

2023 Report



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1 Profile

1.1 Identification



Name or Company Name:

Conexión Kimal Lo Aguirre S.A., hereinafter “Conexión Kimal - Lo Aguirre” or the “Company”.

Legal Address:

Santiago, notwithstanding the agencies, branches, or offices that may be established elsewhere in the country or abroad.

Registration as a reporting entity:

The Company was registered under number 633 in the Reporting Entities Register maintained by the Commission for the Financial Market on July 26, 2022.

Taxpayer ID: 77.590.896-3

Address: Apoquindo 4800, Tower 2, floor 5

E-mail: contacto@conexionenergia.com

Web: <https://www.conexionenergia.com/>

1.2 Ownership

The capital of Conexión Kimal - Lo Aguirre is divided into 95,666,676 ordinary, nominative shares of a single series of equal value and without par value. Transelec Holdings Rentas Limitada owns 31,888,892. Each shareholder contributes their domestic and international experience in the energy and transmission industry:



Transelec Holdings Rentas Limitada

Is the leading operator of high-voltage systems in Chile. It has been building electrical infrastructure between Arica and Chiloé for more than 70 years and has vast experience in regional work along its almost 10,000 kilometers of lines.



ISA Inversiones Chile SpA

Is part of a group recognized for its excellence and for having the largest high-voltage transmission network in Latin America, with around 47,000 km. It has built HVDC lines in Brazil and operates a 2,400 km line.



Chile HVDC Transmission SpA

Belongs to China Southern Power Grid (CSG), the second-largest electric power company in China and the world and one of the largest developers of HVDC infrastructure. Today, they operate around 258,000 kilometers of transmission lines, of which 12,000 kilometers are HVDC lines.





1.3 Letter from the Chairman of the Board

Dear shareholders,

I am pleased to address you within the framework of our Annual Report to share the remarkable achievements and progress we have made in the last year as the company in charge of developing, building, and operating the first direct current power transmission line: Kimal - Lo Aguirre. This work mandated by the State of Chile, through the National Electric Coordinator, has been considered key to enable the energy transition in Chile and is about to complete its second year of development.

As chairman of the board of Conexión Kimal - Lo Aguirre, it is an honor for me to review with you the milestones that have marked our path towards a more sustainable and committed future for Chile and its citizens.

In our constant search for excellence and positive contribution, I would like to begin by pointing out that we have strengthened ties with all our stakeholders. To begin with, I would like to mention the incorporation to the Association of Transmission Companies and the International Council of Large Electric Systems, Cigré, which consolidates our presence in the industry and reaffirms our commitment to collaborative work in the sector.

In terms of Corporate Governance, we are proud to say that we have made progress in developing an organizational culture focused on integrity and ethics. Thus, in 2023 we created the Ethics Committee and began operating our Crime Prevention Model, whose objective is to ensure that Conexión is a company with strong and solid values driven from the top of the organization.

Along the same lines, we have signed collaboration agreements with academic institutions in the five regions crossed by the power line. This strategic collaboration seeks to enhance the development of scientific knowledge and promote the preservation and resignification of local knowledge in our areas of influence.

Regarding the development of the Kimal - Lo Aguirre project, which marks a crucial chapter in our contribution to Chile's energy transition, obtaining the Declaration of National Interest from Conaf was a great achievement reached by the Administration in 2023, which allowed us to submit the Environmental Impact Study to the Environmental Evaluation Service in October to begin the formal process of environmental processing that will advance steadily this 2024.



Another of our 2023 achievements, and one that fills us with satisfaction, is the fulfillment of our commitment to a sustainable finance strategy, thanks to obtaining a US\$480 million Green Level loan that ratifies our financial practices aligned with environmental sustainability. This effort was also reflected in the high rating obtained in the evaluation of international sustainability standards such as the Equator Principles, where we obtained 100% for the current stage of the project, and in the Environmental and Social Performance Standards of the International Finance Corporation (IFC), in which we achieved 98% compliance. This was relevant because these are international frameworks that financial institutions use to evaluate the environmental and social risk management of investment projects throughout their development cycle.

All these results show Conexión's constant commitment to sustainability and environmental and social responsibility, where compliance with sustainability standards in accordance with national and international regulations is a priority aligned with our purpose of connecting people with clean energy in our country.

We are proud of these two years, in which we have built a solid company that can boast numerous achievements and is made up of an exceptional team of people. We are a young company, but with the experience and lessons learned by each of its shareholders, and we are committed to Chile and its energy development, to the fight against climate change and the success of the energy transition.

薛宇

薛宇 (Apr 3, 2024 21:03 GMT+8)

Xue Yu

Chairman of the Board





1.4 Letter from the CEO

Dear shareholders:

In June 2023, we celebrated our first anniversary as Conexión. Being one year old is not only a milestone but also brings the excitement of what a year of discoveries, challenges, and growth means. Every decision and action the company makes in its first year is a step toward achieving and reaching its goals.

We mark a step forward in Kimal-Lo Aguirre's development as a fundamental electric power transmission project for Chile's strategy to become carbon neutral by 2050. We reassert the urgency of having a robust and safe electric transmission system as an essential condition for energy transition because, as revealed by the study commissioned by the Transmission Companies to the University of Chile, in 2022 alone, it was necessary to add 40% more transmission capacity and about 900 MW of storage, which would have decreased the level of renewable energy dumping from 6.4% registered that year to 1.1%.

Today, there is a global consensus that transmission is gaining a strategic role as an enabler of decarbonization. It allows Chile, for example, to fully integrate renewable energies generated in the country's north into the energy grid, thus contributing to the effort to move towards a low-emission electricity system.

With this mandate, in 2023, we have made progress in processes that allow us to meet the milestones of the award decree, such as the completion of the Anticipated Citizen Participation process, which involved 281 organizations, 1,130 leaders, and more than 1,600 people in 13 Open Houses. This anticipated citizen

participation process was also carried out with indigenous groups, meeting 46 communities in informative and technical meetings, assemblies, and onsite, where we managed to characterize the lives and customs of their community in their territories.

