Sistema de Transmisión del Sur S.A.	CLP
Saesa Transmisión S.A.	CLP
Frontel Transmisión S.A.	CLP
Sistema de Transmisión del Norte S.A.	USD
Sistema de Transmisión del Centro S.A.	USD
Sociedad Austral de Transmisión Troncal S.A.	USD
Sociedad de Transmisión Austral S.A.	USD
Línea de Transmisión Cabo Leones S.A.	USD
Tolchén Transmisión SpA	USD

b) Reporting currency

The Group's reporting currency is the Chilean peso.

Entities with a functional currency other than Chilean peso are translated as described below:

- Assets and liabilities, using the exchange rate in force on the closing date of the financial statements.
- The income statement items using the average exchange rates (unless this average is not a reasonable approximation of the effect of the exchange rates prevailing at the dates of the transaction, in which case income and expenses are translated at the rate at the date of the transaction).
- Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in a foreign exchange translation reserve (attributed to non-controlling interests as appropriate).

The assets and liabilities in foreign currency and in the currency UF (an inflation-indexed monetary unit (artificial) used in Chile) are translated at the following exchange rates:

	09-30-2021	12-31-2020	09-30-2020
	CLP\$	CLP\$	CLP\$
US Dollar (US\$)	811.90	710.95	788.15
Unidad de Fomento (Inflation index-linked unit of account)	30,088.37	29,070.33	28,707.85

2.8 Offsetting of Balances and Transactions

As a general rule, assets and liabilities, income and expenses, are not offset in the unaudited interim combined carve-out financial statements, unless offsetting is required or is permitted by some standard and the presentation reflects the substance of the transaction and the Group expects to net settle.

2.9 Property, plant and equipment

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

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

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

Costs for capitalized loans	09-30-2021	09-30-2020
	ThCLP\$	ThCLP\$
Costs for capitalized loans	2,087,414	1,794,040
Capitalized borrowing rate - functional currency CLP	1.94%	3.17%
Capitalized borrowing rate - functional currency USD	3.00%	3.13%

- The costs that the Group will have to incur in respect of the closure of their facilities are capitalized as part of the cost of the asset, at present value, and a related provision is recognized. Each year, the Group reviews their estimate and makes appropriate adjustments on the catch-up method, if necessary.

Construction in progress is transferred to assets in use once the trial period has ended, when such construction is ready for its intended use, as of which time associated depreciation expense is recorded. Other fixed assets are depreciated when placed in use.

The costs of replacement of parts, without replacing the entire asset which lead to extension of the useful life, increase in capacity, decrease in operating costs, or increase in value through the benefits associated with the asset, are incorporated as an increase in the cost of the asset. Such replacement parts are depreciated over their useful lives (componentization).

The value of any replaced component is written off in the books.

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

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

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

The useful lives used for depreciation of assets are as follows:

Property, Plant and Equipment	Range of estimate useful lives
Building	40 - 80
Plant and Equipment	
Lines and grids	30 - 44
Power transformers	44
Meters	20 - 40
Substations	20 - 60
Information technology equipment	
Hardware	5
Fixed instalations and accesories	
Furniture and office equipment	10
Vehicles	7
Other equipment and tools	10

2.10 Intangible Assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

2.11 Impairment of property, plant and equipment and intangible assets excluding goodwill

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment and definitely-lived intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses (as a result of any event defined in IAS 36), the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognized for the asset in prior years.

2.12 Financial instruments

Financial assets and financial liabilities are recognized in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

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

2.12.1 Financial assets

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

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

a) Classification and initial measurement of financial assets

The classification and measurement criteria correspond to the following:

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

iii. Fair value through profit and loss (FVTPL):

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

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

b) Subsequent measurement of financial assets

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

- i. In the case of financial assets initially recognized at amortized cost, they are measured using the effective interest rate method, which accretes the estimated future cash collections over the expected life of the financial asset.
- ii. Financial assets recognized at fair value with changes in other comprehensive income are subsequently measured at fair value. Interest income is calculated using the effective interest rate method, exchange gains and losses and impairment are recognized in results. Other net gains and losses are recognized in the unaudited interim combined carve-out statement of

comprehensive income. On derecognition, the gains and losses accumulated in other comprehensive income are reclassified to the income for the year.

- iii. In relation to financial assets initially recognized at fair value through profit or loss, these are subsequently measured at fair value. Net gains or losses, including any interest or dividend income, are recognized in profit or loss for the year. These financial assets are held for trading and are acquired for the purpose of selling them in the short term. Financial assets in this category are classified as other current financial assets.

c) Impairment of financial assets

For trade receivables, finance lease receivables and contract assets, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL.

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

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

The trade debtors are users of the transmission system.

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

2.12.2 Financial liabilities

a) Classification, initial and subsequent measurement of financial liabilities

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

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

a) Commercial accounts payable:

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

b) Obligations with banks and financial institutions.

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

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

2.12.3 Derivatives and Hedge Accounting

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

Derivative transactions are monitored regularly and consistently over the life of the contracts to ensure that no significant departures occur from the objectives defined, so as to satisfactorily follow the strategy adopted by Management. The Group has met the requirements for cash flow hedging for the derivative instruments entered into. Also, to meet the requirements set forth

in the standard, the effectiveness during the hedging period is regularly monitored. The effectiveness of derivative transactions is monitored on a retrospective and prospective basis. Such effectiveness must be within the limits defined in IAS 39(80% - 125%). The portion of the fair value of hedging derivatives that, under the respective methodology, turns out to be ineffective is recorded through p & l in financial income or financial expense.

a) Classification of Hedge Instruments – cash flow hedges

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

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

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

Hedge accounting is discontinued when the hedge relationship is canceled, when the hedge instrument expires or is sold, is terminated, or exercises, or no longer qualifies for hedge accounting. Any deferred gain or loss on equity at that time is held in equity and recognized when the expected transaction is finally recognized in profit or loss. When an expected transaction is no longer expected to occur, the accumulated gain or loss that was deferred in equity is recognized immediately in profit or loss.

2.13 Inventories

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

2.14 Other non-financial liabilities

2.14.1 Deferred income for transmission toll revenue

This item mainly includes issues of documents or payments received from customers for services, which according to the contract stipulate advance payments. These amounts are recorded as deferred income in the liabilities of the unaudited interim combined carve-out statement of financial position and are charged to income under "Revenue from ordinary activities" in the unaudited interim combined carve-out statement of comprehensive income to the extent that the service is rendered.

In "Other Non-Current Non-Financial Liabilities," the advance payment on long-term toll contracts with third parties for the use of zonal transmission assets which the Group also must construct is recorded. These contracts also include provisions with respect to toll revenue once construction is completed. During the period of construction, the revenue recognition method is percentage of completion based on costs incurred. Once the construction of the asset has been completed, the toll service revenue is recorded based on usage to date throughout the duration of the contract.

2.14.2 Other works of third parties

The other works to third parties corresponds to electrical works that the entity builds and are billed and/or charged in advance to third parties, other than government subsidies. A receivable is recorded against a corresponding liability. To the extent that progress is made in the construction of the work, the corresponding liability is reduced until the end of construction. Revenue is recognized in proportion to the degree of progress.

The degree of progress is determined in relation to the cost incurred in the project.

2.15 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using

the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

2.16 Employee Benefits - Short-term, long-term employee benefits and severance indemnities

The costs associated with the employee benefits involving services rendered by the employees during the year are charged to profit and loss in the respective year with the exception of the actuarial gains losses on the defined benefit plan (severance indemnities) which are recorded and accumulated in other comprehensive income in accordance with IAS 19.

2.17 Current/Non-Current Classification

In the accompanying unaudited interim combined carve-out statement of financial position, the balances are classified according to their maturities, that is, those with maturities equal to or less than twelve months, and as non-current those with maturities greater than that period.

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

A derivative with a positive fair value is recognized as a financial asset whereas a derivative with a negative fair value is recognized as a financial liability. Derivatives are not offset in the financial statements unless the Group has both a legally enforceable right and intention to offset.

2.18 Income tax

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

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

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

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

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

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

2.19 Recognition of income and expenses

The Group considers as revenue from ordinary activities, in addition to the services invoiced in the year, an estimate for the services provided pending of billing at the end of the year. In addition, the costs associated with these revenues have been duly accrued as operating costs.

The Group recognizes revenue from the following main sources:

- Transmission
- Revenue from the construction of works to third parties

(i) Transmission

Revenues from power transmission services are recorded based on the effective billing of the year of consumption, plus an estimate of the services provided and not billed at the closing date of the year. Revenues for Transmission services are recognized over time.

(ii) Revenue from the construction of works to third parties

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

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

2.20 Interest revenue

Interest revenue is accounted for using the effective interest rate method.

2.21 Dividends

Dividends distributed to shareholders are recognized as a liability on an accrual basis at the end of the reporting year based on the dividend policy agreed upon by the shareholders or as set forth in the by-laws, which to date corresponds to the statutory minimum dividend payments set forth in Article N°79 of Corporations Law N°18,046. The Shareholders' Meeting has the power to change the amount of the dividend to be distributed, which does not necessarily apply for future years.

2.22 Cash and cash equivalents

Under this heading of the unaudited interim combined carve-out statement of financial position, cash is recorded for balances in banks, cash and other short-term highly liquid investments that are realizable in cash, with a maturity of up to three months and which have a low risk of changes in their value. In the unaudited interim combined carve-out statement of financial position, bank overdrafts, if any, are classified in current liabilities.

2.23 Statement of cash flows

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

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

2.24 New standards and amendments

a) Accounting standards and amendments has been applied to these unaudited interim combined carve-out financial statements:

Amendments to IFRS	Mandatory effective date
Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	Annual periods beginning on or after January 1, 2021.
Covid 19-related lease Concessions (Amendment to IFRS 16 “Leases”)	Annual periods beginning on or after January 1, 2021.

COVID 19-related Rent Concessions (amendments to IFRS 16)

This amendment has no effect on the results reported in these Combined Financial Statements as there were no concessions received from lessors, however, it could affect the accounting for future transactions or agreements.

Impact of the application of the other Amendments

The application of the amendments has not had a significant effect on the results reported in these unaudited interim combined carve-out financial statements, however, they could affect the accounting of future transactions or agreements.

b) New standards and amendments with effective application not yet in force:

As of the date of issuance of these unaudited interim combined carve-out financial statements, the following standards and amendments had been issued by the IASB but were not effective.

New IFRS	Mandatory effective date
IFRS 17 Insurance contracts	Annual periods beginning on or after January 1, 2023.

Amendments to IFRS	Mandatory effective date
Classification of liabilities as Current or Non-Current (amendments to IAS 1)	Annual periods beginning on or after January 1, 2023
Reference to the Conceptual Framework (amendments to IFRS 3)	Annual periods beginning on or after January 1, 2022
Property, Plant and Equipment - Income before Intended Use (amendments to IAS 16)	Annual periods beginning on or after January 1, 2022
Onerous Contracts - Costs to Fulfill a Contract (amendments to IAS 37)	Annual periods beginning on or after January 1, 2022
Annual improvements to IFRS standards 2018-2020 cycle	Annual periods beginning on or after January 1, 2022
Disclosure of Accounting Policies (amendments to IAS 1 and IFRS - Practical Statement 2)	Annual periods beginning on or after January 1, 2023
Definition of Accounting Estimates (amendments to IAS 8)	Annual periods beginning on or after January 1, 2023
Deferred taxes related to assets and liabilities arising from a single transaction. (amendments to IAS 12)	Annual periods beginning on or after January 1, 2023

Impact of the application of new rules and amendments

The Group is assessing the impact of the application of the standards and amendments.

3 Risk management policy

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

The main risks to which the Group is exposed are as follows:

3.1 Financial risk

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

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

The management of financial risks of the Group is performed so as to maintain a balance between cash flows from operating activities and requirements with respect to payment of financial liabilities. The Group had, as of September 30, 2021, combined cash and cash equivalents by ThCLP\$999,657. Total borrowings were ThCLP\$123,344,950. Of the total borrowings, 1% is repayable within one year (related to bank debt), and 99% of the borrowings are repayable after more than 5 years (related to bonds).

3.1.1 Exchange rate

The Group transacts primarily in US dollars and Chilean pesos.

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

3.1.2 UF Variance

With respect to the gross revenue of the Group, 58% is denominated in Chilean pesos that are indexed to CPI (local). Tariffs are established taking into account, where applicable, exchange rates (i.e., when supplies are acquired principally in a particular currency) and CPI in the United States or other countries. Additionally, the local inflation-indexation effects are also incorporated into the associated tariff or, in the case of unregulated customers, the contracts may be denominated in the inflation-indexed monetary unit of Chile.

See information in Note 15 with respect to the financial instruments.

3.1.3 Liquidity risk

Financial resources are obtained from own sources, traditional debt, instruments of public and private offering and capital contributions, always maintaining stable structures and ensuring optimization of the use of the most appropriate products in the market. As of September 30, 2021, 99% of debt of the Group is structured with long-term maturities, with annual and/or half-yearly debt service (mainly interest) that are lower than projected flows in conservative scenarios, so as not to have risks of refinancing in the short or long term.

Following is the principal and interest maturity analysis for September 2021 and December 2020:

Principal and interest	Current		Non-current						Total 09-30-2021
	Up to 90 days	More than 90 days until 1 year	More than 1 year until 2 years	More than 2 year until 3 years	More than 3 year until 4 years	More than 4 year until 5 years	More than 5 year until 10 years	More than 10 years	
	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	
Bonds	1,673,274	1,673,274	3,346,549	3,346,549	3,346,549	3,346,549	16,732,744	163,022,038	196,487,526
Total	1,673,274	1,673,274	3,346,549	3,346,549	3,346,549	3,346,549	16,732,744	163,022,038	196,487,526
Percentage	1%	1%	2%	2%	2%	2%	9%	83%	100%

Principal and interest	Current		Non-current						Total 12-31-2020
	Up to 90 days	More than 90 days until 1 year	More than 1 year until 2 years	More than 2 year until 3 years	More than 3 year until 4 years	More than 4 year until 5 years	More than 5 year until 10 years	More than 10 years	
	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	
Bonds	-	3,233,318	3,233,318	3,233,318	3,233,318	3,233,318	16,166,592	159,122,847	191,456,029
Total	-	3,233,318	3,233,318	3,233,318	3,233,318	3,233,318	16,166,592	159,122,847	191,456,029
Percentage	0%	2%	2%	2%	2%	2%	8%	83%	100%

Interest rate risk is currently considered minimized given the fact that all debt is at fixed rates and, as noted in the table above, interest and principal payable are long-term.

The parent company, Inversiones Eléctricas del Sur S.A. carries out joint management of flows from the entire Group, which through its surpluses, or through different debt instruments in the financial market, finances new investments in Group

transmission projects with intercompany loans and these are paid by the subsidiary with the flows generated by these investments or with third-party financing, to the extent that the conditions are favorable.

3.1.4 Credit risk

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

As the payment compliance of the companies that use transmission networks is monitored by the National Electrical Coordinator, in case of non-payment, the Coordinator can suspend the operator. In the case of unregulated contracts, the clients pay timely as suspension of transmission would affect their ability to deliver electricity.

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

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

3.1.5 Covid Risk

On March 11, 2020, the World Health Organization characterized the outbreak of the new coronavirus strain ("COVID-19") as a pandemic that has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. To date, the authorities and their institutions have been taking several measures to mitigate the effects of this pandemic, both from a sanitary point of view, as well as the effects it may cause on the country's economy, therefore on March 18, 2020, the State of Constitutional Disaster Exception was decreed.

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

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

- **Operational continuity plan:** it has been established that all the Group collaborators who can carry out their work remotely, according to the nature of their responsibilities, can do so.
- **Employees health protection:** Implementation of sanitary protocols for those workers who must carry out their work in the field, both in operation and maintenance, construction and public service activities. This has made it possible to maintain the operating standards of the electrical system for the companies that provide the electricity supply service (as required by law, since these public service companies cannot stop providing the service), as well as to avoid greater delays in the construction of works that will attend the future growth of consumption.

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

The Group's Management is responsible for the information contained in these Unaudited interim combined carve-out Financial Statements.

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

The following are the significant judgments, estimates and assumptions used by management in the preparation of these Unaudited interim combined carve-out Financial Statements:

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

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

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

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

- **Transmission toll revenue:** The value of transmission tolls (from the Group's Regulated and Unregulated Transmission Systems) in accordance with current tariff decrees (or existing contracts) and the possible impact of regulation.
 - **Investments in property, Plant and Equipment:** The requirements of new facilities to absorb the demand, as well as the regulatory requirement (i.e. Technical Standards investments) are considered in these projections. The Investment Plan is periodically updated in order to cope with the growth of the business.
 - **Fixed costs:** fixed costs are projected considering the current base, the growth of sales, customers and investments. Both in relation to staffing (considering salary and Chilean CPI adjustments), as well as other operation and maintenance costs, and the projected inflation level.
 - **Macroeconomic Variables:** The macroeconomic variables (inflation, exchange rate among others) that are required to project the flows (sales rates and costs) are obtained from third party reports.
- c) **Revenues and operating costs:** The Group considers as revenue, in addition to services billed in the year, an estimate for the services provided pending billing at the end of the year, considering that the metering is performed during the month according to a metering program. In addition, the costs associated with such revenues have been duly included as operating costs. It is also considered as part of the revenues and costs of the operation, the estimation of certain amounts of the Electricity System (among others, purchase and sale of energy and toll collection) that allow settlements between the different companies of the System for services already provided. These accruals will be reversed once the final settlements are issued by the responsible regulator and recorded in the general ledger.
- d) **Litigation and contingencies:** The final cost for claims and lawsuits could vary due to estimates based on different interpretations of the regulations, opinions and final evaluations of the amount of damages. Therefore, any change in the circumstances involved could have a significant effect on the amount of the provision recorded.

5 Cash and cash equivalents

a) The detail of this item as of September 30, 2021 and December 31, 2020 is as follows:

Cash and cash equivalent	09-30-2021	12-31-2020
	ThCLP\$	ThCLP\$
Cash on hand	55,481	100
Bank Balances	700,567	1,458,887
Other fixed income instruments	243,609	-
Total	999,657	1,458,987

b) The detail by currency type of cash and cash equivalents is as follows:

Detail of Cash and cash equivalent	Currency	09-30-2021	12-31-2020
		ThCLP\$	ThCLP\$
Amount of cash and cash equivalents	CLP	964,441	1,438,956
Amount of cash and cash equivalents	USD	35,216	20,031
Total		999,657	1,458,987

6 Trade Debtors and Other Accounts Receivable

The detail of this item as of September 30, 2021 and December 31, 2020 is as follows:

Trade debtors and other accounts receivable, gross	Current		Non-current	
	09-30-2021	12-31-2020	09-30-2021	12-31-2020
	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
Trade debtors, gross (1)	26,609,670	31,918,817	10,750,928	-
Other accounts receivables, gross	1,020,040	1,672,273	221,428	394,924
Total	27,629,710	33,591,090	10,972,356	394,924

Trade debtors and other accounts receivable, net	Current		Non-current	
	09-30-2021	12-31-2020	09-30-2021	12-31-2020
	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
Trade debtors, net (1)	25,951,436	31,193,321	10,750,928	-
Other accounts receivables, net	1,020,040	1,672,273	221,428	394,924
Total	26,971,476	32,865,594	10,972,356	394,924

Provision for impairment of commercial debtors and other accounts receivable	Current		Non-current	
	09-30-2021	12-31-2020	09-30-2021	12-31-2020
	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
Trade debtors	658,234	725,496	-	-
Total	658,234	725,496	-	-

- (1) In August 2021 revenue was recognized on the financial settlement of the tariffs among transmission businesses, but with a significant lag. In the meantime, an estimate was accrued. The estimate made for the nine-months ended September 30, 2020 was below the final settlement which occurred in the subsequent calendar year and was adjusted in the accounting records at that time in 2021 once all information became known. .

The detail of trade debtors and other accounts receivable billed and not billed and provisioned as of September 30, 2021 and December 31, 2020 is as follows:

Trade debtors and other accounts receivable	Current		Not current	
	09-30-2021	12-31-2020	09-30-2021	12-31-2020
	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
Billed	5,939,800	12,195,776	-	248,431
Transmission tolls	5,527,950	11,437,745	-	-
Advances for imports and suppliers	139,403	420,687	-	-
Account receivable ongoing projects	112,071	210,032	-	-
Debtors retail products and services	160,376	127,312	-	248,431
Not billed or provisioned	21,233,991	20,567,213	10,750,928	-
Transmission tolls	15,704,125	14,639,273	-	-
Approved tariff increases	5,377,595	5,841,799	10,750,928	-
Others	152,271	86,141	-	-
Employee accounts (current account used)	455,919	828,101	221,428	146,493
Total, Gross	27,629,710	33,591,090	10,972,356	394,924
Impairment provision	(658,234)	(725,496)	-	-
Total, Net	26,971,476	32,865,594	10,972,356	394,924

Main concepts of other accounts receivable:

Other accounts receivable	Current		Not current	
	09-30-2021	12-31-2020	09-30-2021	12-31-2020
	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
Advances for imports and suppliers	139,403	420,687	-	-
Account receivable ongoing projects	112,071	210,032	-	-
Debtors material and services	160,376	127,312	-	248,431
Employees accounts	455,919	828,101	221,428	146,493
Other debtors	152,271	86,141	-	-
Total	1,020,040	1,672,273	221,428	394,924
Impairment provision	-	-	-	-
Total, Net	1,020,040	1,672,273	221,428	394,924

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

7 Balances and Transactions with Related Parties

7.1 Balances and transactions with related entities

Transactions between the Group entities occur in the normal operations of the line of business. These transactions have been eliminated in the process of consolidation and are not included in this note.

At the date of these Unaudited interim combined carve-out Financial Statements, there are no guarantees furnished on the balances with related companies, or impairment provisions for them.