We also completed the list of properties in the project's area of influence and began negotiations with the owners of electrical easements. We are also preparing the administrative files to start the definitive electric concession process in the Superintendency of Electricity and Fuels (SEC).

We obtained the Declaration of National Interest from the National Forestry Corporation (CONAF), a milestone that allowed us to present the Environmental Impact Study to the Environmental Assessment Service. This is currently in the evaluation stage. To achieve this goal, arduous work was carried out collecting detailed information on the ground, which allowed adjustments to the project's route and works in certain sectors. Efforts were focused on reducing and limiting the intervention or alteration of the habitat of the native forest to just three of the five regions in which the project is located.

This is a great challenge considering the ever-increasing demands and regulatory changes that have been incorporated during the process. It means we must constantly be alert, observing, accepting, implementing, and adapting. In this sense, we have incorporated the criteria and guidelines established in the guides recently published by the Environmental Assessment Service in the design of our project. These include Climate Change, Compensation for Biodiversity Loss, and the Escazú



guidelines, among several others. This has been done to integrate the most suitable and appropriate measures to address the environmental impacts caused by the execution of our project.

We embark on this stage, aware of our commitment to Chile's future and economic growth and respectful of the environment and its inhabitants. To do this, we are complying with a series of international standards in matters of transparency, sustainability, and environment. This is materialized in the International Sustainability Standards Compliance Report, with the project's current phase reaching 99% and 98% compliance with the Equator Principles and the International Finance Corporation (IFC), respectively. These act as a baseline and a frame of reference for financial institutions to identify, evaluate, and manage environmental and social risks when financing projects.

But we have wanted to go one step further, developing corporate policies that allow us to align our day-to-day work with high standards in Human Rights and Sustainability and align all our teams and value chain around a demanding, ambitious, and responsible stance in all our actions. This is how, in May, the Company's Crime Prevention Model and Risk Matrix was approved. This follows the provisions of Law 20,393, which regulate the criminal liability of legal entities for diverse crimes. A prevention system was also structured considering the legal requirements, appointing a Crime Prevention Officer, and setting up the Ethics Committee.

Training has also been given to the entire organization and suppliers, and we have implemented our complaints channel.

Facing an increasingly challenging global and local context for the projects, we have defined a methodology based on risk management as a key management pillar. This has led us to define regular evaluation opportunities within

our organization. These seek to identify and/or update the status of critical risks that jeopardize reaching strategic goals. Based on this, we have defined and implemented action plans to mitigate the impact of such events. This methodology has allowed us to manage the uncertainty typical of a continuous and changing context, reaching the goals that we have set ourselves as an organization.

As for the measures implemented to prevent occupational risks and safeguard our team's safety, we focused in 2023 on making occupational safety our main policy. Despite more than 321,000 working hours, we have only had to regret one work incident, which resulted in a loss of 15 working days. However, this is the only accident reported in the 500,000 man-hours since the start of our project.

We do all this while maintaining a constant relationship with our stakeholders, such as the National Electricity Coordinator (CEN) and the National Energy Commission (CNE), with whom we have comprehensively addressed several crucial issues in our constant search for operational efficiency and our commitment to the best practices in the energy sector. Among the priority topics with these organizations is to obtain their approval to extend the deadline for compliance with Relevant Milestone N°1, which does not impact the project schedule, to February 27th, 2025. This is in line with the complexity of the studies required for a project with HVDC technology. We have also gradually sent the documents as scheduled, worked together to define the seismic criteria, and established monthly project monitoring meetings that allow us to promptly address any issues that may arise.

An agreement was made with the CNE to keep the interconnection of the Kimal Converter in the existing Kimal Substation in the positions defined in the Tender's TCs. This was done through the established legal process. An example is the discrepancy that Conexión presented to the Final Technical Report of the Annual Transmission

Expansion Plan of 2022, which CNE finally accepted within the framework of the expert panel. All this reflects our constant commitment to transparency, sustainability, continuous improvement, technical excellence, and joint efforts that strengthen our market position and allow us to successfully face the challenges and opportunities in a changing energy landscape.

Regarding investment plans and policies, our objectives were to secure US\$480 million for the project's first development phase through financing agreements with the shareholders, Transelec and ISA Inversiones Chile, for US\$160 million each, and a Green Label loan of the same amount from HSBC Hong Kong bank. This demonstrates credibility in the country, the transmission market, and the commitment of the project's awardees to sustainable management. This attribute is measured based on the use of funds. The consultant Sustainalytics confirmed that this financing is to improve the renewable energy matrix, with an increase of around 26% in renewable energy transmission in the north of our country, which is only possible thanks to Kimal-Lo Aguirre.

Since the creation of Conexión, 480 (85%) contracts have been signed/awarded for a value of USD 1,400MM, of which 95% are related to the main project contracts (CAPEX - USD 1,100MM). These consider the design, supply, and construction of the converter substations and six sections of the line's construction, as well as the Environmental Impact Study and the application for regional concessions. These agreements consider a set of clauses that encourage contractors to meet contractual obligations, including the compliance of technical and environmental documentation delivery milestones.

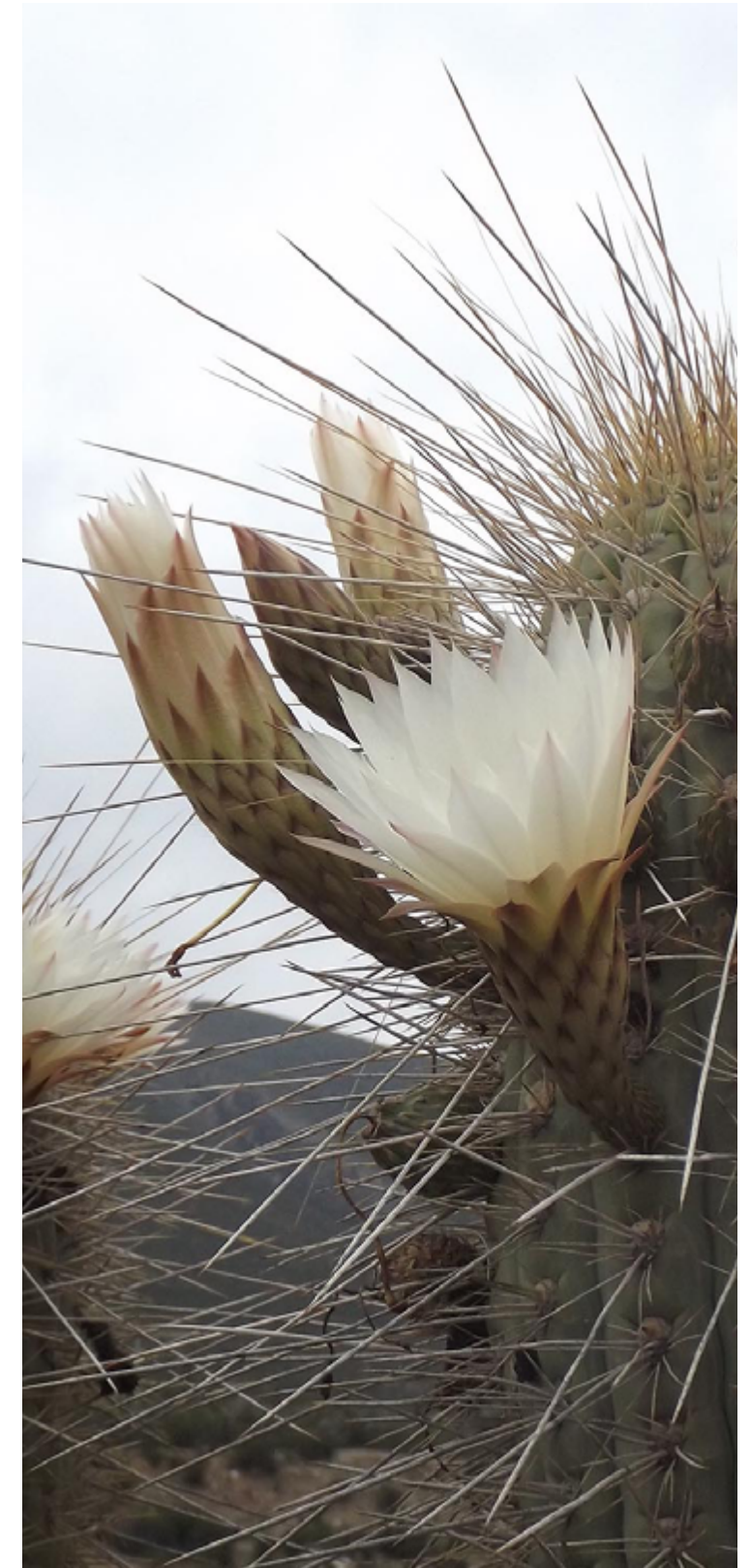
We have implemented SAP Business One and Oracle Aconex to strengthen process systematization. These have provided a coordinated, transparent, and efficient approach to shareholders, suppliers, and contractors.

We have also sought to have a competitive and attractive organizational structure for the market to guarantee completion of the project's different stages with ad hoc professionals and based on a performance management system. This will create an organization that values differences and points of view, whether in nationalities, ages, and genders. Today, we have 41% women and 22% foreigners, with most between 31 and 50.

On this first anniversary, we celebrate our commitment to caring for our surroundings and the environment, always placing people and communities at the heart, and so that continuous improvement and technical excellence is always present in our processes. At Conexión, we will continue working to contribute to Chile's decarbonization so that by 2050, we can "Connect people and society with our country's clean energies and a more sustainable future."



Sebastián Fernández
CEO



An example of Quisco, *Trichocereus chiloensis*



The Company

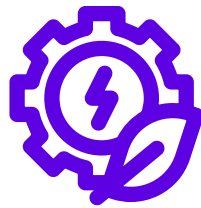
2.1 Purpose and Values

Purpose

At Conexión Kimal—Lo Aguirre, we exist to connect people and society with our country’s clean energies for a more sustainable future.

Values

We trust the future and look to tomorrow with empathy and transparency to continue growing. We want to protect everyone’s future through innovation and technologies that deliver a brighter tomorrow to the new generations..



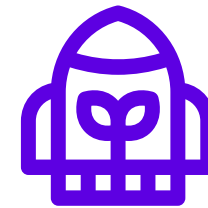
Trust in the future: transparency, responsibility, and empathy.

We believe in trust and closeness as fundamental values. That’s why we are committed to the transparency of our processes and to always putting people and communities at the heart.



Environmental care and commitment:

Since our beginnings, we have contributed to the country’s decarbonization and are committed to taking care of our surroundings and the environment in all our actions as a company.



Technology and innovation for sustainability:

We work with innovative technologies and are committed to constantly reviewing them to find ever more efficient and environmentally friendly alternatives.



2.2 History

As Conexión Kimal—Lo Aguirre, **we will not only contribute to Chile’s decarbonization**, helping to reduce the clean energy dumping but also **contribute to the country’s energy transition to decarbonize** our system. We **will also incorporate technology and innovation** as the first direct current line developed in our country, becoming a **cheaper, more efficient transmission alternative with less impact on the region.**

Our country’s demographic growth has had a direct impact on rising energy consumption. In that sense, the State of Chile conducted scenario studies to address the energy industry’s future challenges, focusing primarily on meeting the decarbonization goals by 2050.

The State of Chile mentioned the first HVDC project in Chile in the National Energy Commission’s 2017 Expansion Plan. This would have as its primary objectives increasing the national transmission system’s security level, allowing sizeable renewable energy transfers between the North-Center-South of the country, eliminating congestion of the national transmission system, and reducing the dumping of energy from solar and wind power plants between the Antofagasta and Metropolitan Regions.

In 2018, the National Electricity Coordinator conducted an Operation and Development Study of the National Electricity System (SEN) without coal-fired power plants. The study identified a need for a 2,000 MW HVDC link between the country’s northern and central areas, between Kimal Substation and Lo Aguirre, to strengthen the National Electricity System and mitigate risks of cost overruns in future high uncertainty scenarios.