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

a) Accounts receivable from related entities, current

Taxpayer ID	Company	Country	Description of the transaction	Deadline for transaction	Nature of relationship	Currency	Current		Not current	
							09-30-2021	12-31-2020	09-30-2021	12-31-2020
							ThCLPS	ThCLPS	ThCLPS	ThCLPS
76.073.164-1	Empresa Eléctrica de la Frontera S.A.	Chile	Current account loans (principal)	More than 1 year	Common Parent Company	UF	-	-	5,280,732	2,864,063
76.073.164-1	Empresa Eléctrica de la Frontera S.A.	Chile	Current account loans (interest)	Less than 90 days	Common Parent Company	UF	32,587	716	-	-
76.073.164-1	Empresa Eléctrica de la Frontera S.A.	Chile	Reimbursement of expenses undertaken for the group	Less than 90 days	Common Parent Company	CLP	20,000	13,650	-	-
96.531.500-4	Compañía Eléctrica Osorno S.A.	Chile	Reimbursement of expenses undertaken for the group	Less than 90 days	Common Parent Company	CLP	-	1,325	-	-
88.272.600-2	Empresa Eléctrica de Aisén S.A.	Chile	Reimbursement of expenses undertaken for the group	Less than 90 days	Common Parent Company	CLP	37,589	-	-	-
76.186.388-6	Sagesa S.A.	Chile	Dividends	Less than 90 days	Sister Company	USD	172,828	660,554	-	-
76.186.388-6	Sagesa S.A.	Chile	Current account loans (principal)	More than 1 year	Sister Company	USD	-	-	46,530	40,744
76.186.388-6	Sagesa S.A.	Chile	Current account loans (interest)	Less than 90 days	Sister Company	USD	116	106	-	-
76.186.388-6	Sagesa S.A.	Chile	Reimbursement of expenses undertaken for the group	Less than 90 days	Sister Company	CLP	17,786	57,314	-	-
99.528.750-1	Sociedad Generadora Austral S.A.	Chile	Reimbursement of expenses undertaken for the group	Less than 90 days	Sister Company	CLP	1,950	150,861	-	-
99.528.750-1	Sociedad Generadora Austral S.A.	Chile	Dividends	Less than 90 days	Sister Company	USD	136,153	419,766	-	-
76.073.162-5	Sociedad Austral de Electricidad S.A.	Chile	Reimbursement of expenses undertaken for the group	Less than 90 days	Common Parent Company	CLP	-	235	-	-
76.073.162-5	Sociedad Austral de Electricidad S.A.	Chile	Maintenance and operations	Less than 90 days	Common Parent Company	CLP	-	54,778	-	-
77.227.565-K	Saesa innova Soluciones SpA	Chile	Reimbursement of expenses undertaken for the group	Less than 90 days	Common Parent Company	CLP	3,067	-	-	-
Total							422,076	1,359,305	5,327,262	2,904,797

b) Accounts payable to related entities, current

Taxpayer ID	Company	Country	Description of the transaction	Deadline for transaction	Nature of relationship	Currency	Current		Not current	
							09-30-2021	12-31-2020	09-30-2021	12-31-2020
							ThCLPS	ThCLPS	ThCLPS	ThCLPS
76.022.072-8	Inversiones Eléctricas del Sur S.A.	Chile	Current account loans (principal)	Less than 90 days	Parent Company	USD	-	-	192,356,214	130,165,010
76.022.072-8	Inversiones Eléctricas del Sur S.A.	Chile	Current account loans (interest)	Less than 90 days	Parent Company	USD	847,231	1,960,550	-	-
76.022.072-8	Inversiones Eléctricas del Sur S.A.	Chile	Current account loans (principal)	More than 1 year	Parent Company	CLP	-	-	57,131,000	43,150,000
76.022.072-8	Inversiones Eléctricas del Sur S.A.	Chile	Current account loans (interest)	Less than 90 days	Parent Company	CLP	267,915	639	-	-
76.022.072-8	Inversiones Eléctricas del Sur S.A.	Chile	Dividends	Less than 90 days	Parent Company	CLP	6,063,716	2,490,126	-	-
76.022.072-8	Inversiones Eléctricas del Sur S.A.	Chile	Reimbursement of expenses undertaken for the group	Less than 90 days	Parent Company	CLP	347	576	-	-
76.073.164-1	Empresa Eléctrica de la Frontera S.A.	Chile	Dividends	Less than 90 days	Common Parent Company	CLP	4,503	4,276	-	-
76.073.164-1	Empresa Eléctrica de la Frontera S.A.	Chile	Reimbursement of expenses undertaken for the group	Less than 90 days	Common Parent Company	CLP	334,927	284,211	-	-
88.272.600-2	Empresa Eléctrica de Aisén S.A.	Chile	Reimbursement of expenses undertaken for the group	Less than 90 days	Common Parent Company	CLP	-	15,338	-	-
96.531.500-4	Compañía Eléctrica Osorno S.A.	Chile	Reimbursement of expenses undertaken for the group	Less than 90 days	Common Parent Company	CLP	14,909	785	-	-
6.443.633-3	Jorge Lesser Garcia-Huidobro	Chile	Remuneration Director	Less than 90 days	Director	UF	68	130	-	-
14.655.033-9	Iván Díaz-Molina	Chile	Remuneration Director	Less than 90 days	Director	UF	68	130	-	-
76.024.762-6	Cóndor Holding SpA	Chile	Dividends	Less than 90 days	Indirect Shareholder	CLP	154	35	-	-
76.024.782-0	Inversiones Grupo Saesa Ltda.	Chile	Dividends (headquarters)	Less than 90 days	Indirect Parent Company	USD	4,555	1,871	-	-
76.186.388-6	Sagesa S.A.	Chile	Current account loans (principal)	Less than 90 days	Sister Company	USD	-	-	18,832,140	19,400,054
76.186.388-6	Sagesa S.A.	Chile	Current account loans (interest)	Less than 90 days	Sister Company	USD	47,901	50,387	-	-
76.186.388-6	Sagesa S.A.	Chile	Dividends	Less than 90 days	Sister Company	CLP	385,086	542,549	-	-
76.186.388-6	Sagesa S.A.	Chile	Reimbursement of expenses undertaken for the group	Less than 90 days	Sister Company	CLP	63	-	-	-
77.227.557-9	Saesa Gestión y Logística SpA	Chile	Reimbursement of expenses undertaken for the group	Less than 90 days	Common Parent Company	CLP	4,691	-	-	-
76.073.162-5	Sociedad Austral de Electricidad S.A.	Chile	Current account loans (principal)	Less than 90 days	Common Parent Company	USD	61,390	22,024	-	-
76.073.162-5	Sociedad Austral de Electricidad S.A.	Chile	Current account loans (interest)	More than 1 year	Common Parent Company	USD	-	-	11,458,310	8,796,549
76.073.162-5	Sociedad Austral de Electricidad S.A.	Chile	Current account loans (principal)	More than 1 year	Common Parent Company	CLP	-	3,138	-	-
76.073.162-5	Sociedad Austral de Electricidad S.A.	Chile	Current account loans (interest)	More than 1 year	Common Parent Company	CLP	-	-	-	4,361,435
76.073.162-5	Sociedad Austral de Electricidad S.A.	Chile	Reimbursement of expenses undertaken for the group	Less than 90 days	Common Parent Company	CLP	4,067,845	1,591,400	-	-
99.528.750-1	Sociedad Generadora Austral S.A.	Chile	Reimbursement of expenses undertaken for the group	Less than 90 days	Sister Company	CLP	844	17	-	-
Total							12,106,213	6,968,182	279,777,664	206,873,048

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

Taxpayer ID	Company	Nature of the relationship	Description of the transaction	09-30-2021		09-30-2020	
				Transaction amount	Effect in P&L (charge)/credit	Transaction amount	Effect in P&L (charge)/credit
				ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
76.022.072-8	Inversiones Eléctricas del Sur S.A.	Parent Company	Current account loans (principal/interest)	250,334,445	1,115,146	18,761,559	938,078
76.073.162-5	Sociedad Austral de Electricidad S.A.	Common Parent Company	Current account loans (principal/interest)	(11,519,700)	(61,390)	1,862,248	93,112
76.073.164-1	Empresa Eléctrica de la Frontera S.A.	Common Parent Company	Current account loans (principal/interest)	5,313,319	32,587	830	830
76.186.388-6	Sagesa S.A.	Sister Company	Current account loans (principal/interest)	(18,785,610)	(47,785)	-	-
96.531.500-4	Compañía Eléctrica Osorno S.A.	Common Parent Company	Reimbursement of expenses undertaken for the group	(14,909)	-	(83,710)	-
76.073.162-5	Sociedad Austral de Electricidad S.A.	Common Parent Company	Reimbursement of expenses undertaken for the group	(4,067,845)	-	533,022	-
76.410.374-2	Sistema de Transmisión del Norte S.A.	Sister Company	Reimbursement of expenses undertaken for the group	-	-	-	-
76.073.164-1	Empresa Eléctrica de la Frontera S.A.	Common Parent Company	Reimbursement of expenses undertaken for the group	(314,927)	-	-	-
76.073.164-1	Empresa Eléctrica de la Frontera S.A.	Common Parent Company	Sale of material	-	-	(48,005)	-
76.230.505-4	Eletrans S.A.	Sister Company	Services	-	-	(285,403)	-
76.429.813-6	Línea de Transmisión Cabo Leones S.A.	Sister Company	Services	-	-	20,605	-
76.022.072-8	Inversiones Eléctricas del Sur S.A.	Sister Company	Dividends	6,063,716	-	-	-
76.073.162-5	Sociedad Austral de Electricidad S.A.	Common Parent Company	Dividends	-	-	(1,099,124)	-
76.410.374-2	Sistema de Transmisión del Norte S.A.	Sister Company	Dividends	40,365	-	5,727	-
76.186.388-6	Sagesa S.A.	Sister Company	Dividends	(212,258)	-	-	-
77.122.643-4	Sociedad de Transmisión Austral S.A.	Sister Company	Dividends	20,082	-	-	-
76.410.374-2	Sistema de Transmisión del Norte S.A.	Sister Company	Maintenance and operations system	3,483,711	-	426,282	-
76.073.164-1	Empresa Eléctrica de la Frontera S.A.	Common Parent Company	Maintenance and operations system	-	-	58,053	58,053
76.073.162-5	Sociedad Austral de Electricidad S.A.	Common Parent Company	Maintenance and operations system	-	-	66,928	66,928
76.186.388-6	Sagesa S.A.	Sister Company	Leases	17,786	17,786	142,687	142,687
76.073.162-5	Sociedad Austral de Electricidad S.A.	Common Parent Company	Transmission Toll Revenue	10,650,532	10,650,532	8,936,937	8,936,937
76.073.164-1	Empresa Eléctrica de la Frontera S.A.	Common Parent Company	Transmission Toll Revenue	255,741	255,741	24,276	24,276
96.531.500-4	Compañía Eléctrica Osorno S.A.	Common Parent Company	Transmission Toll Revenue	651,397	651,397	727,369	727,369
99.528.750-1	Sociedad Generadora Austral S.A.	Sister Company	Transmission Toll Revenue	1,240,912	1,240,912	897,237	897,237

7.2 Board of Directors and Key Management Personnel

The Entities within the Group are managed by a common Board of Directors made up of eight members, who hold their positions for two years and may be reelected. Corporate governance is the same of the parent company Inversiones Eléctricas del Sur S.A. considering that it is involved in all the operations of the Group. No executives are directly hired by the Group Entities

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

The pending balances payable between the Group and its respective Directors by concept of Directors' Compensation, are as follows:

Director	09-30-2021	09-30-2020
	ThCLP\$	ThCLP\$
Ivan Diaz-Molina	68	130
Jorge Lesser Garcia-Huidobro	68	130
Total	136	260

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

b) Board of Directors fees

As stipulated in Article 33 of the Law on Corporations No. 18,046, the fees of the Board of Directors are set every year in the Group's Ordinary Shareholders' Meeting.

The benefit corresponds to the payment of UF 5 (UF: inflation index-linked unit of account) to each Director of the Group, for the period May 2020 to the next Ordinary Shareholders' Meeting in 2021.

c) Remuneration paid to Directors as of September 30, 2021 and 2020, is as follows:

Director	09-30-2021	09-30-2020
	ThCLP\$	ThCLP\$
Ivan Diaz-Molina	1,329	1,148
Jorge Lesser Garcia-Huidobro	1,329	1,148
Total	2,658	2,296

During the years 2021 and 2020, the Group has not made any payments to companies related to any of the Directors.

d) Compensation for key management personnel

The Entities do not have any executive officers directly compensated by them. Management services for key management personnel are allocated to the Entities from the parent (see Statement of Parent Group Equity and Comprehensive Income).

8 Current Tax Assets and Liabilities

The detail of current tax receivables as of September 30, 2021 and December 31, 2020 is as follows:

Current tax assets	09-30-2021	12-31-2020
	ThCLP\$	ThCLP\$
Recoverable income tax	5,300	694,896
Recoverable VAT fiscal credit (1)	7,449,968	14,446,178
Others	290,150	135,017
Total	7,745,418	15,276,091

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

The detail of the accounts payable for current taxes as of September 30, 2021 and December 31, 2020, is as follows:

Current tax liabilities	09-30-2021	12-31-2020
	ThCLP\$	ThCLP\$
Income tax payable, net	2,179,885	10,816,819
VAT Tax Debit	392,287	349,042
Others	29,431	24,687
Total	2,601,603	11,190,548

The sale of a 50% stake in Eletrans (I, II and III) to Chilquinta Energía generated tax on capital gains of ThCLP\$ 9,737,317. Following Chilean IRS guidance, the tax effects were allocated to the above entities and the amount allocated to the Group is reflected in these financial statements. Notwithstanding, the 50% stake appropriately was excluded from the accounting for the combined Group as the ownership participation was not carried by any entity within the Group. The tax allocation, given its assignment, to an entity within the combined carve-out Group, has been recorded herein.

9 Intangibles other than Goodwill

The detail of this item as of September 30, 2021 and December 31, 2020 is as follows:

Intangible Assets, Net	09-30-2021	12-31-2020
	ThCLP\$	ThCLP\$
Total	41,947,617	34,748,887
Easements	36,216,289	34,371,836
Customer relationship (1)	5,330,891	-
Software	400,437	377,051

Intangible Assets, Gross	09-30-2021	12-31-2020
	ThCLP\$	ThCLP\$
Total	36,817,294	34,852,296
Easements	36,216,289	34,371,836
Software	601,005	480,460

Intangible Assets Amortization	09-30-2021	12-31-2020
	ThCLP\$	ThCLP\$
Total	(200,568)	(103,409)
Software	(200,568)	(103,409)

- (1) On July 9, 2021, the Group, acquired all the shares of Tolchén Transmisión SpA, “Tolchén.” The total amount of the transaction amounted to US\$ 35,926,830, which is distributed between the payment of the price of the shares issued by Tolchén to Acciona Energía Global, SL, who owned them, and the payment on account of certain debts that it had with Acciona Energía Chile S.A.

In accordance with what is established in IFRS 3 “Business combination” the Group has recognized Intangibles for ThCLP\$5,330,891 and goodwill for ThCLP\$1,182,360.

With regard to accounting for the purchase of Tolchén Transmisión SpA, at fair value, management’s plan is to complete its assessment as of December 31, 2021 and record any potential adjustment retrospectively as permitted by IFRS 3 “Business Combination.”

With respect to the customer relationship intangible, it will be amortized over a 25 year period based on the term of the contracts.

The details and changes in intangible assets as of September 30, 2021 are as follows:

Movements year 2021	Easements Net	Customer relationship Net	Software Net	Total
	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
Opening balance January 1, 2021	34,371,836	-	377,051	34,748,887
Additions	-	-	120,430	120,430
Acquisition of interest in subsidiary Tolchén Transmisión SpA	-	5,330,891	-	5,330,891
Disposals gross value	(500)	-	-	(500)
Amortization expense	-	-	(97,152)	(97,152)
Increase (decrease) in foreign currency exchange rate (Companies) with functional currency different from the reporting currency	1,844,953	-	108	1,845,061
Total movements	1,844,453	5,330,891	23,386	7,198,730
Closing balance September 30, 2021	36,216,289	5,330,891	400,437	36,616,726

The details and changes in intangible assets as of December 31, 2020 are as follows:

Movements year 2020	Easements Net	Customer relationship Net	Software Net	Total
	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
Opening balance January 1, 2020	35,134,366	-	129,466	35,263,832
Additions	-	-	327,291	327,291
Amortization expense	-	-	(79,706)	(79,706)
Increase (decrease) in foreign currency exchange rate (Companies) with functional currency different from the reporting currency	(762,530)	-	-	(762,530)
Total movements	(762,530)	-	247,585	(514,945)
Closing balance December 31, 2020	34,371,836	-	377,051	34,748,887

The easements are stated at cost. The period for exercising such rights generally has no expiration date, so they are considered to be assets with an indefinite useful life and, consequently, are not subject to amortization.

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

10 Goodwill

The detail of goodwill as of September 30, 2021 and December 31, 2020, is as follows:

Taxpayer ID	Company	09-30-2021	12-31-2020
		ThCLP\$	ThCLP\$
91.715.000-1	Empresa Eléctrica de la Frontera S.A.	7,883,969	7,883,969
96.986.780-K	Empresa Eléctrica de la Frontera S.A.	1,725,559	1,725,559
77.683.400-9	Sistema de Transmisión del Sur S.A.	64,000,000	64,000,000
76.073.162-5	Sociedad Austral de Electricidad S.A.	2,109,123	2,109,123
76.389.448-7	Tolchén Transmisión SpA (1)	1,182,360	-
Total		76,901,011	75,718,651

Due to the requirements of Law No. 21,194, which dictates that distribution companies have an exclusive line of business, goodwill was transferred in the carve out process for transmission assets transferred from Empresa Eléctrica de la Frontera S.A.(Frontel) to Frontel Transmisión S.A.(Frontel Tx) and from Sociedad Austral de Electricidad S.A. to Saesa Transmisión S.A. (Saesa Tx).

The entity STS was allocated goodwill coming from the acquisition of the Saesa Group (parent of Inversiones Eléctricas del Sur S.A.) by OTTPP (Ontario Teachers' Pension Plan) in 2007 of ThCLP\$ 64,000,000.

- (1) Goodwill recognized by the Purchase Price Allocation of Tolchén Transmisión SpA. Please refer to Note 9.

11 Property, plant and equipment

Below are the balances of the item as of September 30, 2021 and December 31, 2020 :

Classes of Property, Plant and Equipment, Net	09-30-2021	12-31-2020
	ThCLP\$	ThCLP\$
Property, Plant and Equipment, Net	601,727,574	512,928,353
Land	7,840,671	7,802,827
Buildings	4,646,686	3,970,352
Plant and equipment	368,263,424	310,781,141
Information technology equipment	92,144	133,633
Fixed facilities and accessories	367,054	362,484
Motor vehicles	2,377,618	1,513,307
Construction in progress	215,212,975	186,426,473
Other property, plant and equipment	2,927,002	1,938,136
Classes of Property, Plant and Equipment, Gross		
	09-30-2021	12-31-2020
	ThCLP\$	ThCLP\$
Property, Plant and Equipment, Gross	689,201,537	587,390,558
Land	7,840,671	7,802,827
Buildings	6,089,678	5,154,027
Plant and equipment	451,268,882	381,683,716
Information technology equipment	888,140	891,280
Fixed facilities and accessories	670,624	611,050
Motor vehicles	2,660,699	1,699,060
Construction in progress	215,212,975	186,426,473
Other property, plant and equipment	4,569,868	3,122,125
Classes of Accumulated Depreciation and Impairment, Property, Plant and Equipment		
	09-30-2021	12-31-2020
	ThCLP\$	ThCLP\$
Total	(87,473,963)	(74,462,205)
Buildings	(1,442,992)	(1,183,675)
Plant and equipment	(83,005,458)	(70,902,575)
Information technology equipment	(795,996)	(757,647)
Fixed facilities and accessories	(303,570)	(248,566)
Motor vehicles	(283,081)	(185,753)
Other property, plant and equipment	(1,642,866)	(1,183,989)

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

Movements period 2021	Land	Buildings, net	Plant and equipment, net	Information technology equipment, net	Fixed facilities and accessories, net	Motor vehicles, net	Constructions in progress	Other property, plant and equipment, net	Total
	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
Opening balance as of January 1, 2021	7,802,827	3,970,352	310,781,141	133,633	362,484	1,513,307	186,426,473	1,938,136	512,928,353
Additions	-	-	-	-	-	-	58,332,269	-	58,332,269
Acquisition of interest in subsidiary Tolchén Transmisión SpA	-	-	27,260,592	-	-	-	-	-	27,260,592
Other (Capitalized work in progress)	70,773	504,553	77,965,868	3,869	238,495	1,613,979	(81,718,753)	1,321,216	-
Disposals	(39,174)	-	(2,256)	-	-	(19,925)	-	-	(61,355)
Accumulated depreciation reversals	-	-	103	-	-	9,587	-	-	9,690
Depreciation expense	-	(134,413)	(7,968,645)	(38,291)	(33,018)	(95,221)	-	(251,963)	(8,521,551)
Increase (decrease) in foreign currency exchange (Companies with functional currency other than the reporting currency)	6,245	306,194	(39,773,379)	(7,067)	(200,907)	(644,109)	52,172,986	(80,387)	11,779,576
Total movements	37,844	676,334	57,482,283	(41,489)	4,570	864,311	28,786,502	988,866	88,799,221
Closing balance as of September 30, 2021	7,840,671	4,646,686	368,263,424	92,144	367,054	2,377,618	215,212,975	2,927,002	601,727,574

The following is the detail of property, plant and equipment as of December 31, 2020:

Movement year 2020	Land	Buildings, net	Plant and equipment, net	Information technology equipment, net	Fixed facilities and accessories, net	Motor vehicles, net	Constructions in progress	Other property, plant and equipment, net	Total
	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
Opening balance as of January 1, 2020	7,508,399	1,867,517	297,989,779	262,309	66,094	245,585	158,898,829	1,448,475	468,286,987
Additions	-	-	-	-	-	-	58,667,668	-	58,667,668
Other (Capitalized work in progress)	294,428	2,721,086	25,700,700	18,906	272,543	658,118	(30,382,881)	717,100	-
Increase (decrease) through transfers from construction in progress, property, plant and equipment	-	-	-	-	7,740	-	(7,740)	-	-
Disposals	-	-	(313,000)	-	-	(61,768)	-	(20,241)	(395,009)
Accumulated depreciation reversals	-	8,645	75,610	-	(355)	61,767	-	21,894	167,561
Depreciation expense	-	(174,193)	(9,661,324)	(622,571)	(30,209)	(68,554)	-	(226,574)	(10,783,425)
Increase (decrease) in foreign currency exchange (Companies with functional currency other than the reporting currency)	-	(452,703)	(3,010,624)	474,989	46,671	678,159	(749,403)	(2,518)	(3,015,429)
Total movements	294,428	2,102,835	12,791,362	(128,676)	296,390	1,267,722	27,527,644	489,661	44,641,366
Closing balance as of December 31, 2020	7,802,827	3,970,352	310,781,141	133,633	362,484	1,513,307	186,426,473	1,938,136	512,928,353

Additional Information on Property, Plant and Equipment

- a) Depreciation of property, plant and equipment is presented in the item "Depreciation and Amortization Expense."
- b) The companies of the Group all have risk insurance coverage for their property, plant and equipment (power stations, substations, constructions, contents and inventories), except for the power transmission lines and power grid which are self-insured. The above insurance coverage is effective for 12 to 14 months.
- c) The amount of property, plant and equipment fully depreciated September 30, 2021 and December 31, 2020 is not significant. The Group does not have any significant amount of assets not in service or withdrawn from active use.
- d) The assets presented as property, plant and equipment do not have restrictions of any kind in favor of third parties, nor have they been provided as collateral.

12 Income tax and deferred taxes

12.1 Income tax

- a) The detail of income tax expense recorded in the unaudited interim combined carve-out statement of comprehensive income for the nine-months periods ended 2021 and 2020 is as follows:

Income tax expense	09-30-2021	09-30-2020
	ThCLP\$	ThCLP\$
Current Income taxes		
Current tax expense	5,694,352	3,164,295
Adjustment to prior year tax expense	-	25,274
Other expenses of current income taxes	1,113	1,081
Total Current Income taxes, net	5,695,465	3,190,650
Deferred taxes		
Deferred tax expense relating to the origination and reversal of temporary differences	450,207	3,614,019
Deferred tax expense, net, total	450,207	3,614,019
Total Income tax expense	6,145,672	6,804,669

- b) The effective tax rate reconciliation for the nine-months periods ended 2021 and 2020 is as follows:

Reconciliation of accounting profit multiplied by applicable tax profits	09-30-2021	09-30-2020
	ThCLP\$	ThCLP\$
Accounting profit before tax	27,158,831	19,994,990
Total expense per gains taxes using the legal rate 27%	(7,332,884)	(5,398,647)
Tax effect of income related to permanent differences related to non-taxable p&l items	2,206,529	139,570
Tax effect of non-deductible expenses for calculating tax profits (losses)	(751,619)	(814,666)
Tax effect from changes in tax rates	(331,952)	(245,748)
Other tax effects from reconciliation of accounting profits and tax (expense) income	64,254	322,127
Total adjustment to tax (expense) income using the statutory rate	1,187,212	(598,717)
Tax (expense) income using the effective rate	(6,145,672)	(5,997,364)
Effective tax rate	22.63%	29.99%

12.2 Deferred Taxes

The details of deferred taxes recorded As of September 30, 2021 and December 31, 2020 are as follows:

Temporary difference of deferred taxes assets	09-30-2021	12-31-2020
	ThCLP\$	ThCLP\$
Deferred taxes related to post-employment benefits	51,756	183,007
Deferred taxes related to provision for uncollectible accounts	177,723	195,884
Deferred taxes related to provision for vacations	94,675	90,520
Deferred taxes related to provision for obsolescence	6,655	10,143
Deferred taxes related to unearned income	3,288,187	2,412,467
Deferred taxes related to prepaid expenses	634,896	628,308
Deferred taxes related to tax losses	21,124,819	14,016,268
Deferred taxes related to provision for personnel benefits	58,618	66,867
Deferred taxes leases	119,285	51,054
Deferred taxes related to other provisions	169,259	198,954
Total deferred tax assets	25,725,873	17,853,472

Temporary difference of deferred taxes liabilities	09-30-2021	12-31-2020
	ThCLP\$	ThCLP\$
Deferred taxes related to depreciation	61,145,611	51,880,887
Deferred taxes related to anticipated expenses	323,616	313,125
Deferred taxes related to intangibles	1,439,341	-
Total Deferred tax liabilities	62,908,568	52,194,012

Deferred taxes are presented in the Unaudited interim combined carve-out Statement of Financial Position as follows:

Temporary differences, net	09-30-2021	12-31-2020
	ThCLP\$	ThCLP\$
Assets Non-current	25,725,873	17,853,472
Liabilities Non-current	(62,908,568)	(52,194,012)
Net	(37,182,695)	(34,340,540)

Movements in the items "Deferred Taxes", of the Unaudited interim combined carve-out Statements of Financial Position as of September 30, 2021 and December 31, 2020, are as follows:

Deferred tax movements	Assets		Liabilities	
	09-30-2021	12-31-2020	09-30-2021	12-31-2020
	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
Initial balance	17,853,472	16,124,768	52,194,012	45,097,611
Increase (decrease) in deferred taxes recorded through P&L	5,702,840	2,475,204	6,153,048	6,922,118
Increase (decrease) in deferred taxes in other comprehensive income	(147,026)	19,420	-	-
Increase (decrease) in exchange difference	2,015,572	(592,629)	2,649,774	(676,338)
Increase (decrease) in deferred taxes related to acquisition of interest in Tolchén Transmisión SpA	-	-	1,439,341	-
Others increase (decrease)	301,015	(173,291)	472,393	850,621
Total movements	7,872,401	1,728,704	10,714,556	7,096,401
Final balance	25,725,873	17,853,472	62,908,568	52,194,012

Recovery of the deferred tax asset balances depends on obtaining sufficient tax profits in the future. The Group's Management considers that projections of future profits of the various companies making up the Group are sufficient to recover these assets.

All of the Groups' companies are domiciled in Chile, so the local regulations in force apply equally to all of them.

13 Other current and non-current Financial Liabilities

a) The detail of current and non-current balances as of September 30, 2021 and December 31, 2020, is as follows:

Classes of interest-bearing borrowings	Current		Non-current	
	09-30-2021	12-31-2020	09-30-2021	12-31-2020
	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
Bank loans	-	15,001,638	-	-
Bonds	1,532,942	679,897	121,667,951	117,546,212
Derivatives	144,057	-	-	-
Total	1,676,999	15,681,535	121,667,951	117,546,212

b) The breakdown by currency and maturity of the obligations with bank institutions as of December 31, 2020, is as follows:

As a September 30, 2021, there were not any bank loans.

Debt Company Name	Name of Creditor	Creditor ID Number	Type of currency	Nominal interest rate	Type of amortization	12-31-2020							
						Current			Non-current				
						Up to 90 days	More than 90 days up to 1 year	Total current	More than 1 year to 3 years	More than 3 years to 5 years	More than 5 years	Total Non-current	
						ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	
Línea de Transmisión Cabo Leones S.A.	Banco Scotiabank	97.018.000-1	CLP	0.30%	Upon expiration	10,001,092	-	10,001,092	-	-	-	-	-
Sociedad Austral de Transmisión Troncal S.A.	Banco Scotiabank	97.018.000-1	CLP	0.30%	Upon expiration	-	5,000,546	-	-	-	-	-	-
Total						15,001,638	-	15,001,638	-	-	-	-	

c) The breakdown by currency and maturity of the bond obligations as of September 30, 2021 and December 31, 2020, is as follows:

Segment country	Currency	Type of amortization	Nominal rate	Guarantee	09-30-2021									
					Current			Non-current						
					Up to 1 year			More than 1 year to 3 years		More than 3 years to 5 years		More than 5 years	Total Non-current	
					Up to 90 days	More than 90 days up to 1 year	Total current	More than 1 year to 2 years	More than 2 years to 3 years	More than 3 years to 4 years	More than 4 years to 5 years	More than 5 years		
ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$					
Chile	UF	Semiannual	2.80%	Without guarantee	-	1,532,942	1,532,942	-	-	-	-	-	121,667,951	121,667,951
Total					-	1,532,942	1,532,942	-	-	-	-	-	121,667,951	121,667,951

Segment country	Currency	Type of amortization	Nominal rate	Guarantee	12-31-2020									
					Current			Non-current						
					Up to 1 year			More than 1 year to 3 years		More than 3 years to 5 years		More than 5 years	Total Non-current	
					Up to 90 days	More than 90 days up to 1 year	Total current	More than 1 year to 2 years	More than 2 years to 3 years	More than 3 years to 4 years	More than 4 years to 5 years	More than 5 years		
ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$					
Chile	UF	Semiannual	2.80%	Without guarantee	-	679,897	679,897	-	-	-	-	-	117,546,212	117,546,212
Total					-	679,897	679,897	-	-	-	-	-	117,546,212	117,546,212

13.1 Derivative Instruments

Company	Bank	Instrument	Start date	Maturity date	Duration (days)	UF		USD		Type of hedge	Assets		Liabilities	
						Company receives		Company pays			09-30-2021	12-31-2020	09-30-2021	12-31-2020
						Notional ThUF	Interest rate	Notional ThUSD	Interest rate		ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
SATT	Chile	Cross Currency Swap	28-11-2019	30-06-2021	580	31.2	0,00%	1,062	3.76%	Cash flow	-	147,556	-	-
STS	Chile	Forward	20-04-2021	13-10-2021	176	330	0,00%	330	0,00%	Cash flow	38,411	-	-	-
STS	Chile	Forward	20-04-2021	13-10-2021	176	330	0,00%	330	0,00%	Cash flow	38,411	-	-	-
STS	Chile	Forward	13-05-2021	29-10-2021	169	1,391	0,00%	1,391	0,00%	Cash flow	-	-	144,057	-
Total											76,822	147,556	144,057	-

14 Trade and Other Accounts Payable

The details of this item as of September 30, 2021 and December 31, 2020 are as follows:

Trade Accounts Payable and Other Accounts Payable	Current		Non-current	
	09-30-2021	12-31-2020	09-30-2021	12-31-2020
	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
Trade accounts payable (Goods and services)	23,548,087	16,828,721	330,482	-
Other accounts payable	1,684,754	1,481,791	-	-
Total	25,232,841	18,310,512	330,482	-

15 Financial instruments

15.1 Financial instruments by category

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

a) Financial assets

Financial assets	09-30-2021			
	Financial assets at amortized cost	Assets at fair value through profit or loss	Hedge derivatives	Total
	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
Cash and cash equivalents	756,048	243,609	-	999,657
Other financial assets, current	-	-	76,822	76,822
Trade debtors and other accounts receivable current and non-current	37,943,832	-	-	37,943,832
Accounts receivable to related companies, current and non-current	5,749,338	-	-	5,749,338
Total Financial assets	44,449,218	243,609	76,822	44,769,649

Financial assets	12-31-2020			
	Financial assets at amortized cost	Assets at fair value through profit or loss	Hedge derivatives	Total
	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
Cash and cash equivalents	1,458,987	-	-	1,458,987
Other financial assets, current	-	-	147,556	147,556
Trade debtors and other accounts receivable current and non-current	33,260,518	-	-	33,260,518
Accounts receivable to related companies, current and non-current	4,264,102	-	-	4,264,102
Total Financial assets	38,983,607	-	147,556	39,131,163

b) Financial liabilities

Financial liabilities	09-30-2021		
	Financial liabilities at amortized cost	Hedge derivatives	Total
	ThCLP\$	ThCLP\$	ThCLP\$
Bonds	123,200,893	-	123,200,893
Other financial liabilities (derivatives)	-	147,556	147,556
Lease liabilities, current and non-current	1,740,651	-	1,740,651
Trade accounts payable and other accounts payable, current and non-current	25,563,323	-	25,563,323
Accounts payable to related companies, current and non-current	291,883,877	-	291,883,877
Totales Financial liabilities	442,388,744	147,556	442,536,300

Financial liabilities	12-31-2020		
	Financial liabilities at amortized cost	Hedge derivatives	Total
	ThCLP\$	ThCLP\$	ThCLP\$
Bonds	133,227,747	-	133,227,747
Lease liabilities, current and non-current	1,552,231	-	1,552,231
Trade accounts payable and other accounts payable, current and non-current	18,310,512	-	18,310,512
Accounts payable to related companies, current and non-current	212,841,230	-	212,841,230
Totales Financial liabilities	365,931,720	-	365,931,720

15.2 Fair value of financial instruments

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

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

Financial assets	09-30-2021	
	Book Value	Fair Value
	ThCLP\$	ThCLP\$
Investments held at amortized cost:		
Cash on hand	55,481	55,481
Balance in banks	700,567	700,567
Trade debtors and other current accounts receivable	26,971,476	26,971,476

Financial liabilities	09-30-2021	
	Book Value	Fair Value
	ThCLP\$	ThCLP\$
Financial liabilities held at amortized cost:		
Bonds	123,200,893	107,917,028
Lease liabilities	1,740,651	1,740,651
Trade payables and other current accounts payable	25,232,841	25,232,841

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

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

- a) Trade accounts and other current accounts receivable, trade accounts payable and other accounts payable correspond to receivables mainly associated with energy sales and tolls, which have a short-term collection horizon. Therefore, their carrying value approximates fair value.
- b) The fair value of the bonds and the bank was determined based on market price references, since these instruments are traded in the market under standard conditions and with a high degree of liquidity.

c) Recognition of Fair Value Measurements in the Unaudited interim combined carve-out Financial Statements:

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

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

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

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

16 Other Non-Financial Liabilities, current and non-current

The details of this item as of as of September 30, 2021 and December 31, 2020 are as follows:

Other non-financial liabilities	Current		Non Current	
	09-30-2021	09-30-2021	09-30-2021	12-31-2020
	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
Other works of third parties	259,459	357,423	-	-
Deferred income for transmission tolls revenue	386,445	386,445	8,303,894	8,564,283
Other non-financial non-current liabilities	-	-	5,177,182	1,811,604
Total	645,904	743,868	13,481,076	10,375,887

17 Revenue

The details of this item of the unaudited interim combined carve-out income statement accounts for the nine month periods ended September 30, 2021 and 2020 is as follows:

Revenue from Ordinary Activities	01-01-2021 09-30-2021	01-01-2020 09-30-2020
	ThCLP\$	ThCLP\$
Transmission tolls	58,895,891	43,603,925
Total Revenue from ordinary activities	58,895,891	43,603,925

Other revenue, by nature	01-01-2021 09-30-2021	01-01-2020 09-30-2020
	ThCLP\$	ThCLP\$
Constructions and works to third parties	1,314,732	970,933
Sale of material and equipment	4,822,211	1,944,842
Other revenue	258,212	461,671
Total Other revenue, by nature	6,395,155	3,377,446

18 Expenses for Benefits to Employees

The detail of this item in the statement of income for the nine month periods ended September 30, 2021 and 2020 is as follows:

Employee expenses	01-01-2021 09-30-2021	01-01-2020 09-30-2020
	ThCLP\$	ThCLP\$
Wages and remunerations	7,616,352	5,868,543
Other benefits to employees short term	309,736	315,166
Expenses for benefits post employment, defined benefit plans	377,656	239,173
Employee cost capitalized to Work in Progress	(2,087,414)	(1,793,783)
Total	6,216,330	4,629,099

19 Expense for depreciation and amortization

The detail of this item in the statement of income for the nine month periods ended September 30, 2021 and 2020 is as follows:

Depreciation and amortization	01-01-2021 09-30-2021	01-01-2020 09-30-2020
	ThCLP\$	ThCLP\$
Depreciation	8,531,225	8,112,801
Amortization of intangibles	126,743	82,592
Amortization of right of use assets	69,208	14,092
Total Depreciation and amortization	8,727,176	8,209,485

20 Other expenses by nature

The detail of this item in the income statement account for nine month periods ended September 30, 2021 and 2020 is as follows:

Other expenses by nature	01-01-2021 09-30-2021	01-01-2020 12-31-2020
	ThCLP\$	ThCLP\$
Shared services	3.755.539	2.990.017
Operations and maintenance of electrical system	5.089.142	2.475.191
Operation vehicles, travel and expenses	228.786	277.066
Rental of machinery, equipment and facilities	221.345	122.814
Recoveries	(86.057)	(123.041)
Administration expenses	2.408.641	2.353.509
Other expenses by nature	494.661	603.313
Total	12.112.057	8.698.869

21 Financial Results

The details of financial income and expenses for the nine month periods ended September 30, 2021 and 2020 are as follows:

Financial Result	01-01-2021 09-30-2021	01-01-2020 09-30-2020
	ThCLP\$	ThCLP\$
Income from cash and cash equivalents	2.994	35.062
Other financial income	49.918	70.416
Total Financial Income	52.912	105.478
Bank loans expenses	(4.312)	(459.394)
Bond expenses	(2.430.691)	(2.351.700)
Other financial expenses (related parties loans)	(4.887.985)	(4.393.753)
Capitalized borrowing costs	2.521.056	2.524.105
Total Financial Costs	(4.801.932)	(4.680.742)
Effect of inflation-indexation	(3.569.211)	(1.409.977)
Positive	671.288	2.636.552
Negative	(3.024.010)	(1.762.922)
Exchange differences	(2.352.722)	873.630
Total Financial Result	(10.670.953)	(5.111.611)

21.1 Guarantees Pledged to Third Parties

The guarantees pledged to third parties involve the construction of projects for third parties or projects under the FNDR (State Fund for Regional Development) for supplying isolated sectors with electricity.

Guarantees awarded as of September 30, 2021 are as follows:

Warranty creditor	Company delivering guarantee		Assets Involve			2021	2022	2023	2024	2025	2026
	Name	Relation	Type of Guarantee	Currency	Total						
Ministerio de Bienes Nacionales	SATT	Guarantees construction work	Performance bond	UF	494,267	150	482,211	11,906	-	-	-
Ministerio de Energía	SATT	Guarantees construction work	Performance bond	USD	3,012,118	714,910	2,195,087	102,121	-	-	-
San Andres SPA	SATT	Guarantees construction work	Performance bond	USD	316,641	-	316,641	-	-	-	-
Coordinador Independiente del Sistema Eléctrico Nacional	STA	Guarantees construction work	Performance bond	USD	688,694	-	688,694	-	-	-	-
Ministerio de Energía	STA	Guarantees construction work	Performance bond	USD	1,623,800	-	1,623,800	-	-	-	-
Compañía General de Electricidad	STN	Guarantees construction work	Performance bond	CLP	138,010	-	138,010	-	-	-	-
Compañía Minera Doña Inés de Collahuasi SCM	STN	Guarantees construction work	Performance bond	CLP	1,224,896	-	-	-	1,224,896	-	-
Empresa Nacional de Energía Enx S.A.	STN	Guarantees construction work	Performance bond	CLP	3,500	-	3,500	-	-	-	-
CODELCO CHILE	STN	Guarantees construction work	Performance bond	UF	366,506	-	-	-	-	-	366,506
Compañía Minera Lomas Bayas	STN	Guarantees construction work	Performance bond	UF	115,359	-	-	-	115,359	-	-
Compañía Minera Zaldivar SPA	STN	Guarantees construction work	Performance bond	UF	320,718	-	-	320,718	-	-	-
Empresa de Transmisión Eléctrica Transemel S.A.	STN	Guarantees construction work	Performance bond	UF	185,104	-	-	-	185,104	-	-
Minera Meridian Ltda	STN	Guarantees construction work	Performance bond	UF	2,007	2,007	-	-	-	-	-
Sodexo Chile SPA	STN	Guarantees construction work	Performance bond	UF	40,728	-	-	40,728	-	-	-
Compañía Minera Doña Inés de Collahuasi SCM	STN	Guarantees construction work	Performance bond	USD	81,190	81,190	-	-	-	-	-
Director de Vialidad	STS	Guarantees construction work	Performance bond	UF	7,492	3,430	4,062	-	-	-	-
Empresa de Los Ferrocarriles del Estado	STS	Guarantees construction work	Performance bond	UF	36,106	-	36,106	-	-	-	-
Ministerio de Energía	STS	Guarantees construction work	Performance bond	USD	2,322,034	194,856	1,534,491	592,687	-	-	-
Total						996,544	7,022,603	1,068,459	1,525,359	-	366,506

22 Sureties Obtained from Third Parties

As of September 30, 2021 and 2020, the Group has received guarantees from clients, suppliers and contractors guaranteeing, primarily, performance under power supply contracts, works to be performed and advance payments for ThCLP\$15.100.385 (ThCLP\$15.901.676 in 2020).

23 Commitments and Restrictions

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

STS must report quarterly on compliance with these ratios. As of September 30, 2020, STS is in compliance with all the financial ratios required in those contracts and complies with the aforementioned covenants.

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

As of September 30, 2021, STS complies with the covenants stipulated in their financial contracts.