Cachudito, *Anairetes arulus*



In 2021, the State of Chile, through the National Electricity Coordinator, put out the construction of the country's first direct current line for tender. It was awarded to the Consortium formed by Transelec Holdings Rentas Limitada, ISA Inversiones Chile SpA, and China Southern Power Grid International (HK) Co. Limited. This milestone was revealed when the National Electric Coordinator opened the proposals on December 6th of that year.

The Ministry of Energy defined the Kimal-Lo Aguirre transmission line as a critical piece of its work plan, as it enables other transmission projects and is an essential cog in the national energy system. Its operation will also eliminate congestion and increase the security level of the Chilean transmission system, allowing significant energy transfers.

From the awarding of the tender, we began working on the engineering studies to define the route and design the project's main components, with the necessary specifications for technical and operational excellence, always putting people and communities at the heart and with total transparency. After the approval of the National Economic Prosecutor's Office, on May 25th, 2022, we were formally incorporated as a company under the corporate name Conexión Kimal - Lo Aguirre S.A, celebrating our first anniversary in 2023.

In 2023, to check technical, social, and environmental feasibility, we continued with the project's development and design, which involved studies with multiple field information collection processes, visits in each season of the year, and many professionals working simultaneously onsite.

In parallel, until October 2023, an Anticipated Community Participation (PACA, in Spanish) was activated, considering all the communities in the project's area of influence. This was an opportunity to provide information and collect perceptions, doubts, and observations. In this context, informative meetings, workshops, field visits, door-to-door visits, and 14 Open Houses were held in the five regions through which the line would run.

We also closed the project's first phase of US\$480 million financing through loan agreements with the shareholders, Transelec and ISA Inversiones Chile, for US\$160 million each, and a Green Label loan from HSBC Hong Kong bank for the same amount.





We signed collaboration agreements with universities and Technical Training Centers (TTCs) in the country, one for each region our Kimal—Lo Aguirre project crosses (Antofagasta, Atacama, Coquimbo, Valparaíso, and Metropolitan). The main objective is to provide the academic community with the information collected for research and works such as theses and reports.

Finally, in 2023, we obtained the Declaration of National Interest (DIN, in Spanish) from the National Forestry Corporation (CONAF, in Spanish). This milestone allowed us to successfully present the Environmental Impact Study to the Environmental Assessment

Service (SEA, in Spanish) at the end of October 2023. In November, the informed community participation (PAC, in Spanish) process organized by the SEA began, with an intense calendar of activities throughout December in all the communes where the project is located.

Legal incorporation and subsequent amendments

Conexión Kimal - Lo Aguirre was incorporated by public deed on May 25th, 2022, at the Notary Office of Mr. Juan Ricardo San Martín Urrejola in Santiago. On June 2nd, 2022, an extract of the aforementioned deed, recorded under folio 41887 N°18979 of the Commercial Registry of the Land Registry Office for 2022 and published in the Official Gazette on June 1st, 2022, was notarized in the same Notary's Office.



Guanaco, *Lama guanicoe*

On July 26th, 2022, the Company was registered in the Reporting Entities Register of the Commission for the Financial Market under number 633.

As stated in a public deed dated July 28th, 2022, issued at the Notary Office of Santiago of Mr. Juan Ricardo San Martín Urrejola, at an Extraordinary Shareholders Meeting of the Company on the same date, it was agreed, among other matters, to increase the share capital. On August 5th, 2022, an extract of the deed mentioned above, registered under folio 62046 N°27390 of the Commercial Registry of the Land Registrar's Office for 2022 and published in the Official Gazette on August 5th, 2022, was notarized in the same Notary's Office. The share capital was increased from CLP\$1,500,000 (equivalent to US\$1,799) to CLP\$75,941,925,000 (equivalent to US\$82,501,799), divided into 75,941,925 fully subscribed and paid ordinary, nominative, single-series shares of equal value and no-par value. The three shareholders subscribed to and paid the capital increase in equal parts.

As stated in a public deed dated December 15th, 2022, issued at the Notary Office of Santiago of Mr. Juan Ricardo San Martín Urrejola, at an Extraordinary Shareholders Meeting of the Company on the same date, it was agreed, among other matters, to increase the share capital. On December 26th, 2022, an extract of the aforementioned deed, registered under folio 106220 N°46958 of the Commercial Registry of the Land Registrar's Office of 2022, and published in the Official Gazette on December 26th, 2022, was notarized in the same Notary's Office. The capital was increased from CLP\$75,941,925,000 to CLP\$95,666,676,000 (equivalent to US\$105,361,799), divided into 95,666,676 fully subscribed and paid ordinary shares, nominative, of a single series, of equal value and no-par value. The three shareholders subscribed to and paid the capital increase in equal parts.