24 Summarized Financial Information of the Group Subsidiaries

The summarized financial information of subsidiaries that make up the Group as of and for the nine-month period ended September 30, 2021 and the year ended December 31, 2020 is as follows:

TAXPAYER NUMBER	Name	Country	Currency	09-30-2021						
				CURRENT ASSETS	NON-CURRENT ASSETS	CURRENT LIABILITIES	NON-CURRENT LIABILITIES	ORDINARY REVENUE	NET PROFIT (LOSS)	TOTAL COMPREHENSIVE INCOME
				ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
77.683.400-9	Sistema de Transmisión del Sur S.A.	Chile	CLP	18,259,769	331,621,546	33,947,450	182,338,264	39,231,066	15,078,394	15,531,981
76.410.374-2	Sistema de Transmisión del Norte S.A.	Chile	USD	7,029,643	54,995,048	2,076,520	31,894,685	5,404,417	1,550,276	4,784,029
76.440.111-5	Sistema de Transmisión del Centro S.A.	Chile	USD	2,944,988	68,824,886	712,835	42,683,628	2,595,668	64,511	343,701
76.519.747-3	Sociedad Austral de Transmisión Troncal S.A.	Chile	USD	8,114,716	100,575,573	6,464,409	79,203,048	3,763,280	1,440,451	3,983,256
77.722.643-4	Sociedad de Transmisión Austral S.A.	Chile	USD	1,333,803	157,376,781	4,871,036	59,744,375	-	3,668,734	15,085,710
77.312.201-6	Saesa Transmisión S.A.	Chile	CLP	7,683,314	225,438,968	4,790,572	889,907	598,422	15,180,402	15,716,007
77.307.979-K	Frontel Transmisión S.A.	Chile	CLP	3,221,692	61,149,868	1,586,440	47,202,985	3,738,120	1,868,350	-
76.429.813-6	Línea de Transmisión Cabo Leones S.A.	Chile	USD	1,032,144	43,346,617	1,325,012	39,878,546	3,071,501	1,141,131	1,566,813
76.389.448-7	Tolchén Transmisión SpA	Chile	USD	623,763	34,615,050	423,794	28,462,954	568,147	522,721	-

TAXPAYER NUMBER	Name	Country	Currency	12-31-2020						
				CURRENT ASSETS	NON-CURRENT ASSETS	CURRENT LIABILITIES	NON-CURRENT LIABILITIES	ORDINARY REVENUE	NET PROFIT (LOSS)	TOTAL COMPREHENSIVE INCOME
				ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
77.683.400-9	Sistema de Transmisión del Sur S.A.	Chile	CLP	21,335,324	296,601,495	22,163,538	162,891,939	24,251,202	11,878,882	17,292,440
76.410.374-2	Sistema de Transmisión del Norte S.A.	Chile	USD	8,635,015	49,211,203	3,005,132	31,174,374	5,631,238	1,627,616	2,922,684
76.440.111-5	Sistema de Transmisión del Centro S.A.	Chile	USD	5,271,659	58,810,246	1,856,585	37,288,950	2,298,405	(121,165)	1,910,678
76.519.747-3	Sociedad Austral de Transmisión Troncal S.A.	Chile	USD	8,704,951	76,405,290	9,566,027	55,183,234	3,592,476	2,380,475	1,278,682
77.722.643-4	Sociedad de Transmisión Austral S.A.	Chile	USD	2,739,096	107,418,311	6,812,836	22,099,145	-	5,745,829	-
77.312.201-6	Saesa Transmisión S.A.	Chile	CLP	7,340,895	219,910,419	9,764,610	850,621	838,236	539,393	-
77.307.979-K	Frontel Transmisión S.A.	Chile	CLP	2,799,398	58,446,297	196,087	46,775,319	3,898,841	1,718,530	-
76.429.813-6	Línea de Transmisión Cabo Leones S.A.	Chile	USD	7,432,848	38,223,731	11,064,798	33,140,870	3,218,946	1,845,020	1,804,610

25 Additional Information on Financial Debt

The following is an undiscounted maturity analysis:

a) Bank loans

Debtor entity			Creditor entity		Type of currency	Effective interest rate	Nominal interest rate	09-30-2021								
Debtor Company ID Number	Debtor Company Name	Country	Name of Creditor	Country of origin				Current			Non-current					
								Up to 90 days	More than 90 days up to 1 year	Total Current	More than 1 year up to 2 years	More than 2 years up to 3 years	More than 3 years up to 4 years	More than 4 years up to 5 years	More than 5 years	Total non-current
					ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$		
76.429.813-6																
Total					-	-	-	-	-	-	-	-	-	-	-	

Debtor entity			Creditor entity		Type of currency	Effective interest rate	Nominal interest rate	12-31-2021								
Debtor Company ID Number	Debtor Company Name	Country	Name of Creditor	Country of origin				Current			Non-current					
								Up to 90 days	More than 90 days up to 1 year	Total Current	More than 1 year up to 2 years	More than 2 years up to 3 years	More than 3 years up to 4 years	More than 4 years up to 5 years	More than 5 years	Total non-current
					ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$		
76.429.813-6	Línea de Transmisión Cabo Leones S.A.	Chile	Banco Scotiabank	Chile	CLP	0.30%	0.30%	10,002,352	-	10,002,352	-	-	-	-	-	
76.519.747-3	Sociedad Austral de Transmisión Troncal S.A.	Chile	Banco Scotiabank	Chile	CLP	0.30%	0.30%	5,001,176	-	5,001,176	-	-	-	-	-	
Total					-	-	15,003,528	-	15,003,528	-	-	-	-	-	-	

b) Bonds

Debtor entity			Creditor entity		Bond agreement / N° of registration	Currency	Effective interest rate	Nominal interest rate	09-30-2021								
Debtor Company ID Number	Debtor Company Name	Country	Creditor	Country					Current			Non-current					
									Up to 90 days	More than 90 days up to 1 year	Total Current	More than 1 year up to 2 years	More than 2 years up to 3 years	More than 3 years up to 4 years	More than 4 years up to 5 years	More than 5 years	Total non-current
					ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$			
77.683.400-9	Sistema de Transmisión del Sur S.A.	Chile	Banco de Chile	Chile	Emisión de Línea Serie A / N° 923	UF	2.80%	2.80%	1,673,274	1,673,274	3,346,548	3,346,549	3,346,549	3,346,549	3,346,549	179,754,782	193,140,978
Total					1,673,274	1,673,274	3,346,548	3,346,549	3,346,549	3,346,549	3,346,549	3,346,549	3,346,549	179,754,782	193,140,978		

Debtor entity			Creditor entity		Bond agreement / N° of registration	Currency	Effective interest rate	Nominal interest rate	12-31-2020									
Debtor Company ID Number	Debtor Company Name	Country	Creditor	Country					Current			Non-current						
									Up to 90 days	More than 90 days up to 1 year	Total Current	More than 1 year up to 2 years	More than 2 years up to 3 years	More than 3 years up to 4 years	More than 4 years up to 5 years	More than 5 years	Total non-current	
					ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$				
77.683.400-9	Sistema de Transmisión del Sur S.A.	Chile	Banco de Chile	Chile	Emisión de Línea Serie A / N° 923	UF	2.80%	2.80%	-	3,233,318	3,233,318	3,233,318	3,233,318	3,233,318	3,233,318	3,233,318	175,289,439	188,222,711
Total					-	3,233,318	3,233,318	3,233,318	3,233,318	3,233,318	3,233,318	3,233,318	3,233,318	3,233,318	175,289,439	188,222,711		

26 Foreign Currency

ASSETS	Currency	09-30-2021	12-31-2020
		ThCLP\$	ThCLP\$
Cash and cash equivalents	CLP	964,441	1,438,956
Cash and cash equivalents	USD	35,216	20,031
Other financial assets, current	CLP	76,822	147,556
Other non-financial assets, current	CLP	1,310,327	933,138
Trade and Other Receivables, current	CLP	26,934,747	32,829,884
Trade and Other Receivables, current	UF	36,729	35,710
Accounts receivable from related entities, current	CLP	80,392	278,163
Accounts receivable from related entities, current	USD	309,097	1,080,426
Accounts receivable from related entities, current	UF	32,587	716
Current inventories	CLP	3,115,990	2,880,479
Current tax assets	CLP	7,745,418	15,276,091
TOTAL CURRENT ASSETS		40,641,766	54,921,150
TOTAL CURRENT ASSETS	CLP	40,228,137	53,784,267
	USD	344,313	1,100,457
	UF	69,316	36,426
		40,641,766	54,921,150
ASSETS	Currency	09-30-2021	12-31-2020
Other non-financial assets, non-current	CLP	34,460	38,960
Trade and Other Receivables, non-current	CLP	10,816,367	248,431
Trade and Other Receivables, non-current	UF	155,989	146,493
Accounts receivable from related entities, non-current	USD	46,530	40,744
Accounts receivable from related entities, non-current	UF	5,280,732	2,864,053
Intangible assets other than goodwill	CLP	36,616,726	34,748,887
Goodwill	CLP	75,718,651	75,718,651
Property, plant and equipment	CLP	601,727,574	512,928,353
Right of use assets	CLP	1,298,847	1,363,138
Deferred tax assets	CLP	25,725,873	17,853,472
TOTAL NON-CURRENT ASSETS		757,421,749	645,951,182
TOTAL NON-CURRENT ASSETS	CLP	751,938,498	642,899,892
	USD	46,530	40,744
	UF	5,436,721	3,010,546
		757,421,749	645,951,182
TOTAL ASSETS	CLP	792,166,635	696,684,159
	USD	390,843	1,141,201
	UF	5,506,037	3,046,972
		798,063,515	700,872,332

LIABILITIES	Currency	09-30-2021	12-31-2020
		ThCLP\$	ThCLP\$
Other financial liabilities, current	CLP	144,057	15,001,638
Other financial liabilities, current	UF	1,532,942	679,897
Lease liabilities, current	CLP	293,539	196,664
Trade accounts payable and other payables	CLP	25,232,841	18,310,512
Due to related companies, current	CLP	11,145,000	4,933,090
Due to related companies, current	USD	961,077	2,034,832
Due to related companies, current	UF	136	260
Other provisions, current	CLP	2,711,907	451,704
Current tax liabilities	CLP	2,601,603	11,190,548
Current accruals for employee benefits	CLP	1,326,996	1,548,563
Other non-financial liabilities, current	CLP	645,904	743,868
TOTAL CURRENT LIABILITIES		46,596,002	55,091,576
LIABILITIES	CLP	44,101,847	52,376,587
	USD	961,077	2,034,832
	UF	1,533,078	680,157
		46,596,002	55,091,576
NON-CURRENT LIABILITIES	Currency	09-30-2021	12-31-2020
		ThCLP\$	ThCLP\$
Other financial liabilities, non-current	CLP	121,667,951	117,546,212
Lease liabilities, non-current	UF	1,447,112	1,355,567
Trade accounts payable and other payables, non current	CLP	330,482	-
Due to related companies, non-current	CLP	57,131,000	47,511,435
Due to related companies, non-current	USD	222,646,664	158,361,613
Deferred tax liability	CLP	61,469,227	52,194,012
Other non-financial liabilities, non-current	CLP	13,269,575	10,152,636
Other non-financial liabilities, non-current	USD	211,501	223,251
Non-current accruals for employee benefits	CLP	1,699,836	2,059,727
TOTAL NON-CURRENT LIABILITIES		479,873,348	389,404,453
TOTAL NON-CURRENT LIABILITIES	CLP	255,568,071	229,464,022
	USD	222,858,165	158,584,864
	UF	1,447,112	1,355,567
		479,873,348	389,404,453
TOTAL LIABILITIES	CLP	299,669,918	281,840,609
	USD	223,819,242	160,619,696
	UF	2,980,190	2,035,724
		526,469,350	444,496,029

27 Contingencies

There are several lawsuits, legal actions, fines and claims which involve an entity/entities of the Group. These lawsuits and claims/legal actions for the respective group entity arise from its operations and the industry in which it operates.

In the opinion of management and its legal advisors, lawsuits, fines and claims where the respective group entity is a defendant do not represent loss contingencies of material value. The Group has made provisions for those lawsuits/legal actions that are probable of disbursing cash flows and reliably estimable.

28 Subsequent events

A merger process by incorporation of Sistema de Transmisión del Sur S.A. (STS) and Frontel Transmisión S.A. (Frontel) into Saesa Transmisión S.A. ("Saesa Tx"), was approved at the Extraordinary Shareholders' Meeting held on March 29, 2021. As of November, 2021, each and every one of the conditions precedent to which the consummation of this operation was subject (such as approval of registration of the absorbing company in the CMF, among others) had been fulfilled, thus, the merger of these three entities could take effect on December 1, 2021. Consequently, on December 1, 2021, the successor entity, Saesa Tx, merged with STS and Frontel Tx, and will succeed it in all its rights and obligations, including the bonds issued by STS prior to such date. Likewise, the successor entity changed its corporate name to STS.

Continuing with the restructuring process aimed to leave Sociedad de Transmisión Austral S.A. (STA) as the parent company of all transmission entities, on December 20, 2021, the Extraordinary Shareholders' Meeting of STA approved a capital increase in STA., which Inversiones Eléctricas Sur made by transferring all the shares it had in STS on December 28. STA then became the holding company of STS. .

In the period from October 1, 2021 to the date of issuance of these unaudited interim combined carve-out financial statements, there have been no other significant events that affect them.

Combined Carve-out Classified Financial Statements

**As of and for the years ended
December 31, 2020 and 2019**

**SOCIEDAD DE TRANSMISION AUSTRAL S.A. AND SUBSIDIARIES
– Formerly a Component of “Sociedad Austral de Electricidad
S.A.” spun off and incorporated as the named legal entity on
December 31, 2019 &**

**SAESA TRANSMISION S.A. AND SUBSIDIARY – Formerly a
Component of “Sociedad Austral de Electricidad S.A.” spun off
and incorporated as the named legal entity on December 31,
2020 &**

**FRONTEL TRANSMISION S.A. – Formerly a Component of
“Empresa Eléctrica de la Frontera S.A.” spun off and
incorporated as the named legal entity on December 31, 2020.**

In Thousands of Chilean pesos – ThCLP\$

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Directors
Sociedad de Transmisión Austral S.A.

We have audited the accompanying combined carve-out financial statements of Sociedad de Transmisión Austral S.A and its subsidiaries (formerly a Component of “Sociedad Austral de Electricidad S.A.” spun off and incorporated as the named legal entity on December 31, 2019) and Saesa Transmisión S.A. and its subsidiary (formerly a Component of “Sociedad Austral de Electricidad S.A.” spun off and incorporated as the named legal entity on December 31, 2020) and Frontel Transmisión S.A. (formerly a Component of “Empresa Eléctrica de la Frontera S.A.” spun off and incorporated as the named legal entity on December 31, 2020) (the "Entities"), all of which are under common control, which comprise the combined carve-out statements of financial position as of December 31, 2020 and 2019 and the related combined carve-out statements of comprehensive income, changes in parent group equity and comprehensive income and cash flows for the years ended December 31, 2020 and 2019 and the related notes to the combined carve-out financial statements.

Management’s Responsibility for the Combined Carve-out Financial Statements

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

Auditors’ Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined carve-out financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined carve-out financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Entities’ preparation and fair presentation of the combined carve-out 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 Entities’ 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 combined carve-out 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 combined carve-out financial statements referred to above present fairly, in all material respects, the financial position of Sociedad de Transmisión Austral S.A and its subsidiaries (formerly a Component of “Sociedad Austral de Electricidad S.A.” spun off and incorporated as the named legal entity on December 31, 2019) and Saesa Transmisión S.A. and its subsidiary (formerly a Component of “Sociedad Austral de Electricidad S.A.” spun off and incorporated as the named legal entity on December 31, 2020) and Frontel Transmisión S.A. (formerly a Component of “Empresa Eléctrica de la Frontera S.A.” spun off and incorporated as the named legal entity on December 31, 2020) as of December 31, 2020 and 2019 and the results of their operations and their cash flows for the years ended December 31, 2020 and 2019 in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).



Deloitte Auditores y Consultores Limitada
January 13, 2022
Santiago, Chile

**SOCIEDAD DE TRANSMISION AUSTRAL S.A. AND SUBSIDIARIES & SAESA TRANSMISION S.A. AND
SUBSIDIARY & FRONTEL TRANSMISION S.A.**

Combined Carve-out Statements of Financial Position, Classified

As of December 31, 2020 and 2019

(In thousands of Chilean pesos - ThCLP\$)

ASSETS	Note	12-31-2020	12-31-2019
		ThCLP\$	ThCLP\$
CURRENT ASSETS			
Cash and cash equivalents	5	1,458,987	1,071,210
Other financial assets current	15	147,556	350,683
Other non financial assets (current)		933,138	405,526
Trade debtors and other accounts receivable	6	32,865,594	19,968,704
Accounts receivable from related entities, current	7	1,359,305	3,717,905
Inventory, current		2,880,479	2,067,790
Current tax assets	8	15,276,091	14,161,435
TOTAL CURRENT ASSETS		54,921,150	41,743,253
Non-current ASSETS			
Other non-current non-financial assets		38,960	29,959
Non-current accounts receivable	6	394,924	4,942,608
Accounts receivable from related entities, non-current	7	2,904,797	13,952,629
Intangible assets other than goodwill	9	34,748,887	35,263,832
Goodwill	10	75,718,651	75,718,651
Property, plant and equipment	11	512,928,353	468,286,987
Right of use assets		1,363,138	1,346,868
Deferred tax assets	12	17,853,472	16,124,768
TOTAL NON-CURRENT ASSETS		645,951,182	615,666,302
TOTAL ASSETS		700,872,332	657,409,555

The accompanying notes are an integral part of these combined carve-out financial statements.

**SOCIEDAD DE TRANSMISION AUSTRAL S.A. AND SUBSIDIARIES & SAESA TRANSMISION S.A. AND
SUBSIDIARY & FRONTEL TRANSMISION S.A.**

Combined Carve-out Statements of Financial Position, Classified

As of December 31, 2020 and 2019

(In thousands of Chilean pesos – ThCLP\$)

EQUITY AND LIABILITIES	Note	12-31-2020	12-31-2019
		ThCLP\$	ThCLP\$
CURRENT LIABILITIES			
Other financial liabilities, current	13	15,681,535	28,700,025
Lease liabilities, current		196,664	86,865
Trade accounts payable and other payables	14	18,310,512	23,790,167
Due to related companies, current	7	6,968,182	10,270,260
Other provisions, current		451,704	265,748
Current tax liabilities	8	11,190,548	2,092,760
Current accruals for employee benefits		1,548,563	1,465,820
Other non-financial liabilities, current	16	743,868	743,868
TOTAL CURRENT LIABILITIES		55,091,576	67,415,513
Non-current LIABILITIES			
Other financial liabilities, non-current	13	117,546,212	114,481,025
Lease liabilities, non-current		1,355,567	1,402,337
Due to related companies, non-current	7	205,873,048	164,255,206
Deferred tax liabilities	12	52,194,012	45,097,611
Non-current accruals for employee benefits		2,059,727	1,657,137
Other non-financial liabilities, non-current	16	10,375,887	14,112,560
NON-CURRENT LIABILITIES		389,404,453	341,005,876
TOTAL LIABILITIES		444,496,029	408,421,389
EQUITY			
Net Parent Investment		228,344,608	216,531,549
Other reserves		27,628,089	32,055,330
Equity attributable to the owner of the Group		255,972,697	248,586,879
Non-controlling interests		403,606	401,287
TOTAL EQUITY		256,376,303	248,988,166
TOTAL EQUITY AND LIABILITIES		700,872,332	657,409,555

The accompanying notes are an integral part of these combined carve-out financial statements.

**SOCIEDAD DE TRANSMISION AUSTRAL S.A. AND SUBSIDIARIES & SAESA TRANSMISION S.A. AND
SUBSIDIARY & FRONTEL TRANSMISION S.A.**

Combined Carve-out Statements of Comprehensive Income, by nature

For the years ended December 31, 2020 and 2019

(In thousands of Chilean pesos – ThCLP\$)

STATEMENT OF COMPREHENSIVE INCOME	Note	01-01-2020	01-01-2019
		31-12-2020	31-12-2019
		ThCLP\$	ThCLP\$
Profit			
Revenue from ordinary activities	17	58,659,181	60,485,531
Other revenue	17	5,548,228	1,838,441
Raw materials and consumables used		(283,265)	(550,239)
Employee benefits expenses	18	(6,538,641)	(4,750,748)
Depreciation and amortization expense	19	(10,932,691)	(9,954,259)
Other expenses, by nature	20	(13,506,962)	(12,157,957)
Other income (losses)		217,600	56,833
Financial income	21	109,503	1,159,754
Financial expenses	21	(6,171,215)	(7,513,310)
Exchange differences	21	1,737,177	119,324
Effect of inflation-indexation	21	(2,702,785)	(2,548,857)
Profit before tax		26,136,130	26,184,513
Income tax expense	12	(17,563,768)	(6,203,835)
Profit from continued operations		8,572,362	19,980,678
Profit from discontinued operations		-	-
Profit		8,572,362	19,980,678
Profit, attributable to:			
Owners of the Group		8,552,509	19,950,307
Non-controlling interest		19,853	30,371
Profit		8,572,362	19,980,678

The accompanying notes are an integral part of these combined carve-out financial statements.

**SOCIEDAD DE TRANSMISION AUSTRAL S.A. AND SUBSIDIARIES & SAESA TRANSMISION S.A. AND
SUBSIDIARY & FRONTEL TRANSMISION S.A.**

Combined Carve-out Statements of Other Comprehensive Income

For the years ended December 31, 2020 and 2019

(In thousands of Chilean pesos – ThCLP\$)

Other comprehensive income	Note	01-01-2020	01-01-2019
		12-31-2020	12-31-2019
		ThCLP\$	ThCLP\$
Profit		8,572,362	19,980,678
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Other comprehensive income, before tax, actuarial income (loss) from defined benefit plans		(73,275)	(367,238)
Other comprehensive income that will not be reclassified to profit and loss for the year, before tax		(73,275)	(367,238)
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange differences on translation of foreign operations		(5,811,748)	6,483,960
Fair value gain/(loss) arising on Cash flow hedge reserves during the year		(203,710)	350,667
Other comprehensive income that will be reclassified to results for the year, before tax		(6,015,458)	6,834,627
Income tax on actuarial loss on defined benefit plans.		19,784	99,154
Income tax relating to items that will not be reclassified subsequently to profit or loss		19,784	99,154
Income tax relating to foreign exchange differences on translation of foreign operations		1,569,172	(1,750,669)
Income tax relating to fair value gain/(loss) arising on Cash flow hedge reserves during the year		55,002	(94,680)
Income tax relating to items that may be reclassified subsequently to profit or loss		1,624,174	(1,845,349)
Other comprehensive income		(4,444,775)	4,721,194
Comprehensive income		4,127,587	24,701,872
Comprehensive income attributable to			
Comprehensive income attributable to the owners of the Group		4,125,268	24,686,350
Comprehensive income attributable to non-controlling interest		2,319	15,522
Comprehensive income		4,127,587	24,701,872

The accompanying notes are an integral part of these combined carve-out financial statements.

**SOCIEDAD DE TRANSMISION AUSTRAL S.A. AND SUBSIDIARIES & SAESA TRANSMISION S.A. AND
SUBSIDIARY & FRONTEL TRANSMISION S.A.**

Combined Carve-out Statements of Cash Flows, Direct Method

For the years ended December 31, 2020 and 2019

(In thousands of Chilean pesos – ThCLP\$)

CASH FLOW STATEMENT DIRECT METHOD	Note	12-31-2020	12-31-2019
		ThCLP\$	ThCLP\$
Cash flows provided by (used in) operating activities			
Proceeds provided by sales of goods and services		73,700,046	66,449,492
Other charges provided by operating activities		6,518	50,156
Payments to suppliers for goods and services		(22,486,267)	(8,341,183)
Payments to and on behalf of employees		(6,375,607)	(5,135,473)
Payments to settle forwards	11	(3,021,699)	-
Cash received from the settlements of the derivative financial instruments held for hedging purposes		3,123,191	-
Other cash receipts/(payments)		(1,417,982)	(701,226)
Income tax paid (refunded) classified as operating activities		(3,027,201)	1,621,975
Net cash flows from operating activities		40,500,999	53,943,742
Cash flows provided by (used in) investing activities			
Acquisition of additional interest in subsidiary		(3,467,900)	(4,703,520)
Loans to related entities		(5,508,330)	(47,344,820)
Purchase of property, plant and equipment	11	(71,756,849)	(76,757,509)
Receipts from loans to related entities		16,553,718	33,435,282
Dividends received		-	74,820
Interest received		107,341	1,157,652
Other inflows of cash		1,614	-
Cash flows used in investing activities		(64,070,406)	(94,138,095)
Cash flows provided by (used in) financing activities			
Proceeds from Share issuance by Sociedad Austral de Transmisión Troncal S.A. Subsidiary		16,286,902	-
Proceeds from long-term borrowings	13	-	112,869,673
Proceeds from short-term borrowings	13	111,000,000	64,000,000
Loans from related companies	7	107,941,575	23,997,552
Loan repayments	7	(124,000,000)	(54,000,000)
Lease repayments		(24,282)	-
Repayments of loans to related entities		(54,274,244)	(72,233,516)
Dividends paid		(17,875,510)	(17,203,666)
Interest paid		(15,047,026)	(16,577,963)
Other outflows of cash		-	(131,209)
Cash flows provided by financing activities		24,007,415	40,720,871
Net increase (decrease) in cash and cash equivalents, before effect of exchange rate changes		438,008	526,518
Effect of exchange rate changes on cash and cash equivalents		(50,231)	8,369
Net increase (decrease) in cash and cash equivalents		387,777	534,887
Cash and cash equivalents at beginning of the year		1,071,210	536,323
Cash and cash equivalents at end of the year	5	1,458,987	1,071,210

The accompanying notes are an integral part of these combined carve-out financial statements

NOTES TO THE COMBINED CARVE-OUT FINANCIAL STATEMENTS

INDEX

1	Composition of the entities on a combined basis	10
2	Summary of significant Accounting Policies	11
2.1	Accounting policies	11
2.2	Periods covered	11
2.3	Basis of preparation	11
2.4	Basis of combination	11
2.5	Goodwill	12
2.6	Functional and reporting currency	12
2.7	Offsetting of Balances and Transactions	13
2.8	Property, plant and equipment	13
2.9	Intangible Assets	14
2.10	Impairment of property, plant and equipment and intangible assets excluding goodwill	14
2.11	Financial instruments	15
2.11.1	Financial assets	15
	a) Classification and initial measurement of financial assets	15
	b) Subsequent measurement of financial assets	15
	c) Impairment of financial assets	16
2.11.2	Financial liabilities	16
	a) Classification, initial and subsequent measurement of financial liabilities	16
2.11.3	Derivatives and Hedge Accounting	17
2.12	Inventories	17
2.13	Other non-financial liabilities	17
2.13.1	Prepaid income for tolls sale	17
2.13.2	Other works of third parties	17
2.14	Provisions	18
2.15	Employee Benefits	18
2.16	Current/Non-Current Classification	18
2.17	Income tax	18
2.18	Recognition of income and expenses	19
2.19	Interest revenue	19
2.20	Dividends	19
2.21	Cash and cash equivalents	19
2.22	Statement of cash flows	19
2.23	New standards and amendments	20
3	Risk management policy	21
3.1	Financial risk	21
3.1.1	Exchange rate	21
3.1.2	UF Variance	21
3.1.3	Liquidity risk	22
3.1.4	Credit risk	22
3.1.5	Covid Risk	22
4	Judgments and estimates of Management in applying the entity's significant accounting policies	23
5	Cash and cash equivalents	24
6	Trade Debtors and Other Accounts Receivable	25
7	Balances and Transactions with Related Parties	26
7.1	Balances and transactions with related entities	26
7.2	Board of Directors and Key Management Personnel	27
8	Current Tax Assets and Liabilities	28
9	Intangibles other than Goodwill	29
10	Goodwill	30

11	Property, plant and equipment.....	31
12	Income tax and deferred taxes	33
	12.1 Income tax	33
	12.2 Deferred Taxes.....	34
13	Other current and non-current Financial Liabilities	35
14	Trade and Other Accounts Payable.....	36
15	Financial instruments.....	36
	15.1 Financial instruments by category.....	36
	15.2 Fair value of financial instruments.....	37
16	Other Non-Financial Liabilities, current and non-current	38
17	Revenue	39
18	Expenses for Benefits to Employees	39
19	Expense for depreciation and amortization.....	39
20	Other expenses by nature.....	40
21	Financial Results.....	40
	21.1 Guarantees Pledged to Third Parties	41
22	Sureties Obtained from Third Parties.....	41
23	Commitments and Restrictions.....	41
24	Summarized Financial Information of the Group Entities	42
25	Additional Information on Financial Debt.....	42
26	Foreign Currency.....	43
27	Contingencies.....	45
28	Subsequent events.....	45

SOCIEDAD DE TRANSMISION AUSTRAL S.A. AND SUBSIDIARIES & SAESA TRANSMISION S.A. AND SUBSIDIARY & FRONTEL TRANSMISION S.A.

Notes to the Combined Carve- out Financial Statements

As of and for the years ended December 31, 2020 and 2019

(In thousands of Chilean pesos – ThCLP\$)

1 Composition of the entities on a combined basis

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

The basis of these combined carve-out financial statements is to carve out the economic activity of the transmission business (components or legal entities under the umbrella of the ultimate controlling party, Inversiones Eléctricas del Sur S.A.). The combined carve-out financial statements are prepared for purposes of carving out the transmission business in line with Chilean regulation requiring its separation from the generation and distribution businesses. In the process of effecting the separation of the transmission economic activities, various corporate restructurings have been and are currently being undertaken. The results of operations and all of the assets and liabilities of the transmission business have been carved out from the consolidated financial statements of Inversiones Eléctricas del Sur S.A. These combined carve-out financial statements are to be included in a placement in the Singapore regulated market under the Issuer name of Sociedad de Transmisión Austral S.A.

These combined carve-out financial statements are presented in Chilean pesos and the amounts are rounded to the nearest unit of thousands of pesos (Th\$000), unless otherwise indicated.

The combined carve-out financial statements as of and for the years ended December 31, 2020 and 2019 include the following entities ("Entities"):

- Sistema de Transmisión del Norte S.A. (STN)
- Sociedad Austral de Transmisión Troncal S.A. (SATT)
- Sistema de Transmisión del Centro S.A. (STC)
- Línea de Transmisión Cabo Leones S.A. (LTCL)
- Sistema de Transmisión del Sur S.A. (STS)
- Sociedad de Transmisión Austral S.A. (STA) Formerly a Component of "Sociedad Austral de Electricidad S.A." spun off and incorporated as the named legal entity on December 31, 2019.
- Saesa Transmisión S.A. (Saesa Tx)– Formerly a Component of "Sociedad Austral de Electricidad S.A." spun off and incorporated as the named legal entity on December 31, 2020.
- Frontel Transmisión S.A. (Frontel Tx) - Formerly a Component of "Empresa Eléctrica de la Frontera S.A." spun off and incorporated as the named legal entity on December 31, 2020.

In order to present the transmission business on a stand-alone basis, the movements in the existing investments of two generation business legal entities are deconsolidated in the statement of parent group equity and comprehensive income for the years ended December 31, 2019 and 2020 as well as carving-out the existing investments in such legal entities in the opening balance of parent group equity as of January 1, 2019.

As of December 31, 2020 and 2019, these combined carve-out financial statements show negative working capital mainly due to the amounts of account payables for products and services for projects; and related company debt. Notwithstanding, cash flow from operating activities is positive. The Group is in an important expansion period developing several projects (long term assets) which will continue until their Commercial Operation Date (COD) is reached and refinancing of the short-term debt (related to such projects) to a long-term basis is achieved. . In the meantime, the capital expenditures to complete the projects will continue to be financed by related party and parent company loans. The Group monitors its cash flow projections on a continuous basis and has the commitment of its related parties and parent company to finance ongoing projects when necessary. Based on their assessment of the Group's prospects and viability, the Directors (common to the Entities in the Group) have determined at the time of approving the financial statements, that there are no material uncertainties that cast doubt on the Group's going concern status and that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for

at least twelve months from the date of approval of the financial statements. The Directors therefore consider it appropriate to adopt the going concern basis of accounting in preparing its financial statements.

2 Summary of significant Accounting Policies

2.1 Accounting policies

These combined carve-out financial statements as of and for the years ended December 31, 2020, and 2019 have been prepared in accordance with recognition, measurement and presentation principles of International Financial Reporting Standards (“IFRS”).

The purpose of these combined carve-out financial statements (“Combined carve-out Financial Statements”) is to provide general purpose historical financial information for inclusion in an offering memorandum for a placement of debt and for admission to the regulated market in Singapore.

These combined carve-out financial statements were prepared based on the accounting records kept by the Entities (the “Group”) . The accounting policies described herein have been consistently applied by all the Entities.

These combined carve-out financial statements have been approved by the Board at its meeting held on January 13, 2022.

2.2 Periods covered

These combined Carve-out financial statements comprise the following:

- Combined Carve-out Statements of Financial Position as of December 31, 2020 and 2019.
- Combined Carve-out Statements of Comprehensive Income by Nature for the years ended December 31, 2020 and 2019.
- Combined Carve-out Statements of Changes in Parent Group Equity and Comprehensive Income for the years ended December 31, 2020 and 2019.
- Combined Carve-out Statements of Cash Flows for the years December 31, 2020 and 2019.

2.3 Basis of preparation

The Combined carve-out Financial Statements have been prepared on a historical cost basis.

2.4 Basis of combination

The accompanying combined carve-out and consolidated financial statements include the accounts of Entities on a combined and consolidated basis.

Intercompany balances and transactions with other combined or consolidated entities have been eliminated. Intragroup balances and transactions with Inversiones Eléctricas del Sur S.A. entities are shown separately in the carve out combined and consolidated financial statements and are further presented in the related party transactions footnote. Allocations have been made to the statement of parent group equity and comprehensive income for employee remuneration for services performed with respect to the combined Group by management personnel at sister companies. The allocations are made based on market value of the services as provided by an independent third-party study.

Total comprehensive income and profit is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Non-controlling interest – A parent company will present the non-controlling interests in the combined carve-out statement of financial position, within equity, separately from the equity of the owners of the parent company.

2.5 Goodwill

Goodwill is initially recognized and measured as set out above.

Goodwill is not amortized but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

2.6 Functional and reporting currency

a) Functional currency

The functional currency of each entity in the Group has been determined as the currency of the main economic environment in which it operates. (CLP – Chilean Peso; USD – US dollar)

The functional currencies of the Entities are as follows:

Company	Currency
Sistema de Transmisión del Sur S.A.	CLP
Saesa Transmisión S.A.	CLP
Frontel Transmisión S.A.	CLP
Sistema de Transmisión del Norte S.A.	USD
Sistema de Transmisión del Centro S.A.	USD
Sociedad Austral de Transmisión Troncal S.A.	USD
Sociedad de Transmisión Austral S.A.	USD
Línea de Transmisión Cabo Leones S.A.	USD

b) Reporting currency

The Group's reporting currency is the Chilean peso.

Entities with a functional currency other than Chilean peso are translated as described below:

- Assets and liabilities, using the exchange rate in force on the closing date of the financial statements.
- The Income Statement items, using the average exchange rates (unless this average is not a reasonable approximation of the effect of the exchange rates prevailing at the dates of the transaction, in which case income and expenses are translated at the rate at the date of the transaction).
- Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in a foreign exchange translation reserve (attributed to non-controlling interests as appropriate).

The assets and liabilities in foreign currency and in the currency UF (an inflation-indexed monetary unit (artificial) used in Chile) are translated at the following exchange rates:

	12-31-2020	12-31-2019
	CLP\$	CLP\$
US Dollar (US\$)	710.95	748.74
Unidad de Fomento (Inflation index-linked unit of account)	29,070.33	28,309.94

2.7 Offsetting of Balances and Transactions

As a general rule, assets and liabilities, income and expenses, are not offset in the combined carve-out financial statements, unless offsetting is required or is permitted by some standard and the presentation reflects the substance of the transaction and the Group expects to net settle.

2.8 Property, plant and equipment

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

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

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

Cost for capitalized loans	12-31-2020	12-31-2019
	ThCLP\$	ThCLP\$
Costs for capitalized loans	3,330,827	3,497,069
Capitalized borrowing rate - functional currency CLP	3.17%	3.59%
Capitalized borrowing rate - functional currency USD	3.00%	4.96%

- The costs that the Group will have to incur in respect of the closure of their facilities are capitalized as part of the cost of the asset, at present value, and a related provision is recognized. Each year, the Group reviews their estimate and makes appropriate adjustments on the catch-up method, if necessary.

Construction in progress is transferred to assets in use once the trial period has ended, when such construction is ready for its intended use, as of which time associated depreciation expense is recorded. Other fixed assets are depreciated when placed in use.

The costs of replacement of parts, without replacing the entire asset which lead to extension of the useful life, increase in capacity, decrease in operating costs, or increase in value through the benefits associated with the asset, are incorporated as an increase in the cost of the asset. Such replacement parts are depreciated over their useful lives (componentization).

The value of any replaced component is written off in the books.

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

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

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

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

Property, Plant and Equipment	Range of estimate useful lives
Building	40 - 80
Plant and Equipment	
Lines and grids	30 - 44
Power transformers	44
Meters	20 - 40
Substations	20 - 60
Information technology equipment	
Hardware	5
Fixed instalations and accesories	
Furniture and office equipment	10
Vehicles	7
Other equipment and tools	10

2.9 Intangible Assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

2.10 Impairment of property, plant and equipment and intangible assets excluding goodwill

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment and definitely-lived intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, (as a result of any event defined in IAS 36), the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or

cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognized for the asset in prior years.

2.11 Financial instruments

Financial assets and financial liabilities are recognized in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

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

2.11.1 Financial assets

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

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

a) Classification and initial measurement of financial assets

The classification and measurement criteria correspond to the following:

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

iii. Fair value through profit and loss (FVTPL):

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

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

b) Subsequent measurement of financial assets

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

- i. In the case of financial assets initially recognized at amortized cost, they are measured using the effective interest rate method, which accretes the estimated future cash collections over the expected life of the financial asset.

- ii. Financial assets recognized at fair value with changes in other comprehensive income are subsequently measured at fair value. Interest income is calculated using the effective interest rate method, exchange gains and losses and impairment are recognized in results. Other net gains and losses are recognized in the combined carve-out statement of comprehensive income. On derecognition, the gains and losses accumulated in other comprehensive income are reclassified to the income for the year.
- iii. In relation to financial assets initially recognized at fair value through profit or loss, these are subsequently measured at fair value. Net gains or losses, including any interest or dividend income, are recognized in profit or loss for the year. These financial assets are held for trading and are acquired for the purpose of selling them in the short term. Financial assets in this category are classified as other current financial assets.

c) Impairment of financial assets

For trade receivables, finance lease receivables and contract assets, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL.

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

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

The trade debtors are users of the transmission system.

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

2.11.2 Financial liabilities

a) Classification, initial and subsequent measurement of financial liabilities

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

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

a) Commercial accounts payable:

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

b) Obligations with banks and financial institutions.

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

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

2.11.3 Derivatives and Hedge Accounting

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

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

a) Classification of Hedge Instruments – cash flow hedges

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

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

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

Hedge accounting is discontinued when the hedge relationship is canceled, when the hedge instrument expires or is sold, is terminated, or exercises, or no longer qualifies for hedge accounting. Any deferred gain or loss on equity at that time is held in equity and recognized when the expected transaction is finally recognized in profit or loss. When an expected transaction is no longer expected to occur, the accumulated gain or loss that was deferred in equity is recognized immediately in profit or loss.

2.12 Inventories

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

2.13 Other non-financial liabilities

2.13.1 Prepaid income for transmission toll revenue

This item mainly includes issues of documents or payments received from customers for services, which according to the contract stipulate advance payments. These amounts are recorded as deferred income in the liabilities of the combined carve-out statement of financial position and are charged to income under "Revenue from ordinary activities" in the combined carve-out statement of comprehensive income to the extent that the service is rendered.

In "Other Non-Current Non-Financial Liabilities," the advance payment on long-term toll contracts with third parties for the use of zonal transmission assets which the Group also must construct is recorded. These contracts also include provisions with respect to toll revenue once construction is completed. During the period of construction, the revenue recognition method is percentage of completion based on costs incurred. Once the construction of the asset has been completed, the toll service revenue is recorded based on usage to date throughout the duration of the contract.

2.13.2 Other works of third parties

The other works to third parties corresponds to electrical works that the entity builds and are billed and/or charged in advance to third parties, other than government subsidies. A receivable is recorded against a corresponding liability. To the extent that progress is made in the construction of the work, the corresponding liability is reduced until the end of construction. Revenue is recognized in proportion to the degree of progress.

The degree of progress is determined in relation to the cost incurred in the project.

2.14 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

2.15 Employee Benefits

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

The costs associated with the employee benefits involving services rendered by the employees during the year are charged to profit and loss in the respective year with the exception of the actuarial gains losses on the defined benefit plan (severance indemnities) which are recorded and accumulated in other comprehensive income in accordance with IAS 19.

2.16 Current/Non-Current Classification

In the accompanying combined carve-out statement of financial position, the balances are classified according to their maturities, that is, those with maturities equal to or less than twelve months as current, and as non-current those with maturities greater than that period.

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

A derivative with a positive fair value is recognized as a financial asset whereas a derivative with a negative fair value is recognized as a financial liability. Derivatives are not offset in the financial statements unless the Group has both a legally enforceable right and intention to offset.

2.17 Income tax

The result for income tax expense for the year, is defined as the sum of current tax of the different companies of the Group and results from the application of the tax rate on the tax base of year, plus the change in assets and liabilities for deferred taxes and tax credits, both for tax loss carryforwards (to the extent realizable) as for deductible and taxable temporary differences.

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

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

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

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

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

2.18 Recognition of income and expenses

The Group considers as revenue from ordinary activities, in addition to the services invoiced in the year, an estimate for the services provided pending of billing at the end of the year. In addition, the costs associated with these revenues have been duly accrued as operating costs.

The Group recognizes revenue from the following main sources:

- Transmission
- Revenue from the construction of works to third parties

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

(i) Transmission

Revenues from power transmission services are recorded based on the effective billing of the year of consumption, plus an estimate of the services provided and not billed at the closing date of the year. Revenues for Transmission services are recognized over time.

(ii) Revenue from the construction of works to third parties

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

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

2.19 Interest revenue

Interest revenue is accounted for using the effective interest rate method.

2.20 Dividends

Dividends distributed to shareholders are recognized as a liability on an accrual basis at the end of the reporting year based on the dividend policy agreed upon by the shareholders or as set forth in the by-laws, which to date corresponds to the statutory minimum dividend payments set forth in Article N°79 of Corporations Law N°18,046. The Shareholders' Meeting has the power to change the amount of the dividend to be distributed, which does not necessarily apply for future years.

2.21 Cash and cash equivalents

Under this heading of the combined carve-out statement of financial position, cash is recorded for balances in banks, cash and other short-term highly liquid investments that are realizable in cash, with a maturity of up to three months and which have a low risk of changes in their value. In the combined carve-out statement of financial position, bank overdrafts, if any, are classified in current liabilities.

2.22 Statement of cash flows

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

- **Cash Flows:** Inflows and outflows of cash and cash equivalents, which are investments with a term of less than three months, and which are highly liquid and subject to an insignificant risk of change in value.

- **Operating Activities:** Are the activities related to the principal revenue-producing activities of the Group and other activities that are not investing or financing activities.
- **Investing Activities:** Are the activities related to the acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents.
- **Financing Activities:** Are the activities that result in changes in the size and composition of equity and liabilities of a financial nature.

2.23 New standards and amendments

a) Accounting standards and amendments has been applied to these combined carve-out financial statements:

Amendments to IFRS	Mandatory Effective Date
Definition of a Business (Amendments to IFRS 3)	Annual periods beginning on or after January 1, 2020.
Definition of Material (Amendments to IAS 1 and IAS 8)	Annual periods beginning on or after January 1, 2020.
Revised Conceptual Framework for Financial Reporting	Annual periods beginning on or after January 1, 2020.
Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)	Annual periods beginning on or after January 1, 2020.
COVID 19-related Rent Concessions (amendments to IFRS 16)	Annual periods beginning on or after June 1, 2020.

Impact of the new standards and amendments

COVID 19-related Rent Concessions (amendments to IFRS 16)

The COVID-19 pandemic has prompted some lessors to provide relief to lessees by deferring or releasing them from amounts they would otherwise have to pay. In some cases, this is through negotiation between the parties, but it may be the consequence of a government encouraging or requiring assistance to be provided. Such relief is taking place in many jurisdictions in which entities that apply IFRS operate.

When there is a change in lease payments, the accounting consequences will depend on whether that change meets the definition of a lease modification, which IFRS 16 defines as "a change in the scope of a lease, or the consideration of a lease which was not part of the original terms and conditions of the lease (for example, adding or terminating the right to use one or more underlying assets, or extending or shortening the term of the contractual lease). "

The amendments to IFRS 16:

1. Provide an exemption for lessees to assess whether the COVID-19 related lease is a lease modification;
2. Requires the lessees to apply the exemption to account for the COVID-19-related lease grant as if it were not a modification to the lease.
3. Requires lessees applying the exemption to disclose that fact; and
4. Requires lessees to apply the exemption retrospectively in accordance with IAS 8, but does not require that figures from prior periods be restated.

The amendments do not provide additional relief to lessors since the current situation is not equally challenging for them and the required accounting is not as complicated.

The amendments are applicable for annual periods beginning on or after June 1, 2020. Early application is permitted. These modifications must be applied retrospectively, recognizing the accumulated effect of the initial application as an adjustment in the initial balance of retained earnings (or other component of equity, as applicable) at the beginning of the annual period in which the amendment is applied for the first time.

This amendment has not effect on the results reported in these Combined carve-out Financial Statements as there were no concessions received from lessors, however, it could affect the accounting for future transactions or agreements.

Impact of the application of the other Amendments

The application of the amendments has not had a significant effect on the results reported in these combined carve-out financial statements, however, they could affect the accounting of future transactions or agreements.

b) New standards and amendments with effective application not yet in force:

As of the date of issuance of these combined carve-out financial statements, the following standards and amendments had been issued by the IASB but were not effective.

New IFRS	Mandatory Effective Date
IFRS 17, Insurance Contracts	Annual periods beginning on or after January 1, 2023.
Amendments to IFRS	Mandatory Effective Date
Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)	Annual periods beginning on or after January 1, 2023.
Reference to the Conceptual Framework (Amendments to IFRS 3)	Annual periods beginning on or after January 1, 2022.
Property, Plant and Equipment – Proceeds before Intended Used (Amendments to IAS 16)	Annual periods beginning on or after January 1, 2022.
Onerous Contracts – Costs of Fulfilling a Contract (Amendments to IAS 37)	Annual periods beginning on or after January 1, 2022.
Annual Improvements to IFRS Standards 2018-2020 (amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 38)	Annual periods beginning on or after January 1, 2022.
Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	Annual periods beginning on or after January 1, 2021.