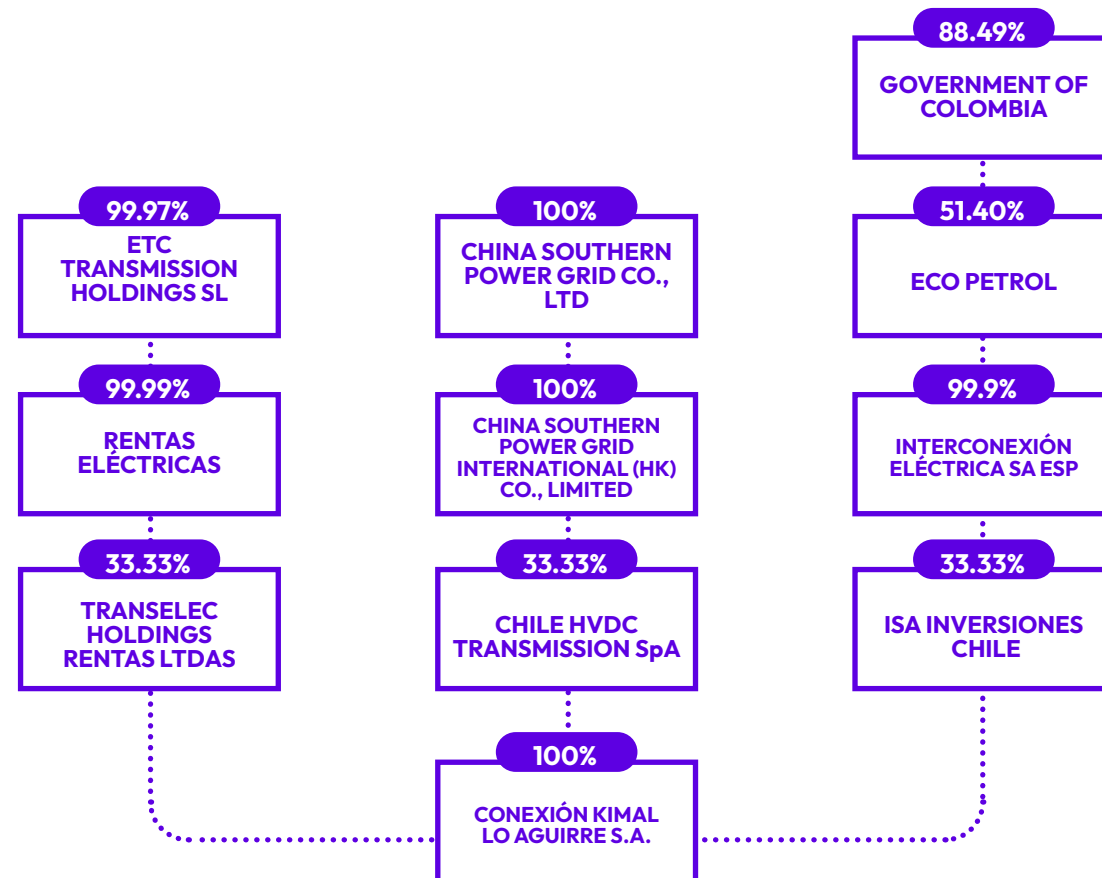
In 2023, the Company's Articles of Association remained unchanged.

2.3 Actions, characteristics, and rights

The capital of Conexión Kimal - Lo Aguirre is divided into 95,666,676 ordinary shares, nominative, of a single series, of equal value, and with no-par value. Transelec Holdings Rentas Limitada holds 31,888,892 shares, ISA Inversiones Chile SpA, 31,888,892 shares, and Chile HVDC Transmission SpA, 31,888,892 shares.

Corporate Structure

SHAREHOLDER NAME	PERCENTAGE (>25%)	COUNTRY OF ORIGIN	COUNTRY OF BUSINESS
Transelec Holdings Rentas Limitada	33.33%	Chile	Chile
Chile HVDC Transmission SpA	33.33%	Chile	Chile
ISA Inversiones Chile SpA	33.33%	Chile	Chile



Copao, *Eulychnia breviflora*

Corporate Governance

3.1 Governance Framework

The coordinated work of the company's different areas safeguards our corporate governance and operation. These areas are responsible for conducting business to obtain the best results for all our stakeholders and ensuring everything is done within an ethical framework, strictly adhering to Chile's current regulations.

The following policies are part of the governance framework:

- Anti-bribery and corruption
- Environment, Social, and Governance (ESG)
- Occupational Health and Safety
- Information security and cybersecurity

Our Crime Prevention Model was approved at the ordinary Board meeting of May 2023 and notarized in a public deed on November 8th, 2023, at the Santiago notary offices of Mrs. Linda Scarlett Bosch Jiménez.

At Conexión Kimal—Lo Aguirre, we conduct an exhaustive risk analysis for the company's correct and timely management. This ensures that our operations always **generate positive impacts** for our workers, society, and the environment by **implementing best practices.**

3.2 Board



Xue Yu



Gabriel Melguizo



Francisco Castro



Francisca Castro



Juan Pablo Schaeffer

NAME	SENIORITY	POSITION	DEPENDENCY	PROFESSION
Xue Yu	18/08/2022	Chairman (from 29/08/2023)	Chile HVDC Transmission SpA	Senior Accountant of China
Gabriel Melguizo	19/01/2023	Chairman (from 19/01/2023 al 22/08/2023)	ISA Inversiones Chile SpA	Electrical Engineer
Francisco Castro	18/08/2022	Director	Transelec Holdings Rentas Limitada	Chemical Civil Engineer
Francisca Castro	18/08/2022	Director	Independent	Economist
Juan Pablo Schaeffer	18/08/2022	Director	Independent	Lawyer



3.3 Board Committees



Renewal of Board Members

In an Extraordinary Shareholders' Meeting on April 20th, 2023, the members of the Board of Directors were renewed, appointing Messrs. Gabriel Melguizo Posada, Francisco Castro Crichton, Xue Yu, Francisca Castro Fones, and Juan Pablo Schaeffer Fabres.



Board Meetings

According to the law and the current articles of association, the Board of Directors must meet at least once a month. In 2023, Conexión Kímat Aguirre held 12 ordinary and 1 extraordinary Board meeting.



Board Remunerations

The directors, Gabriel Melguizo Posada, Francisco Castro Crichton, and Xue Yu, renounced any remuneration that might apply to them for exercising their positions as directors of Conexión Kímat—Lo Aguirre.

The salaries received by the independent directors during the 2023 financial year were as follows: Francisca Castro Fones USD\$105,000 and Juan Pablo Schaeffer Fabres USD\$105,000 for the fixed-income concept.



Board Expenses

The Board incurred no expenses during 2023.



Many-colored rush tyrant, *Tachuris rubrigastra*

Board Committees

The Board Committees were approved at the regular Board meeting on August 18th, 2022, and have just an advisory role. Their main objective is to offer support and recommendations to the Board and the Shareholders’ Meeting on matters within their competence.

Each shareholder has the right to appoint at least one member to each committee. The work manual for the committees was approved at the regular Board meeting on September 15th, 2022, and it indicates the participation of Senior Management.

The Board Committees are as follows:

Environmental, Social, and Governance Committee

This committee monitors the project’s progress, emphasizing environmental and social compliance with the sustainability standards, which are a commitment of the tender’s TCs and those established by the Commission for Financial Markets (NCG N°461). It also discusses communication strategies, reputation, and public affairs.