Impact of the application of new rules and amendments

The Group is assessing the impact of the application of the standards and amendments.

3 Risk management policy

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

The main risks to which the Group is exposed are as follows:

3.1 Financial risk

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

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

The management of financial risks of the Group is performed so as to maintain a balance between operational flows and requirements with respect to payment of financial liabilities. The Group had, as of December 31, 2020, combined carve-out cash and cash equivalents by ThCLP\$1,458,987. Total borrowings were ThCLP\$133,227,747. Of the total borrowings, 12% is repayable within one year (related to banks), and 88% of the borrowings are repayable after more than 5 years (related to bonds).

3.1.1 Exchange rate

The Group transacts primarily in US dollars and Chilean pesos.

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

3.1.2 UF Variance

With respect to the gross revenue of the Group, 53% is denominated in Chilean pesos that are indexed to CPI (local). Tariffs are established taking into account, where applicable, exchange rates (i.e., when supplies are acquired principally in a particular currency) and CPI in the United States or other countries. Additionally, the local inflation-indexation effects are also incorporated into the associated tariff or, in the case of unregulated customers, the contracts may be denominated in the inflation-indexed monetary unit of Chile.

See information in Note 15 with respect to the financial instruments.

3.1.3 Liquidity risk

Financial resources are obtained from own sources, traditional debt, instruments of public and private offering and capital contributions, always maintaining stable structures and ensuring optimization of the use of the most appropriate products in the market. As of December 31, 2020, 88% of debt of the Group is structured with long-term maturities, with annual and/or half-yearly debt service (mainly interest) that are lower than projected flows in conservative scenarios, so as not to have risks of refinancing in the short or long term.

Following is the principal and interest maturity analysis for December 2020 and 2019:

Principal and interest	Current								Non-current								Total 12-31-2020
	Up to 90 days	More than 90 days until 1 year	More than 1 year until 2 years	More than 2 year until 3 years	More than 3 year until 4 years	More than 4 year until 5 years	More than 5 year until 10 years	More than 10 years	Up to 90 days	More than 90 days until 1 year	More than 1 year until 2 years	More than 2 year until 3 years	More than 3 year until 4 years	More than 4 year until 5 years	More than 5 year until 10 years	More than 10 years	
	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	
Bonds	-	3,233,318	3,233,318	3,233,318	3,233,318	3,233,318	3,233,318	16,166,592	-	-	-	-	-	-	-	-	191,456,029
Total	-	3,233,318	3,233,318	3,233,318	3,233,318	3,233,318	3,233,318	16,166,592	-	-	-	-	-	-	-	-	191,456,029
Percentage	0%	2%	2%	2%	2%	2%	2%	8%	-	-	-	-	-	-	-	-	100%

Principal and interest	Current								Non-current								Total 12-31-2019
	Up to 90 days	More than 90 days until 1 year	More than 1 year until 2 years	More than 2 year until 3 years	More than 3 year until 4 years	More than 4 year until 5 years	More than 5 year until 10 years	More than 10 years	Up to 90 days	More than 90 days until 1 year	More than 1 year until 2 years	More than 2 year until 3 years	More than 3 year until 4 years	More than 4 year until 5 years	More than 5 year until 10 years	More than 10 years	
	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	
Bonds	-	3,148,745	3,148,745	3,148,745	3,148,745	3,148,745	3,148,745	17,743,724	-	-	-	-	-	-	-	-	189,596,878
Total	-	3,148,745	3,148,745	3,148,745	3,148,745	3,148,745	3,148,745	17,743,724	-	-	-	-	-	-	-	-	189,596,878
Percentage	0%	2%	2%	2%	2%	2%	2%	9%	-	-	-	-	-	-	-	-	100%

Interest rate risk is currently considered minimized given the fact that all debt is at fixed rates and, as noted in the table above, interest and principal payable are long-term.

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

3.1.4 Credit risk

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

As the payment compliance of the companies that use transmission networks is monitored by the National Electrical Coordinator, in case of non-payment, the Coordinator can suspend the operator. In the case of unregulated contracts, the clients pay timely as suspension of transmission would affect their ability to deliver electricity.

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

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

3.1.5 Covid Risk

On March 11, 2020, the World Health Organization characterized the outbreak of the new coronavirus strain ("COVID-19") as a pandemic that has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. To date, the authorities and their institutions have been taking several measures to mitigate the effects of this pandemic, both from a sanitary point of view, as well as the effects it may cause on the country's economy, therefore on March 18, 2020, the State of Constitutional Disaster Exception was decreed.

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

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

- **Operational continuity plan:** it has been established that all the Group collaborators who can carry out their work remotely, according to the nature of their responsibilities, can do so.
- **Employees health protection:** Implementation of sanitary protocols for those workers who must carry out their work in the field, both in operation and maintenance, construction and public service activities. This has made it possible to maintain the operating standards of the electrical system for the companies that provide the electricity supply service (as required by law, since these public service companies cannot stop providing the service), as well as to avoid greater delays in the construction of works that will attend the future growth of consumption.

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

The Group's Management is responsible for the information contained in these Combined carve-out Financial Statements.

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

The following are the significant judgments, estimates and assumptions used by management in the preparation of these Combined carve-out Financial Statements:

- a) **Economic useful life of assets:** The useful life of property, plant and equipment that are used for the purpose of calculating depreciation is determined based on technical studies prepared by external and internal specialists. In addition, these studies are used for new acquisitions of property, plant and equipment, or when indicators exist that the useful lives of these assets should be changed.
These calculations require the use of estimates and assumptions such as technological change and expected term of operational availability of transmission assets. Changes in estimates are accounted for prospectively.
- b) **Impairment of assets:** The Group reviews the book value of their tangible and intangible assets to determine if there is any indication that the book value cannot be recovered. If such an indication exists, the recoverable value of the asset is estimated to determine the extent of the impairment. In the impairment assessment, assets that do not generate independent cash flow are grouped into a Cash Generating Unit ("CGU") to which the asset belongs. The recoverable amount of these assets or CGU, is measured as the greater value between its fair value (the value in use) and its book value.

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

- **Transmission toll revenue:** The value of transmission tolls (from the Group's Regulated and Unregulated Transmission Systems) in accordance with current tariff decrees (or existing contracts) and the possible impact of regulation.
- **Investments in property, Plant and Equipment:** The requirements of new facilities to absorb the demand, as well as the regulatory requirement (i.e. Technical Standards investments) are considered in these projections. The Investment Plan is periodically updated in order to cope with the growth of the business.

- **Fixed costs:** fixed costs are projected considering the current base, the growth of sales, customers and investments. Both in relation to staffing (considering salary and Chilean CPI adjustments), as well as other operation and maintenance costs, and the projected inflation level.
- **Macroeconomic Variables:** The macroeconomic variables (inflation, exchange rate among others) that are required to project the flows (sales rates and costs) are obtained from third party reports.

c) **Revenues and operating costs:** The Group considers as revenue, in addition to services billed in the year, an estimate for the services provided pending billing at the end of the year, considering that the metering is performed during the month according to a metering program. In addition, the costs associated with such revenues have been duly included as operating costs. It is also considered as part of the revenues and costs of the operation, the estimation of certain amounts of the Electricity System (among others, purchase and sale of energy and toll collection) that allow settlements between the different companies of the System for services already provided. These accruals will be reversed once the final settlements are issued by the responsible regulator and recorded in the general ledger.

d) **Litigation and contingencies:** The final cost for claims and lawsuits could vary due to estimates based on different interpretations of the regulations, opinions and final evaluations of the amount of damages. Therefore, any change in the circumstances involved could have a significant effect on the amount of the provision recorded.

5 Cash and cash equivalents

a) The detail of this item as of December 31, 2020 and 2019 is as follows:

Cash and cash equivalent	12-31-2020	12-31-2019
	ThCLP\$	ThCLP\$
Cash on hand	100	100
Bank Balances	1,458,887	234,948
Other fixed income instruments	-	836,162
Total	1,458,987	1,071,210

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

Company name	Financial Entity Name	Financial instrument name	Currency	Risk classification	Investment amount	
					12-31-2020	12-31-2019
					ThCLP\$	ThCLP\$
Sistema de Transmisión del Sur S.A.	Scotia Administradora General de FMS.A. Clipper Serie V	Mutual Fund	CLP	AAfm/M1	-	836,162
Total					-	836,162

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

Detail of Cash and cash equivalent	Currency	12-31-2020	12-31-2019
		ThCLP\$	ThCLP\$
Amount of cash and cash equivalents	CLP	1,438,956	1,057,266
Amount of cash and cash equivalents	USD	20,031	13,944
Total		1,458,987	1,071,210

6 Trade Debtors and Other Accounts Receivable

The detail of this item as of December 31, 2020 and 2019 is as follows:

Trade debtors and other accounts receivable, gross	Current		Non-current	
	12-31-2020	12-31-2019	12-31-2020	12-31-2019
	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
Trade debtors, gross	31,918,817	18,715,825	-	4,297,817
Other accounts receivable, gross	1,672,273	2,087,368	394,924	644,791
Total	33,591,090	20,803,193	394,924	4,942,608

Trade debtors and other accounts receivable, net	Current		Non-current	
	12-31-2020	12-31-2019	12-31-2020	12-31-2019
	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
Trade debtors, net	31,193,321	17,881,336	-	4,297,817
Other accounts receivable, net	1,672,273	2,087,368	394,924	644,791
Total	32,865,594	19,968,704	394,924	4,942,608

Provision for impairment of commercial debtors and other accounts receivable	Current		Non-current	
	12-31-2020	12-31-2019	12-31-2020	12-31-2019
	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
Trade debtors	725,496	834,489	-	-
Total	725,496	834,489	-	-

The detail of trade debtors and other accounts receivable billed and unbilled or provisioned for as of December 31, 2020 and 2019 is as follows:

Trade debtors and other accounts receivable	Current		Non-current	
	12-31-2020	12-31-2019	12-31-2020	12-31-2019
	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
Billed	12,195,776	4,888,368	248,431	4,410,159
Transmission tolls	11,437,745	3,614,455	-	4,229,480
Imports and suppliers advances	420,687	470,137	-	-
Account receivable ongoing projects	210,032	210,031	-	-
Debtors material and services	127,312	593,745	248,431	180,679
Not billed or provisioned	20,567,213	15,187,962	-	68,337
Transmission tolls	14,639,273	11,283,965	-	68,337
Approved tariff increases	5,841,799	3,817,405	-	-
Others	86,141	86,592	-	-
Other (current account used)	828,101	726,863	146,493	464,112
Total, Gross	33,591,090	20,803,193	394,924	4,942,608
Impairment provision	(725,496)	(834,489)	-	-
Total, Net	32,865,594	19,968,704	394,924	4,942,608

Main concepts of other accounts receivable:

Other accounts receivable	Current		Non-current	
	12-31-2020	12-31-2019	12-31-2020	12-31-2019
	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
Advances for imports and suppliers	420,687	470,137	-	-
Account receivable ongoing projects	210,032	210,031	-	-
Employees accounts	828,101	726,863	146,493	464,112
Debtors retail products and services	127,312	593,745	248,431	180,679
Receivables for public lighting	-	-	-	-
Other debtors	86,141	86,592	-	-
Total	1,672,273	2,087,368	394,924	644,791
Impairment provision	-	-	-	-
Total, Net	1,672,273	2,087,368	394,924	644,791

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

7 Balances and Transactions with Related Parties

7.1 Balances and transactions with related entities

Transactions between the Group entities occur in the normal operations of the line of business. . These transactions have been eliminated in the process of consolidation and are not included in this note.

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

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

a) Accounts receivable from related entities, current

Taxpayer ID	Company	Country	Description of the transaction	Deadline for transaction	Nature of relationship	Currency	Current		Not current	
							12-31-2020	12-31-2019	12-31-2020	12-31-2019
							ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
76.073.164-1	Empresa Eléctrica de la Frontera S.A.	Chile	Current account loans (principal)	More than 1 year	Common Parent Company	UF	-	-	2,864,053	-
76.073.164-1	Empresa Eléctrica de la Frontera S.A.	Chile	Current account loans (interest)	Less than 90 days	Common Parent Company	UF	716	-	-	-
76.073.164-1	Empresa Eléctrica de la Frontera S.A.	Chile	Reimbursement of expenses undertaken for the group	Less than 90 days	Common Parent Company	CLP	13,650	1,789	-	-
76.073.164-1	Empresa Eléctrica de la Frontera S.A.	Chile	Maintenance and operations	Less than 90 days	Common Parent Company	CLP	-	48,004	-	-
96.531.500-4	Compañía Eléctrica Osorno S.A.	Chile	Reimbursement of expenses undertaken for the group	Less than 90 days	Sister Company	CLP	1,325	83,767	-	-
76.186.388-6	Sagesa S.A.	Chile	Dividends	Less than 90 days	Sister Company	USD	660,554	457,653	-	-
76.186.388-6	Sagesa S.A.	Chile	Current account loans (principal)	More than 1 year	Sister Company	USD	-	-	40,744	42,911
76.186.388-6	Sagesa S.A.	Chile	Current account loans (interest)	Less than 90 days	Sister Company	USD	106	2,851	-	-
76.186.388-6	Sagesa S.A.	Chile	Reimbursement of expenses undertaken for the group	Less than 90 days	Sister Company	CLP	57,314	55,772	-	-
99.528.750-1	Sociedad Generadora Austral S.A.	Chile	Reimbursement of expenses undertaken for the group	Less than 90 days	Sister Company	CLP	150,861	418,125	-	-
99.528.750-1	Sociedad Generadora Austral S.A.	Chile	Dividends	Less than 90 days	Sister Company	USD	419,766	236,361	-	-
99.528.750-1	Sociedad Generadora Austral S.A.	Chile	Maintenance and operations	Less than 90 days	Sister Company	CLP	-	342	-	-
76.073.162-5	Sociedad Austral de Electricidad S.A.	Chile	Current account loans (principal)	More than 1 year	Common Parent Company	CLP	-	-	-	13,909,718
76.073.162-5	Sociedad Austral de Electricidad S.A.	Chile	Reimbursement of expenses undertaken for the group	Less than 90 days	Common Parent Company	CLP	235	4,153	-	-
76.073.162-5	Sociedad Austral de Electricidad S.A.	Chile	Maintenance and operations	Less than 90 days	Common Parent Company	CLP	54,778	2,204	-	-
76.073.162-5	Sociedad Austral de Electricidad S.A.	Chile	Transmission Tollis revenue	Less than 90 days	Common Parent Company	CLP	-	2,121,481	-	-
76.230.505-4	Eletrans S.A.	Chile	Maintenance and operations	Less than 90 days	Sister Company	CLP	-	285,403	-	-
Total							1,359,305	3,717,905	2,904,797	13,952,629

b) Accounts payable to related entities, current

Taxpayer ID	Company	Country	Description of the transaction	Deadline for transaction	Nature of relationship	Currency	Current		Not current	
							31-12-2020	31-12-2019	31-12-2020	31-12-2019
							ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
76.022.072-8	Inversiones Eléctricas del Sur S.A.	Chile	Current account loans (principal)	Less than 90 days	Parent Company	USD	-	-	130,165,010	128,787,988
76.022.072-8	Inversiones Eléctricas del Sur S.A.	Chile	Current account loans (interest)	Less than 90 days	Parent Company	USD	1,960,550	4,152,573	-	-
76.022.072-8	Inversiones Eléctricas del Sur S.A.	Chile	Current account loans (principal)	More than 1 year	Parent Company	CLP	-	-	43,150,000	-
76.022.072-8	Inversiones Eléctricas del Sur S.A.	Chile	Current account loans (interest)	Less than 90 days	Parent Company	CLP	639	4,233,240	-	-
76.022.072-8	Inversiones Eléctricas del Sur S.A.	Chile	Dividends	Less than 90 days	Parent Company	CLP	2,490,126	249	-	-
76.022.072-8	Inversiones Eléctricas del Sur S.A.	Chile	Reimbursement of expenses undertaken for the group	Less than 90 days	Parent Company	CLP	576	-	-	-
76.073.164-1	Empresa Eléctrica de la Frontera S.A.	Chile	Dividends	Less than 90 days	Common Parent Company	CLP	4,276	4,648	-	-
76.073.164-1	Empresa Eléctrica de la Frontera S.A.	Chile	Reimbursement of expenses undertaken for the group	Less than 90 days	Common Parent Company	CLP	284,211	-	-	-
88.272.600-2	Empresa Eléctrica de Aisén S.A.	Chile	Reimbursement of expenses undertaken for the group	Less than 90 days	Sister Company	CLP	15,338	15,338	-	-
96.531.500-4	Compañía Eléctrica Osorno S.A.	Chile	Reimbursement of expenses undertaken for the group	Less than 90 days	Sister Company	CLP	785	-	-	-
76.067.075-8	Inversiones Los Ríos Ltda.	Chile	Dividends	Less than 90 days	Common Parent Company	CLP	-	1,136,707	-	-
6.443.633-3	Jorge Lesser Garcia-Huidobro	Chile	Remuneration Director	Less than 90 days	Director	UF	130	127	-	-
14.655.033-9	Iván Díaz-Molina	Chile	Remuneration Director	Less than 90 days	Director	UF	130	127	-	-
76.024.762-6	Cóndor Holding Spa	Chile	Dividends	Less than 90 days	Indirect Shareholder	CLP	35	19	-	-
76.024.782-0	Inversiones Grupo Saesa Ltda.	Chile	Dividends (headquarters)	Less than 90 days	Indirect Parent Company	USD	1,871	854	-	-
76.186.388-6	Sagesa S.A.	Chile	Current account loans (principal)	Less than 90 days	Sister Company	USD	-	-	19,400,054	20,329,062
76.186.388-6	Sagesa S.A.	Chile	Current account loans (interest)	Less than 90 days	Sister Company	USD	50,387	613,245	-	-
76.186.388-6	Sagesa S.A.	Chile	Reimbursement of expenses undertaken for the group	Less than 90 days	Sister Company	CLP	542,549	-	-	-
76.073.162-5	Sociedad Austral de Electricidad S.A.	Chile	Current account loans (principal)	Less than 90 days	Common Parent Company	USD	22,024	63,994	-	-
76.073.162-5	Sociedad Austral de Electricidad S.A.	Chile	Current account loans (interest)	More than 1 year	Common Parent Company	USD	-	-	8,796,549	15,090,538
76.073.162-5	Sociedad Austral de Electricidad S.A.	Chile	Current account loans (principal)	More than 1 year	Common Parent Company	CLP	-	-	4,361,435	-
76.073.162-5	Sociedad Austral de Electricidad S.A.	Chile	Current account loans (interest)	Less than 90 days	Common Parent Company	CLP	3,138	-	-	-
76.073.162-5	Sociedad Austral de Electricidad S.A.	Chile	Reimbursement of expenses undertaken for the group	Less than 90 days	Common Parent Company	CLP	1,591,400	48,273	-	-
76.067.075-8	Inversiones Los Ríos Ltda.	Chile	Reimbursement of expenses undertaken for the group	Less than 90 days	Common Parent Company	CLP	-	-	-	47,618
99.528.750-1	Sociedad Generadora Austral S.A.	Chile	Reimbursement of expenses undertaken for the group	Less than 90 days	Sister Company	CLP	17	866	-	-
Total							6,968,182	10,270,260	206,873,048	164,255,206

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

Taxpayer ID	Company	Nature of the relationship	Description of the transaction	12-31-2020		12-31-2019	
				Transaction amount	Efect in P&L (charge)/credit	Transaction amount	Efect in P&L (charge)/credit
				ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
76.022.072-8	Inversiones Eléctricas del Sur S.A.	Parent Company	Current account loans (principal/interest) Subsidiary	108,496,270	(5,667,424)	(46,708,065)	(42,766)
76.073.164-1	Empresa Eléctrica de la Frontera S.A.	Common Parent Company	Current account loans (interest)	5,015,511	6,703	(5,948,590)	(8,197)
76.073.162-5	Sociedad Austral de Electricidad S.A.	Common Parent Company	Current account loans (principal) Parent Company	(12,450,499)	(338,611)	4,925,964	751,283
76.073.162-5	Sociedad Austral de Electricidad S.A.	Common Parent Company	Current account loans (principal) Subsidiary	-	-	(777,982)	-
96.531.500-4	Compañía Eléctrica Osorno S.A.	Sister Company	Reimbursement of expenses undertaken for the group	(304,162)	-	83,545	-
76.073.162-5	Sociedad Austral de Electricidad S.A.	Common Parent Company	Reimbursement of expenses undertaken for the group	1,159,587	-	(338,854)	-
88.272.600-2	Empresa Eléctrica de Aisén S.A.	Sister Company	Reimbursement of expenses undertaken for the group	-	-	15,339	-
76.073.164-1	Empresa Eléctrica de la Frontera S.A.	Common Parent Company	Reimbursement of expenses undertaken for the group	(177,288)	-	-	-
76.073.164-1	Empresa Eléctrica de la Frontera S.A.	Common Parent Company	Sale of material	(48,005)	-	28,837	-
76.230.505-4	Eletrans S.A.	Sister Company	Services	(285,403)	-	(428,806)	-
76.073.162-5	Sociedad Austral de Electricidad S.A.	Common Parent Company	Dividends	(372,035)	-	(385,103)	-
76.022.072-8	Inversiones Eléctricas del Sur S.A.	Sister Company	Dividends payable	1,892,568	-	-	-
76.073.162-5	Sociedad Austral de Electricidad S.A.	Common Parent Company	Representation services	(159,168)	(159,168)	(154,112)	(154,112)
76.073.164-1	Empresa Eléctrica de la Frontera S.A.	Common Parent Company	Maintenance and operations system	76,224	76,224	67,719	67,719
76.073.162-5	Sociedad Austral de Electricidad S.A.	Common Parent Company	Maintenance and operations system	87,877	87,877	79,288	79,288
76.186.388-6	Sagesa S.A.	Sister Company	Leases	190,851	190,851	1,363	185,363
99.528.750-1	Sociedad Generadora Austral S.A.	Sister Company	Energy-Power Transfer	538,508	538,508	2,414,264	2,414,264
88.272.600-2	Empresa Eléctrica de Aisén S.A.	Sister Company	Sale of generator sets	665,097	558,808	-	-
76.073.162-5	Sociedad Austral de Electricidad S.A.	Common Parent Company	Transmission Toll Revenue	13,459,772	17,165,038	12,084,216	12,084,216
76.073.164-1	Empresa Eléctrica de la Frontera S.A.	Common Parent Company	Transmission Toll Revenue	379,298	510,033	180,833	180,833
96.531.500-4	Compañía Eléctrica Osorno S.A.	Sister Company	Transmission Toll Revenue	997,192	997,192	894,579	894,579
99.528.750-1	Sociedad Generadora Austral S.A.	Sister Company	Transmission Toll Revenue	1,257,088	1,257,088	1,825,410	1,825,410

7.2 Board of Directors and Key Management Personnel

The Entities within the Group are managed by a common Board of Directors made up of eight members, who hold their positions for two years and may be reelected. Corporate governance is the same of the Parent Company Inversiones Eléctricas del Sur S.A. considering that is involved in all the operations of the Group. No executives are directly hired by the Group Entities.

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

The pending balances payable between the Group and respective Directors (Directors' Compensation), are as follows:

Director	12-31-2020	12-31-2019
	ThCLP\$	ThCLP\$
Ivan Diaz-Molina	130	127
Jorge Lesser Garcia-Huidobro	130	127
Total	260	254

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

b) Board of Directors fees

As stipulated in Article 33 of the Law on Corporations No. 18,046, the fees of the Board of Directors are set every year in the Group's Ordinary Shareholders' Meeting.

The benefit corresponds to the payment of UF 5 (UF: inflation index-linked unit of account) to each Director of the Group, for the period May 2020 to the next Ordinary Shareholders' Meeting in 2021.

c) Remuneration paid to Directors as of December 31, 2020 and 2019, is as follows:

Director	12-31-2020	12-31-2019
	ThCLP\$	ThCLP\$
Ivan Diaz-Molina	1,718	1,528
Jorge Lesser Garcia-Huidobro	1,718	1,528
Total	3,436	3,056

During the years 2020 and 2019, the Group has not made any payments to companies related to any of the Directors.

d) Compensation for key management personnel

The Entities do not have any executive officers directly compensated by them. Management services for key management personnel are allocated to the Entities from the parent (see Statement of Parent Group Equity and Comprehensive Income).

8 Current Tax Assets and Liabilities

The detail of current tax receivables as of December 31, 2020 and 2019 is as follows:

Current tax assets	12-31-2020	12-31-2019
	ThCLP\$	ThCLP\$
Recoverable income tax	694,896	-
Recoverable VAT fiscal credit (1)	14,446,178	12,456,889
Others	135,017	1,704,546
Total	15,276,091	14,161,435

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

The detail of the accounts payable for current taxes as of December 31, 2020 and 2019, is as follows:

Current tax liabilities	12-31-2020	12-31-2019
	ThCLP\$	ThCLP\$
Income tax payable, net	10,816,819	1,891,555
VAT fiscal debit	349,042	180,417
Others	24,687	20,788
Total	11,190,548	2,092,760

The sale of a 50% stake in Eletrans (I, II and III) to Chilquinta Energía generated tax on capital gains of ThCLP\$ 9,737,000. Following Chilean IRS guidance, the tax effects were allocated to the above entities and the amount allocated to the Group is reflected in these financial statements. Notwithstanding, the 50% stake appropriately was excluded from the accounting for the combined Group as the ownership participation was not carried by any entity within the Group. The tax allocation, given its assignment, to an entity within the combined Group, has been recorded herein.

9 Intangibles other than Goodwill

The detail of this item as of December 31, 2020 and 2019 is as follows:

Intangible Assets, Net	12-31-2020	12-31-2019
	ThCLP\$	ThCLP\$
Identifiable Intangible Assets, Net	34,748,887	35,263,832
Easements	34,371,836	35,134,366
Software	377,051	129,466
Intangible Assets, Gross	12-31-2020	12-31-2019
	ThCLP\$	ThCLP\$
Identifiable Intangible Assets, Gross	34,852,296	35,287,535
Easements	34,371,836	35,134,366
Software	480,460	153,169
Intangible Assets, Amortization	12-31-2020	12-31-2019
	ThCLP\$	ThCLP\$
Identifiable Intangible Assets, Amortization	(103,409)	(23,703)
Software	(103,409)	(23,703)

The details and changes in intangible assets as of December 31, 2020 are as follows:

Movements year 2020	Easements Net	Software Net	Intangible assets Net
	ThCLP\$	ThCLP\$	ThCLP\$
Opening balance January 1, 2020	35,134,366	129,466	35,263,832
Additions	-	327,291	327,291
Amortization expense	-	(79,706)	(79,706)
Increase (decrease) in foreign currency exchange (Companies) with functional currency different from the reporting currency)	(762,530)	-	(762,530)
Total movements	(762,530)	247,585	(514,945)
Closing balance December 31, 2020	34,371,836	377,051	34,748,887

The details and changes in intangible assets as of December 31, 2019 are as follows:

Movements year 2019	Easements Net	Software Net	Intangible assets Net
	ThCLP\$	ThCLP\$	ThCLP\$
Opening balance January 1, 2019	28,956,831	5,213	28,962,044
Additions	5,147,296	136,733	5,284,029
Amortization expense	-	(12,480)	(12,480)
Increase (decrease) in foreign currency exchange (Companies) with functional currency different from the reporting currency)	1,030,239	-	1,030,239
Total movements	6,177,535	124,253	6,301,788
Closing balance December 31, 2019	35,134,366	129,466	35,263,832

The easements are stated at cost. The period for exercising such rights generally has no expiration date, so they are considered to be assets with an indefinite useful life and, consequently, are not subject to amortization.

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

10 Goodwill

The detail of goodwill as of December 31, 2020 and 2019, is as follows:

Taxpayer ID	Company	12-31-2020	12-31-2019
		ThCLP\$	ThCLP\$
91.715.000-1	Empresa Eléctrica de la Frontera S.A.	7,883,969	7,883,969
96.986.780-K	Empresa Eléctrica de la Frontera S.A.	1,725,559	1,725,559
77.683.400-9	Sistema de Transmisión del Sur S.A.	64,000,000	64,000,000
76.073.162-5	Sociedad Austral de Electricidad S.A.	2,109,123	2,109,123
Total		75,718,651	75,718,651

Due to the requirements of Law No. 21,194, which dictates that distribution companies have an exclusive line of business, goodwill was transferred in the carve out process for transmission assets transferred from Empresa Eléctrica de la Frontera S.A.(Frontel) to Frontel Transmisión S.A. (Frontel Tx) and from Sociedad Austral de Electricidad S.A. to Saesa Transmisión S.A. (Saesa Tx).

The entity STS was allocated goodwill coming from the acquisition of the Saesa Group (parent of Inversiones Eléctricas del Sur S.A.) by OTTPP (Ontario Teachers' Pension Plan) in 2007 of ThCLP\$ 64,000,000.

11 Property, plant and equipment

Below are the balances of the item as of December 31, 2020 and 2019:

Classes of Property, Plant and Equipment, Net	12-31-2020	12-31-2019
	ThCLP\$	ThCLP\$
Property, Plant and Equipment, Net	512,928,353	468,286,987
Land	7,802,827	7,508,399
Buildings	3,970,352	1,867,517
Plant and equipment	310,781,141	297,989,779
Information technology equipment	133,633	262,309
Fixed facilities and accessories	362,484	66,094
Motor vehicles	1,513,307	245,585
Construction in progress	186,426,473	158,898,829
Other property, plant and equipment	1,938,136	1,448,475
Classes of Property, Plant and Equipment, Gross		
	12-31-2020	12-31-2019
	ThCLP\$	ThCLP\$
Property, Plant and Equipment, Gross	587,390,558	533,324,667
Land	7,802,827	7,508,399
Buildings	5,154,027	2,564,880
Plant and equipment	381,683,716	360,368,267
Information technology equipment	891,280	873,738
Fixed facilities and accessories	611,050	275,207
Motor vehicles	1,699,060	407,328
Construction in progress	186,426,473	158,898,829
Other property, plant and equipment	3,122,125	2,428,019
Classes of Accumulated Depreciation and Impairment, Property, Plant and Equipment		
	12-31-2020	12-31-2019
	ThCLP\$	ThCLP\$
Total Accumulated Depreciation and Impairment Property, Plant and Equipment	(74,462,205)	(65,037,680)
Buildings	(1,183,675)	(697,363)
Plant and equipment	(70,902,575)	(62,378,488)
Information technology equipment	(757,647)	(611,429)
Fixed facilities and accessories	(248,566)	(209,113)
Motor vehicles	(185,753)	(161,743)
Other property, plant and equipment	(1,183,989)	(979,544)

The following is the detail of property, plant and equipment as of December 31, 2020:

Movement year 2020	Land	Buildings, net	Plant and equipment, net	Information technology equipment, net	Fixed facilities and accessories, net	Motor vehicles, net	Constructions in progress	Other property, plant and equipment, net	Total
	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
Opening balance as of January 1, 2020	7,508,399	1,867,517	297,989,779	262,309	66,094	245,585	158,898,829	1,448,475	468,286,987
Additions	-	-	-	-	-	-	58,667,668	-	58,667,668
Other (Capitalized work in progress)	294,428	2,721,086	25,700,700	18,906	272,543	658,118	(30,382,881)	717,100	-
Increase (decrease) through transfers from construction in progress, property, plant and equipment	-	-	-	-	7,740	-	(7,740)	-	-
Disposals	-	-	(313,000)	-	-	(61,768)	-	(20,241)	(395,009)
Accumulated depreciation reversals	-	8,645	75,610	-	(355)	61,767	-	21,894	167,561
Depreciation expense	-	(174,193)	(9,661,324)	(622,571)	(30,209)	(68,554)	-	(226,574)	(10,783,425)
Increase (decrease) in foreign currency exchange (Companies with functional currency other than the reporting currency)	-	(452,703)	(3,010,624)	474,989	46,671	678,159	(749,403)	(2,518)	(3,015,429)
Total movements	294,428	2,102,835	12,791,362	(128,676)	296,390	1,267,722	27,527,644	489,661	44,641,366
Closing balance as of December 31, 2020	7,802,827	3,970,352	310,781,141	133,633	362,484	1,513,307	186,426,473	1,938,136	512,928,353

The following is the detail of property, plant and equipment as of December 31, 2019:

Movement year 2019	Land	Buildings, net	Plant and equipment, net	Information technology equipment, net	Fixed facilities and accessories, net	Motor vehicles, net	Constructions in progress	Other property, plant and equipment, net	Total
	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
Opening balance as of January 1, 2019	7,404,890	1,861,182	288,950,084	371,757	82,016	252,832	86,336,924	799,285	386,058,970
Additions	-	-	-	-	-	-	78,995,276	-	78,995,276
Other (Capitalized work in progress)	114,389	62,602	22,210,887	46,978	1,921	41,854	(23,276,400)	797,769	-
Increase (decrease) through transfers from construction in progress, property, plant and equipment	-	-	(4,748,662)	-	-	-	4,748,662	-	-
Disposals	(10,880)	-	-	-	-	(15,399)	-	(7,128)	(33,407)
Accumulated depreciation reversals	-	-	506,087	58	-	13,112	-	22,686	541,943
Depreciation expense	-	(56,267)	(9,458,986)	(156,484)	(17,843)	(46,814)	-	(164,137)	(9,900,531)
Increase (decrease) in foreign currency exchange (Companies with functional currency other than the reporting currency)	-	-	530,369	-	-	-	12,094,367	-	12,624,736
Total movements	103,509	6,335	9,039,695	(109,448)	(15,922)	(7,247)	72,561,905	649,190	82,228,017
Closing balance as of December 31, 2019	7,508,399	1,867,517	297,989,779	262,309	66,094	245,585	158,898,829	1,448,475	468,286,987

Additional Information on Property, Plant and Equipment

- Depreciation of property, plant and equipment is presented in the item "Depreciation and Amortization Expense".
- The companies of the Group all have risk insurance coverage for their property, plant and equipment (power stations, substations, constructions, contents and inventories), except for the power transmission lines and power grid which are self-insured. The above insurance coverage is effective for 12 to 14 months.
- The amount of property, plant and equipment fully depreciated as of December 31, 2020 and 2019 is not significant. The Group does not have any significant amount of assets not in service or withdrawn from active use.
- The assets presented as property, plant and equipment do not have restrictions of any kind in favor of third parties, nor have they been provided as collateral.

12 Income tax and deferred taxes

12.1 Income tax

- The detail of income tax expense recorded in the combined carve-out statement of comprehensive income for the years 2020 and 2019 is as follows:

Income tax expense	12-31-2020	12-31-2019
	ThCLP\$	ThCLP\$
Current income taxes		
Current tax expense	12,954,670	3,409,733
Other expenses of current income taxes	3,151	2,715
Total Current Income taxes, net	12,957,821	3,412,448
Deferred taxes		
Deferred tax expense relating to the origination and reversal of temporary differences	4,605,947	2,791,387
Deferred tax expense, net, total	4,605,947	2,791,387
Total Income tax expense	17,563,768	6,203,835

- The effective tax rate reconciliation for the years ended December 31, 2020 and 2019 is as follows:

Reconciliation of accounting profit multiplied by applicable tax profits	12-31-2020	12-31-2019
	ThCLP\$	ThCLP\$
Accounting profit before tax	26,307,934	26,359,653
Total expense per gains taxes using the legal rate 27%	(7,103,142)	(7,117,106)
Tax effect of income related to permanent differences related to non-taxable p&l items	(1,468,117)	(135,701)
Tax effect of non-deductible expenses for calculating tax profits (losses)	(771,661)	(474,295)
Tax effect from changes in tax rates	(95,014)	(13,267)
Income tax as explained in Note 8	(9,737,317)	-
Other tax effects from reconciliation of a accounting profits and tax (expenses) benefit	1,611,483	1,536,534
Total adjustment to tax (expense) income using the statutory rate	(10,460,626)	913,271
Tax (expense) income using the effective rate	(17,563,768)	(6,203,835)
Effective tax rate	66.76%	23.54%

12.2 Deferred Taxes

The details of deferred taxes recorded as of December 31, 2020 and 2019 are as follows:

Deferred tax assets temporary differences	12-31-2020	12-31-2019
	ThCLP\$	ThCLP\$
Deferred taxes related to post-employment benefits	183,007	122,649
Deferred taxes related to provision for uncollectible accounts	195,884	225,259
Deferred taxes related to provision for vacations	90,520	74,545
Deferred taxes related to provision for obsolescence	10,143	909
Deferred taxes related to unearned income	2,412,467	2,515,078
Deferred taxes related to prepaid expenses	628,308	630,800
Deferred taxes related to tax losses	14,016,268	12,240,243
Deferred taxes related to provision for personnel benefits	66,867	77,527
Deferred taxes leases	51,054	46,831
Deferred taxes related to other provisions	198,954	190,927
Total deferred tax assets	17,853,472	16,124,768

Deferred tax liabilities temporary differences	12-31-2020	12-31-2019
	ThCLP\$	ThCLP\$
Deferred taxes related to depreciation	51,880,887	44,748,486
Deferred taxes related to prepaid expenses	313,125	349,125
Total Deferred tax liabilities	52,194,012	45,097,611

Deferred taxes are presented in the Combined carve-out Statement of Financial Position as follows:

Temporary difference, net	12-31-2020	12-31-2019
	ThCLP\$	ThCLP\$
Assets Non-current	17,853,472	16,124,768
Liabilities Non-current	(52,194,012)	(45,097,611)
Net	(34,340,540)	(28,972,843)

Movements in the items "Deferred Taxes", of the Combined carve-out Statements of Financial Position as of December 31, 2020 and 2019, are as follows:

Deferred tax movements	Assets		Liabilities	
	12-31-2020	12-31-2019	12-31-2020	12-31-2019
	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
Initial balance	16,124,768	10,725,825	45,097,611	36,654,807
Increase (decrease) in deferred taxes recorded through P&L	2,475,204	5,189,339	6,922,118	8,352,505
Increase (decrease) in deferred taxes in other comprehensive income	19,420	101,068	-	-
Increase (decrease) in exchange difference	(592,629)	564,680	(676,338)	90,950
Others increase (decrease)	(173,291)	(6,144)	850,621	-
Total movements	1,728,704	5,848,943	7,096,401	8,443,455
Final balance	17,853,472	16,574,768	52,194,012	45,098,262

Recovery of the deferred tax asset balances depends on obtaining sufficient tax profits in the future. The Group's Management considers that projections of future profits of the various companies making up the Group are sufficient to recover these assets.

All of the Groups' companies are domiciled in Chile, so the local regulations in force apply equally to all of them.

13 Other current and non-current Financial Liabilities

a) The detail of current and non-current balances as of December 31, 2020 and 2019, is as follows:

Classes of interest-bearing borrowings	Current		Non-current	
	12-31-2020	12-31-2019	12-31-2020	12-31-2019
	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
Bank loans	15,001,638	28,037,912	-	-
Bonds	679,897	662,113	117,546,212	114,481,025
Total	15,681,535	28,700,025	117,546,212	114,481,025

b) The breakdown by currency and maturity of the obligations with bank institutions as of December 31, 2020 and 2019, is as follows:

Debt Company Name	Name of Creditor	Creditor ID Number	Type of currency	Nominal interest rate	Type of amortization	12-31-2020							
						Current			Non-current				
						Up to 90 days	More than 90 days up to 1 year	Total current	More than 1 year to 3 years	More than 3 years to 5 years	More than 5 years	Total Non-current	
						ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
Línea de Transmisión Cabo Leones S.A.	Banco Scotiabank	97.018.000-1	CLP	0.30%	Upon expiration	10,001,092	-	10,001,092	-	-	-	-	-
Sociedad Austral de Transmisión Troncal S.A.	Banco Scotiabank	97.018.000-1	CLP	0.30%	Upon expiration	5,000,546	-	5,000,546	-	-	-	-	-
Total						15,001,638	-	15,001,638	-	-	-	-	-

Debt Company Name	Name of Creditor	Creditor ID Number	Type of currency	Nominal interest rate	Type of amortization	12-31-2019							
						Current			Non-current				
						Up to 90 days	More than 90 days up to 1 year	Total current	More than 1 year to 3 years	More than 3 years to 5 years	More than 5 years	Total Non-current	
						ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
Línea de Transmisión Cabo Leones S.A.	Banco Scotiabank	97.018.000-1	CLP	0.22%	Upon expiration	18,034,320	-	18,034,320	-	-	-	-	-
Sociedad Austral de Transmisión Troncal S.A.	Banco Itaú	97.023.000-9	CLP	0.22%	Upon expiration	10,003,592	-	10,003,592	-	-	-	-	-
Total						28,037,912	-	28,037,912	-	-	-	-	-

c) The breakdown by currency and maturity of the bond obligations as of December 31, 2020 and 2019, is as follows:

Segment country	Currency	Type of amortization	Nominal rate	Guarantee	12-31-2020								
					Current			Non-current					
					Up to 1 year			More than 1 year to 3 years		More than 3 years to 5 years		More than 5 years	Total Non-current
					Up to 90 days	More than 90 days up to 1 year	Total current	More than 1 year to 2 years	More than 2 years to 3 years	More than 3 years to 4 years	More than 4 years to 5 years	More than 5 years	
ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$				
Chile	UF	Semiannual	2.80%	Without guarantee	-	679,897	679,897	-	-	-	-	117,546,212	117,546,212
Total					-	679,897	679,897	-	-	-	-	117,546,212	117,546,212

Segment country	Currency	Type of amortization	Nominal rate	Guarantee	12-31-2019								
					Current			Non-current					
					Up to 1 year			More than 1 year to 3 years		More than 3 years to 5 years		More than 5 years	Total Non-current
					Up to 90 days	More than 90 days up to 1 year	Total current	More than 1 year to 2 years	More than 2 years to 3 years	More than 3 years to 4 years	More than 4 years to 5 years	More than 5 years	
ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$				
Chile	UF	Semiannual	2.80%	Without guarantee	-	662,113	662,113	-	-	-	-	114,481,025	114,481,025
Total					-	662,113	662,113	-	-	-	-	114,481,025	114,481,025

13.1 Derivative Instruments

Company	Bank	Instrument	Start date	Maturity date	Duration (days)	UF		USD		Type of hedge	12-31-2020	12-31-2019
						Company receives		Company pays			ThCLP\$	ThCLP\$
						Notional ThUF	Interest rate	Notional ThUSD	Interest rate			
SATT	Chile	Cross Currency Swap	11-28-2019	06-30-2021	580	31.2	0,00%	1,062	3.76%	Cash flow	147,556	350,683
Total											147,556	350,683

14 Trade and Other Accounts Payable

The details of this item as of December 31, 2020 and 2019 are as follows:

Trade Accounts Payable and Other Accounts Payable	Current		Non-current	
	12-31-2020	12-31-2019	12-31-2020	12-31-2019
	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
Trade accounts payable (Goods and services)	16,828,721	22,362,373	-	-
Other accounts payable	1,481,791	1,427,794	-	-
Total	18,310,512	23,790,167	-	-

15 Financial instruments

15.1 Financial instruments by category

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

a) Financial assets

Financial assets	12-31-2020			
	Financial assets at amortized cost	Assets at fair value through profit or loss	Hedge derivatives	Total
	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
Cash and cash equivalents	1,458,987	-	-	1,458,987
Other financial assets, current	-	-	147,556	147,556
Trade debtors and other accounts receivable current and non-current	33,260,518	-	-	33,260,518
Accounts receivable to related companies, current and non-current	4,264,102	-	-	4,264,102
Total Financial assets	38,983,607	-	147,556	39,131,163

Financial assets	12-31-2019			
	Financial assets at amortized cost	Assets at fair value through profit or loss	Hedge derivatives	Total
	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
Cash and cash equivalent	235,048	836,162	-	1,071,210
Other financial assets, current	-	-	350,683	350,683
Trade debtors and other accounts receivable current and non-current	24,911,312	-	-	24,911,312
Accounts receivable to related companies, current and non-current	17,670,534	-	-	17,670,534
Total Financial assets	42,816,894	836,162	350,683	44,003,739

b) Financial liabilities

Financial liabilities	12-31-2020		
	Financial liabilities at amortized cost	Hedge derivatives	Total
	ThCLP\$	ThCLP\$	ThCLP\$
Bonds	133,227,747	-	133,227,747
Lease liabilities	1,552,231	-	1,552,231
Trade accounts payable and other accounts payable	18,310,512	-	18,310,512
Accounts payable to related companies, current and non-current	212,841,230	-	212,841,230
Totales Financial liabilities	365,931,720	-	365,931,720

Financial liabilities	12-31-2019		
	Financial liabilities at amortized cost	Hedge derivatives	Total
	ThCLP\$	ThCLP\$	ThCLP\$
Bonds	143,181,050	-	143,181,050
Lease liabilities	1,489,202	-	1,489,202
Trade accounts payable and other accounts payable	23,790,167	-	23,790,167
Accounts payable to related companies, current and non-current	174,525,466	-	174,525,466
Totales Financial liabilities	342,985,885	-	342,985,885