This committee meets and reports to the Board monthly. In 2023, they met on sixteen occasions.

Members:

- Juan Pablo Schaeffer (Chair), independent director - Conexión Kimal - Lo Aguirre
- Carola Venegas (Secretary), Environment, Community and Public Affairs Manager - Conexión Kimal - Lo Aguirre
- Francisco Castro, Director - Conexión Kimal - Lo Aguirre
- Álvaro González, Institutional Relations Manager - ISA InterChile
- Paola Basaure, Vice President of Corporate Affairs and Sustainability - Transelec
- Zheng Fenglei, Board observer for Chile HVDC Transmission SpA

Audit and Risk Committee

This committee strengthens corporate governance by advising the Board on compliance with the applicable organizational objectives in Governance, Risk, and Compliance (GRC). It also leads and supervises Risk Management and Internal Audits.

An essential part of this committee’s role is to lead the design and implementation of a comprehensive risk management system that considers the organization’s context. Following this guideline, the committee monitors and reports to the directors on the gaps, action plans, mitigation measures, and relevant red flags, using the best industry practices for risk management.

Its fundamental role in auditing issues is supervising the Company’s financial, operational, environmental, legal, reputational, and ethical integrity through an independent and objective evaluation of the implemented internal control system.

It also guarantees that the audit results are issued and that the administration promptly attends to or resolves the recommended improvements or corrective actions.

It meets and reports to the Board every quarter. Four meetings were held in the year.

Members:

- Francisca Castro (Chair), independent director - Conexión Kimal - Lo Aguirre
- Mixia Zenteno (Secretary), internal auditor - Conexión Kimal - Lo Aguirre
- Carlos Ignacio Mesa, Vice President of Corporate Auditing - ISA
- Claudia Pérez, Comptroller - Transelec
- Sergio Herrera, Control and Planning Manager - Transelec
- Xue Yu, Director - Conexión Kimal- Lo Aguirre
- Carlos Araya, PMO - Conexión Kimal - Lo Aguirre

Technical Committee

This committee meets monthly and deals with technical issues related to the engineering, construction, and physical progress of the Kimal-Lo Aguirre project. It aims to ensure that our company implements the best technical and implementation practices for electric power transmission projects. It reports to the Board monthly, and in 2023, it held 12 meetings.

Members:

- Bernardo Canales (Chair), Vice President of Engineering and Project Development - Transelec
- José Mauricio Restrepo (Secretary), Converter Substations Engineering and Construction Manager - Conexión Kimal - Lo Aguirre
- Carlos Duque, Corporate Projects Directo - ISA
- Gabriel Melguizo, Director, Conexión Kimal - Lo Aguirre
- Zheng Fenglei, Board observer for Chile HVDC Transmission SpA

Finance Committee

This committee reviews progress, discusses positions, applies best practices, and generates suitable recommendations on the shareholders' matters of interest and "reserved" matters. These include monitoring the business plan, implementation of the financial plan, profitability monitoring, evaluation and implementation of financing, tax strategy, CAPEX risk assessment, cash flow management, and reports for internal teams, shareholders, and official institutions.

This committee meets and reports to the Board every month. 12 meetings were held in 2023.

Members:

- Xue Yu (Chair), Director - Conexión Kimal - Lo Aguirre
- Aquiles Vargas (Secretary), Administration and Finance Manager - Conexión Kimal - Lo Aguirre
- Daniel Isaza, Vice President of Business Development Growth - ISA InterChile
- Francisco Castro Crichton, Director - Conexión Kimal - Lo Aguirre
- Jaime Falquez, Director of Financial Resources - ISA

Compensation and Nominations Committee

This committee aims to address people-related issues related to work plans, compensation structures, and organizational culture.

This committee meets and reports to the Board when necessary. In 2023, it met 7 times.

Members:

- Gabriel Melguizo (Chair), Director - Conexión Kimal - Lo Aguirre
- Pilar Ovalle (Secretary), Head of Talent and People - Conexión Kimal - Lo Aguirre
- Xue Yu, Director - Conexión Kimal- Lo Aguirre
- Carlos Humberto Delgado, Vice President of Organizational Talent - ISA
- Claudio Aravena, Vice President of People and Organization - Transelec

Committee expenses

No expenses were incurred in 2023.



Chagual, *Puya chilensis*

3.4 Administration



3.5 Sustainability



Our Objective

To be an active part of the energy grid decarbonization plan led by the State of Chile, to open the way for a more sustainable future by using renewable energies and strengthening the National Electricity System's network.



Our Commitment

To achieve our objective, we are committed to working with the highest demands in social and sustainability terms at a global level, fully respecting the international treaties signed by the State of Chile, such as the Escazú Agreement, which guarantees the right of all people to have timely and adequate access to information related to the project.



Our Will

At Conexión Kimal—Lo Aguirre, we want a design that allows us to implement our project with absolute care for the environment. We want to minimize the risks and possible effects of our activity on the surrounding environment and climate change.

3.6 Adherence to national and international codes

As a company, we are committed to adhering to international standards in environmental and social matters, seeking to adopt efforts to protect both our planet and people. From the initial stages of the project's design, we established our commitment to complying with these standards and defined a permanent monitoring plan.

Our orientation is based on the International Finance Corporation's Performance Standards on Environmental and Social Sustainability, the Inter-American Development Bank's Guidelines, the Escazú Agreement, the Equator Principles, and the Ministry of Energy's Guidelines for Electricity Transmission Safety Strip Studies.

In compliance with the project's bidding rules, the company annually delivers a report to the National Electrical Coordinator with a performance assessment of the main standards we intend to meet, prepared by an external consultant. This assessment aims to show progress and implement the necessary actions to establish short—and long-term strategies to ensure compliance. The project is subjected to a specific assessment, considering the current phase and the fulfillment of each requirement, regardless of its phase. This allows us to make informed and timely decisions to achieve our goals.