15.2 Fair value of financial instruments

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

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

Financial assets	12-31-2020	
	Book Value	Fair Value
	ThCLP\$	ThCLP\$
Investments held at amortized cost:		
Cash on hand	100	100
Balance in banks	1,458,887	1,458,887
Trade debtors and other current accounts receivable	32,865,595	32,865,595

Financial liabilities	12-31-2020	
	Book Value	Fair Value
	ThCLP\$	ThCLP\$
Financial liabilities held at amortized cost:		
Bank debt	15,001,638	15,001,638
Bonds	118,226,109	141,907,793
Lease liabilities	1,552,231	1,552,231
Trade payables and other current accounts payable	18,310,513	18,310,513

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

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

- a) Trade accounts and other current accounts receivable, trade accounts payable and other accounts payable correspond to receivables mainly associated with energy sales and tolls, which have a short-term collection horizon. Therefore, their carrying value approximates fair value. .
- b) The fair value of the bonds and the bank was determined based on market price references, since these instruments are traded in the market under standard conditions and with a high degree of liquidity.

c) Recognition of Fair Value Measurements in the Combined carve-out Financial Statements:

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

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

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

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

16 Other Non-Financial Liabilities, current and non-current

The details of this item as of as of December 31, 2020 and 2019 are as follows:

Other non-financial liabilities	Current		Non-current	
	12-31-2020	12-31-2019	12-31-2020	12-31-2019
	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
Other works of third parties	357,423	357,423	-	-
Deferred income for transmission tolls revenue	386,445	386,445	8,564,283	8,975,446
Other non-financial non-current liabilities	-	-	1,811,604	5,137,114
Total	743,868	743,868	10,375,887	14,112,560

17 Revenue

The details of this item of the combined carve-out income statement accounts for the years ended December 31, 2020 and 2019 is as follows:

Revenue from Ordinary Activities	01-01-2020 12-31-2020	01-01-2019 12-31-2019
	ThCLP\$	ThCLP\$
Transmission tolls	58,659,181	60,485,531
Total Revenue from Ordinary Activities	58,659,181	60,485,531
Other revenue, by nature	01-01-2020 12-31-2020	01-01-2019 12-31-2019
	ThCLP\$	ThCLP\$
Constructions and works to third parties	1,427,855	1,151,044
Sale of material and equipment	3,509,933	72,090
Other revenue	610,440	615,307
Total Other revenue, by nature	5,548,228	1,838,441

18 Expenses for Benefits to Employees

The detail of this item in the statement of income for the years ended December 31, 2020 and 2019 is as follows:

Employee expenses	01-01-2020 12-31-2020	01-01-2019 12-31-2019
	ThCLP\$	ThCLP\$
Wages and remunerations	8,210,554	5,937,252
Other benefits to employees short term	372,132	532,227
Expenses for benefits post employment, defined benefit plans	344,001	414,218
Employee cost capitalized to Work in Progress	(2,388,046)	(2,132,949)
Total	6,538,641	4,750,748

19 Expense for depreciation and amortization

The detail of this item in the statement of income for the years ended December 31, 2020 and 2019 is as follows:

Depreciation and amortization	01-01-2020 12-31-2020	01-01-2019 12-31-2019
	ThCLP\$	ThCLP\$
Depreciation	10,865,214	9,913,012
Amortization of intangibles	42,084	37,631
Amortizations of right of use assets	25,393	3,616
Total Depreciation and amortization	10,932,691	9,954,259

20 Other expenses by nature

The detail of this item in the income statement account for the years ended December 31, 2020 and 2019 is as follows:

Other expenses by nature	01-01-2020 12-31-2020	01-01-2019 12-31-2019
	ThCLP\$	ThCLP\$
Shared services	4,275,245	3,960,033
Operations and maintenance of electrical system	4,044,756	3,271,885
Operation vehicles, travel and expenses	243,748	231,610
Rental of machinery, equipment and facilities	448,899	183,522
Provisions and write offs	30,370	122,681
Administration expenses	3,670,118	3,760,314
Other expenses by nature	793,826	627,912
Total	13,506,962	12,157,957

21 Financial Results

The details of financial income and expenses as of December 31, 2020 and 2019 are as follows:

Financial Result	01-01-2020 12-31-2020	01-01-2019 12-31-2019
	ThCLP\$	ThCLP\$
Income from cash and cash equivalents	38,041	325,730
Other financial income	71,462	834,024
Total Financial Income	109,503	1,159,754
Bank loans expenses	(439,097)	(255,600)
Bond expenses (*)	(3,154,295)	(2,983,282)
Other financial expenses related to related party loans	(5,908,555)	(7,771,497)
Capitalized borrowing costs	3,330,827	3,497,069
Total Financial Costs	(6,171,120)	(7,513,310)
Effect of inflation-indexation	(2,702,785)	(2,548,857)
Positive	3,041,910	1,700,448
Negative	(1,304,733)	(1,581,124)
Total exchange differences	1,737,177	119,324
Total Financial Result	(7,027,225)	(15,136,645)

Guarantees Pledged to Third Parties, Other Non-Current Financial Assets

21.1 Guarantees Pledged to Third Parties

The guarantees pledged to third parties involve the construction of projects for third parties or projects under the FNDR (State Fund for Regional Development) for supplying isolated sectors with electricity.

Guarantees awarded as of December 31, 2020 are as follows:

Warranty creditor	Company delivering guarantee		Assets Involve			2021	2022	2023	2024
	Name	Relation	Type of Guarantee	Currency	Total				
Ministry of energy	SATT	Guarantees construction work	Performance bond	USD	690,332	497,523	192,810	-	-
Coordinador Independiente del Sist. Eléctrico Nacional	STA	Guarantees construction work	Performance bond	USD	732,826	732,827	-	-	-
Ministry of energy	STA	Guarantees construction work	Performance bond	USD	1,421,900	1,421,900	-	-	-
Company Minera Doña Inés de Collahuasi SCM.	STN	Guarantees construction work	Performance bond	PESO	1,224,896	-	-	-	1,224,896
Company General de Electricidad S.A	STN	Guarantees construction work	Performance bond	UF	28,169	28,169	-	-	-
Company Minera Zaldivar SPA	STN	Guarantees construction work	Performance bond	UF	309,866	-	-	309,866	-
Sodexo Chile SPA	STN	Guarantees construction work	Performance bond	UF	39,350	-	-	39,350	-
Company Minera Lomas Bayas	STN	Guarantees construction work	Performance bond	UF	111,456	-	-	-	111,456
Director of Highway	STS	Guarantees construction work	Performance bond	UF	3,314	3,314	-	-	-
Sociedad Concesionaria de Lagos S.A	STS	Guarantees construction work	Performance bond	UF	14,535	14,535	-	-	-
Regional Director of Highway Los Rios S.A.	STS	Guarantees construction work	Performance bond	UF	2,965	-	-	-	-
Ministry of energy	STS	Guarantees construction work	Performance bond	USD	341,256	170,628	170,628	-	-
Total						2,871,861	363,438	349,216	1,336,352

22 Sureties Obtained from Third Parties

As of December 31, 2020, the Group has received guarantees from clients, suppliers and contractors guaranteeing, primarily, performance under power supply contracts, works to be performed and advance payments for ThCLP\$11.901.676 (ThCLP\$11.748.677 in 2019).

23 Commitments and Restrictions

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

STS must report quarterly on compliance with these ratios. As of December 31, 2020, STS is in compliance with all the financial ratios required in those contracts and complies with the aforementioned covenants.

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

As of December 31, 2020, STS complies with the covenants stipulated in their financial contracts.

24 Summarized Financial Information of the Group Subsidiaries

The summarized financial information of entities that make up the Group as of and for the years ended December 31, 2020 and 2019, is as follows:

TAXPAYER NUMBER	Name	Country	Currency	12-31-2020						
				CURRENT ASSETS	NON-CURRENT ASSETS	CURRENT LIABILITIES	NON-CURRENT LIABILITIES	ORDINARY REVENUE	NET PROFIT (LOSS)	TOTAL COMPREHENSIVE INCOME
				ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
77.683.400-9	Sistema de Transmisión del Sur S.A.	Chile	CLP	21,335,324	296,601,495	22,163,538	162,891,939	32,822,070	14,315,768	12,891,081
76.410.374-2	Sistema de Transmisión del Norte S.A.	Chile	USD	8,635,015	49,211,203	3,005,132	31,174,374	7,420,228	2,749,840	1,486,184
76.440.111-5	Sistema de Transmisión del Centro S.A.	Chile	USD	5,271,659	58,810,246	1,856,585	37,288,950	3,083,771	526,397	(811,228)
76.519.747-3	Sociedad Austral de Transmisión Troncal S.A.	Chile	USD	8,704,951	76,405,290	9,566,027	55,183,234	4,848,153	3,302,003	2,905,257
77.722.643-4	Sociedad de Transmisión Austral S.A.	Chile	USD	2,739,096	107,418,311	6,812,836	22,099,145	-	9,204,741	6,145,193
77.312.201-6	Saesa Transmisión S.A.	Chile	CLP	7,340,895	219,910,419	9,764,610	850,621	1,122,654	468,110	-
77.307.979-K	Frontel Transmisión S.A.	Chile	CLP	2,799,398	58,446,297	196,087	46,775,319	5,284,804	2,422,663	-
76.429.813-6	Línea de Transmisión Cabo Leones S.A.	Chile	USD	7,432,848	38,223,731	11,064,798	33,140,870	4,246,766	2,064,055	2,041,989

TAXPAYER NUMBER	Name	Country	Currency	12-31-2019						
				CURRENT ASSETS	NON-CURRENT ASSETS	CURRENT LIABILITIES	NON-CURRENT LIABILITIES	ORDINARY REVENUE	NET PROFIT (LOSS)	TOTAL COMPREHENSIVE INCOME
				ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
77.683.400-9	Sistema de Transmisión del Sur S.A.	Chile	CLP	22,691,537	290,561,475	27,706,663	150,367,491	36,003,031	15,562,666	17,292,440
76.410.374-2	Sistema de Transmisión del Norte S.A.	Chile	USD	4,238,049	51,276,318	1,866,793	30,635,863	6,630,047	1,268,099	2,922,684
76.440.111-5	Sistema de Transmisión del Centro S.A.	Chile	USD	5,252,820	60,238,077	4,718,235	35,025,064	3,739,508	170,995	1,910,678
76.519.747-3	Sociedad Austral de Transmisión Troncal S.A.	Chile	USD	5,505,272	67,354,886	17,228,697	53,509,366	3,265,775	831,652	1,278,682
77.722.643-4	Sociedad de Transmisión Austral S.A.	Chile	USD	887,833	28,008,145	869,091	-	-	-	-
77.312.201-6	Saesa Transmisión S.A.	Chile	CLP	7,712,930	221,573,092	27,292	-	1,574,189	807,302	-
77.307.979-K	Frontel Transmisión S.A.	Chile	CLP	2,799,398	47,117,014	123,913	37,940,873	5,628,989	2,563,232	-
76.429.813-6	Línea de Transmisión Cabo Leones S.A.	Chile	USD	192,036	44,120,267	19,135,498	23,728,738	3,647,844	1,701,056	1,804,610

25 Additional Information on Financial Debt

The following is an undiscounted maturity analysis :

a) Bank loans

Debtor entity		Creditor entity		Type of currency	Effective interest rate	Nominal interest rate	12-31-2020													
Debtor Company ID Number	Debtor Company Name	Country	Name of Creditor				Origin country	Current			Non-current									
								Up to 90 days	More than 90 days up to 1 year	Total Current	More than 1 year up to 2 years	More than 2 years up to 3 years	More than 3 years up to 4 years	More than 4 years up to 5 years	More than 5 years	Total non-current				
76.429.813-6	Línea de Transmisión Cabo Leones S.A.	Chile	Banco Scotiabank	Chile	CLP	0.30%	0.30%	10,002,352	-	10,002,352	-	-	-	-	-	-	-	-	-	-
76.519.747-3	Sociedad Austral de Transmisión Troncal S.A.	Chile	Banco Scotiabank	Chile	CLP	0.30%	0.30%	5,001,176	-	5,001,176	-	-	-	-	-	-	-	-	-	-
Total								15,003,528	-	15,003,528	-	-	-	-	-	-	-	-	-	

Debtor entity		Creditor entity		Type of currency	Effective interest rate	Nominal interest rate	12-31-2019													
Debtor Company ID Number	Debtor Company Name	Country	Name of Creditor				Origin country	Current			Non-current									
								Up to 90 days	More than 90 days up to 1 year	Total Current	More than 1 year up to 2 years	More than 2 years up to 3 years	More than 3 years up to 4 years	More than 4 years up to 5 years	More than 5 years	Total non-current				
76.429.813-6	Línea de Transmisión Cabo Leones S.A.	Chile	Banco Scotiabank	Chile	CLP	0.20%	0.20%	18,118,800	-	18,118,800	-	-	-	-	-	-	-	-	-	-
76.519.747-3	Sociedad Austral de Transmisión Troncal S.A.	Chile	Banco Itaú	Chile	CLP	0.22%	0.22%	10,064,650	-	10,064,650	-	-	-	-	-	-	-	-	-	-
Total								28,183,450	-	28,183,450	-	-	-	-	-	-	-	-	-	

b) Bonds

Debtor entity		Creditor entity		Bond agreement / N° of registration	Currency	Effective interest rate	Nominal interest rate	12-31-2020										
Debtor Company ID Number	Debtor Company Name	Country	Creditor					Country	Current			Non-current						
									Up to 90 days	More than 90 days up to 1 year	Total Current	More than 1 year up to 2 years	More than 2 years up to 3 years	More than 3 years up to 4 years	More than 4 years up to 5 years	More than 5 years	Total non-current	
77.683.400-9	Sistema de Transmisión del Sur S.A.	Chile	Banco de Chile	Chile	Emisión de Línea Serie A / N° 923	UF	2.80%	2.80%	-	3,233,318	3,233,318	3,233,318	3,233,318	3,233,318	3,233,318	3,233,318	175,289,439	188,222,711
Total								-	3,233,318	3,233,318	3,233,318	3,233,318	3,233,318	3,233,318	3,233,318	175,289,439	188,222,711	

Debtor entity		Creditor entity		Bond agreement / N° of registration	Currency	Effective interest rate	Nominal interest rate	12-31-2019										
Debtor Company ID Number	Debtor Company Name	Country	Creditor					Country	Current			Non-current						
									Up to 90 days	More than 90 days up to 1 year	Total Current	More than 1 year up to 2 years	More than 2 years up to 3 years	More than 3 years up to 4 years	More than 4 years up to 5 years	More than 5 years	Total non-current	
77.683.400-9	Sistema de Transmisión del Sur S.A.	Chile	Banco de Chile	Chile	Emisión de Línea Serie A / N° 923	UF	2.80%	2.80%	-	3,148,745	3,148,745	3,148,745	3,148,745	3,148,745	3,148,745	3,148,745	173,853,153	186,448,133
Total								-	3,148,745	3,148,745	3,148,745	3,148,745	3,148,745	3,148,745	3,148,745	173,853,153	186,448,133	

26 Foreign Currency

ASSETS	Currency	12-31-2020	12-31-2019
		ThCLP\$	ThCLP\$
Cash and cash equivalents	CLP	1,438,956	1,057,266
Cash and cash equivalents	USD	20,031	13,944
Other financial assets, current	CLP	147,556	350,683
Other non-financial assets, current	CLP	933,138	405,526
Trade and Other Receivables, current	CLP	32,829,884	19,926,442
Trade and Other Receivables, current	UF	35,710	42,262
Accounts receivable from related entities, current	CLP	778,142	3,676,395
Accounts receivable from related entities, current	USD	581,163	41,510
Current inventories	CLP	2,880,479	2,067,790
Current tax assets	CLP	15,276,091	14,161,435
TOTAL CURRENT ASSETS		54,921,150	41,743,253
TOTAL CURRENT ASSETS	CLP	54,284,246	41,645,537
	USD	601,194	55,454
	UF	35,710	42,262
		54,921,150	41,743,253
ASSETS	Currency	12-31-2020	12-31-2019
		ThCLP\$	ThCLP\$
Right of use assets	CLP	1,363,138	1,346,868
Other non-financial assets, non-current	CLP	38,960	29,959
Trade and Other Receivables, non-current	CLP	248,431	4,766,205
Trade and Other Receivables, non-current	UF	146,493	176,403
Accounts receivable from related entities, non-current	CLP	2,904,797	13,952,629
Goodwill	CLP	75,718,651	75,718,651
Intangible assets other than goodwill	CLP	34,748,887	35,263,832
Property, plant and equipment	CLP	512,928,353	468,286,986
Deferred tax assets	CLP	17,853,472	16,124,768
TOTAL NON-CURRENT ASSETS		645,951,182	615,666,301
TOTAL NON-CURRENT ASSETS	CLP	645,804,689	615,489,898
	USD	-	-
	UF	146,493	176,403
		645,951,182	615,666,301
TOTAL ASSETS	CLP	700,088,935	657,135,435
	USD	601,194	55,454
	UF	182,203	218,665
		700,872,332	657,409,554

LIABILITIES	Currency	12-31-2020	12-31-2019
		ThCLP\$	ThCLP\$
Other financial liabilities, current	CLP	15,001,638	28,037,912
Other financial liabilities, current	UF	679,897	662,113
Lease liabilities, current	CLP	196,664	86,865
Trade accounts payable and other payables	CLP	18,310,512	23,790,167
Due to related companies, current	CLP	2,960,144	10,270,006
Due to related companies, current	USD	4,007,778	-
Due to related companies, current	UF	260	254
Other provisions, current	CLP	451,704	265,748
Current tax liabilities	CLP	11,190,548	2,092,760
Current accruals for employee benefits	CLP	1,548,563	1,465,820
Other non-financial liabilities, current	CLP	743,868	743,868
TOTAL CURRENT LIABILITIES		55,091,576	67,415,513
LIABILITIES	CLP	50,403,641	66,753,146
	USD	4,007,778	-
	UF	680,157	662,367
		55,091,576	67,415,513
NON-CURRENT LIABILITIES	Currency	12-31-2020	12-31-2019
		ThCLP\$	ThCLP\$
Other financial liabilities, non-current	CLP	117,546,212	114,481,025
Lease liabilities, non-current	UF	1,355,567	1,402,337
Due to related companies, non-current	CLP	205,873,048	164,255,206
Deferred tax liability	CLP	52,194,012	45,097,611
Other non-financial liabilities, non-current	CLP	10,152,636	13,873,642
Other non-financial liabilities, non-current	USD	223,251	238,918
Non-current accruals for employee benefits	CLP	2,059,727	1,657,137
TOTAL NON-CURRENT LIABILITIES		389,404,453	341,005,876
TOTAL NON-CURRENT LIABILITIES	CLP	387,825,635	339,364,621
	USD	223,251	238,918
	UF	1,355,567	1,402,337
		389,404,453	341,005,876
TOTAL LIABILITIES	CLP	438,229,276	406,117,767
	USD	4,231,029	238,918
	UF	2,035,724	2,064,704
		444,496,029	408,421,389

27 Contingencies

There are several lawsuits, legal actions, fines and claims which involve an entity/entities of the Group. These lawsuits and claims/legal actions for the respective group entity arise from its operations and the industry in which it operates.

In the opinion of management and its legal advisors, lawsuits, fines and claims where the respective group entity is a defendant do not represent loss contingencies of material value. The Group has made provisions for those lawsuits/legal actions that are probable of disbursing cash flows and reliably estimable.

28 Subsequent events

On July 9, 2021, the Group, acquired all the shares of Tolchén Transmisión SpA, "Tolchén". The total amount of the transaction amounted to US\$ 35,926,830, which is distributed between the payment of the price of the shares issued by Tolchén to Acciona Energía Global, SL, who owned them, and the payment for Tolchén's account of certain debts that it had with Acciona Energía Chile S.A.

A merger process by incorporation of Sistema de Transmisión del Sur S.A. (STS) and Frontel Transmisión S.A. (Frontel) into Saesa Transmisión S.A. ("Saesa Tx"), was approved at the Extraordinary Shareholders' Meeting held on March 29, 2021. As of November, 2021, each and every one of the conditions precedent to which the consummation of this operation was subject (such as approval of registration of the absorbing company in the CMF, among others) had been fulfilled, thus, the merger of these three entities could take effect on December 1, 2021. Consequently, on December 1, 2021, the successor entity, Saesa Tx, merged with STS and Frontel Tx, and will succeed it in all its rights and obligations, including the bonds issued by STS prior to such date. Likewise, the successor entity changed its corporate name to STS.

Continuing with the restructuring process aimed to leave Sociedad de Transmisión Austral S.A. (STA) as the parent company of all transmission entities, on December 20, 2021, the Extraordinary Shareholders' Meeting of STA approved a capital increase in STA., which Inversiones Eléctricas Sur made by transferring all the shares it had in STS on December 28. STA then became the holding company of STS.

In the period from January 1, 2021 to the date of issuance of these combined carve-out financial statements there have been no other significant events that affect them.

ISSUER
SOCIEDAD DE TRANSMISIÓN
AUSTRAL S.A.
Isidora Goyenechea 3621, 3rd floor,
Santiago
Chile

TRUSTEE, SECURITY REGISTRAR, PAYING AGENT
AND TRANSFER AGENT
UMB Bank National Association
100 William Street
New York, New York, 10038

LEGAL ADVISORS TO THE ISSUER

As to New York law
Milbank LLP
55 Hudson Yards
New York, NY 10001

As to Chilean law
Carey y Cia
Isidora Goyenechea 2800, 43rd floor
Santiago, Chile

LEGAL ADVISORS TO THE INITIAL PURCHASERS

As to New York law
Clifford Chance US LLP
31 West 52nd Street
New York, New York 10019
United States

As to Chilean law
Claro & Cia
Apoquindo 4721
Piso 14.
Santiago, Chile

INDEPENDENT AUDITORS TO ISSUER

Deloitte Auditores y Consultores Limitada
Rosario Norte 407
Santiago, Chile

LISTING AGENT

Rajah & Tann Singapore LLP
9 Straits View #06-07
Marina One West Tower
Singapore 018937

U.S.\$390,000,000

SOCIEDAD DE TRANSMISIÓN AUSTRAL S.A.

4.000% Senior Notes due 2032

OFFERING MEMORANDUM
January 21, 2022

Joint Bookrunners and Joint Lead Managers

Itau BBA

Scotiabank