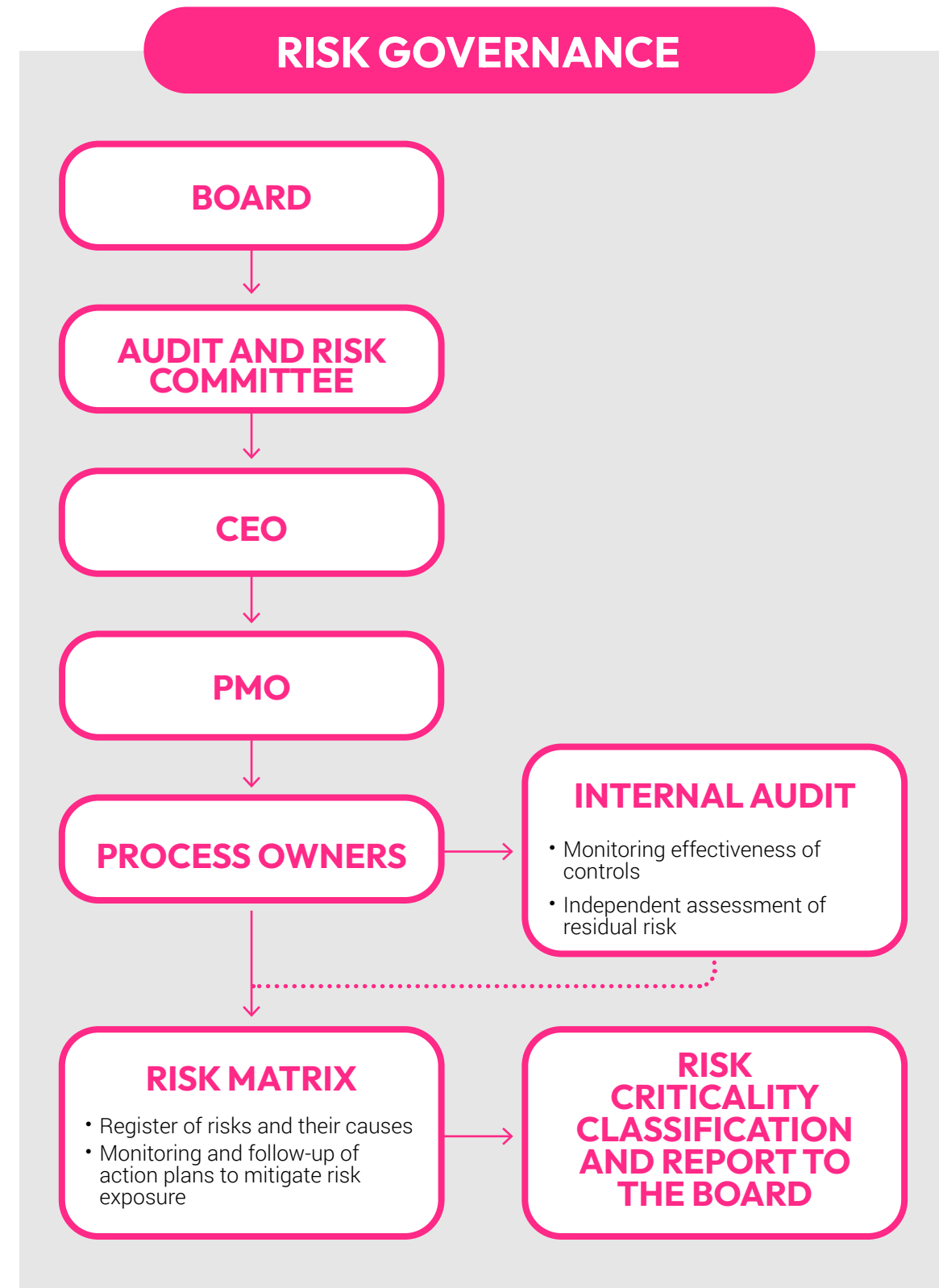
3.7 Risk Management

At Conexión Kimal—Lo Aguirre, organizational risk management enables us to achieve our strategic goals. Under this rule, the Board of Directors, Audit and Risk Committee, Management, and all areas of our company have, as a priority, the management, identification, prevention, and early warning of situations that may endanger the project’s operational continuity, harm people, and/or produce adverse impacts for the organization, communities, workers, or any other stakeholder.

The risk management plan has considered different international frameworks in its definition: Committee of Sponsoring Organizations of the Treadway Commission (COSO ERM), International Organization for Standardization (ISO 45.001 and 31.000), among others, and industry best practices, always looking to meet the expectations of our stakeholders.

The management methodology considers the participation of each of the organization’s areas, whose main objectives are to identify potential and/or emerging risks, evaluate the criticality and impact of events, define mitigation measures (including those responsible, associated costs, and benefits), and monitor the residual exposure levels that could affect the Company. The risk management results and reports are presented quarterly to the Audit and Risk Committee and the Board of Directors and are considered relevant input for preparing the annual business plan.

The critical risks identified for the project are directly related to occupational health and safety, regulatory compliance, the socio-environmental impact and assessment, and the relationship with stakeholders, among other aspects, that may affect the company.



3.8 Relationship with stakeholders and the general public

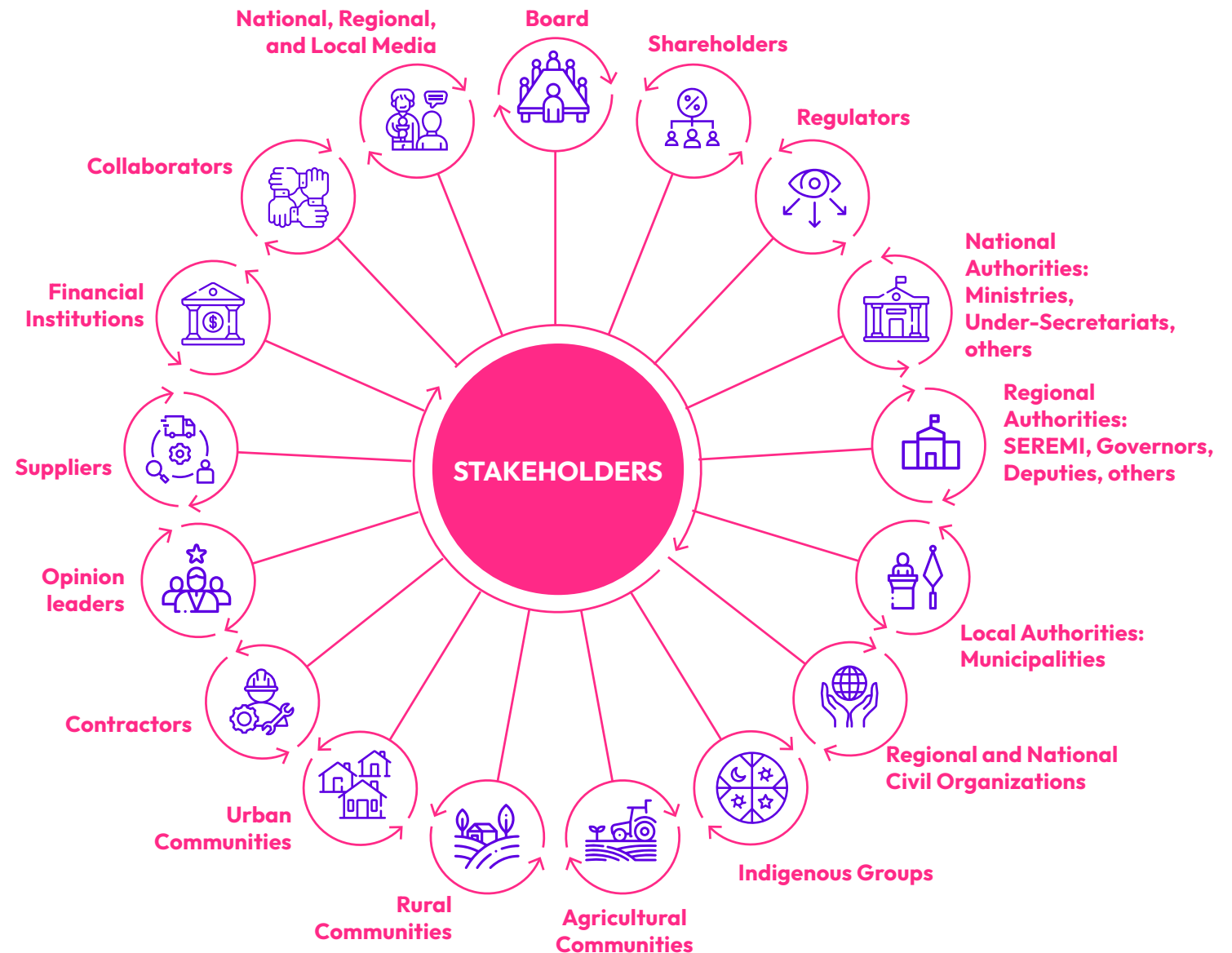
Our outreach strategy, led by the CEO and Environment, Communities, and Public Affairs Area, considers generating early and permanent dialogues with all our stakeholders to inform them about the project's different stages, get to know the region and its inhabitants, and manage communication. This allows us to harmoniously insert ourselves in the area, communities, and the environment, providing a proactive model for the company's sustainable development. This information is essential for designing and implementing the socio-environmental action plans associated with the Project.

In 2023, Conexión stood out not only because it was in 5 regions but also because of its community outreach. Through its Community Relations team, an Anticipated Citizen Participation (PACA) strategy was implemented, applying methods based on the Escazú Agreement and international standards in each activity.

Our communication channels to manage stakeholder relationships include, among others, the shareholders' meeting, the Board Meetings, the directors' committees, our website, the informative and working meetings with different audiences, the grievance* system, the complaints channel, newsletters, participatory workshops, technical reports and letters, and training.

(*) Complaints and claims management system

The main stakeholders we identified are:





Board

The relationship with our Board of Directors is governed by our governance framework and Shareholders’ Agreement. The Board typically meets once a month.



Regulators

To keep the authorities informed, regular opportunities for communication are generated by requesting meetings through the Lobby Law in the corresponding cases. These include the Ministry of Energy (MEN), National Energy Commission (CNE), Superintendency of Electricity and Fuels (SEC), National Electricity Coordinator (CEN), and the Panel of Experts (PE). In environmental matters, the Ministry of the Environment, the Environmental Assessment Service (SEA), and the Superintendency of the Environment (SMA). In economic and financial matters, the Commission for the Financial Market (CMF).



Communities

Throughout 2023, the Citizen Participation team has implemented an early community relations strategy in the localities within the project’s area of influence. The methods used in each activity have been based on the Escazú Agreement, which guarantees the right to participation, access to information, and justice in environmental matters.



Media

National, regional, and local media with scope in the principal localities of the project’s area of influence, with whom we coordinate visits and/or meetings to create the spaces needed to answer and resolve doubts and to explain any possible disputes.



Suppliers and contractors

This relationship is vital to sustainably and transparently address the project’s goods and services needs over time, maintaining cost efficiency and complying with all ESG standards.



Shareholders

Shareholders are considered relevant stakeholders, and we maintain a close, permanent relationship with them, informing them about the project’s progress through regular reports.



Financial institutions

Banks and financial institutions are fundamental, as they collaborate on the company’s financing needs and treasury management. For the former, we have a constant relationship with institutions that allow us to finance part of Conexión’s investment directly or as intermediaries. For the latter, banks have been vital in providing financial products to manage our liquidity, issue bonds, and provide support in general.



Authorities

The Public Affairs strategy is based on analyzing identified risks and opportunities, connecting us directly with the critical actors, positioning the project with its institutional stakeholders, and building a long-term dialogue. In 2023, an intense relationship was developed with local, regional, and national authorities through requests for meetings using the Lobby Platform.



Collaborators

We consider our collaborators a fundamental asset because, by following the policies and guidelines established by Conexión, they contribute directly to the operation and achievement of the company’s goals. We seek to encourage high performance and enhance each employee’s professional development.



Indigenous Peoples Groups

In 2023, the Citizen Participation team was deployed in the Antofagasta, Atacama, Coquimbo, Valparaíso, and Metropolitan regions to develop relations early with indigenous associations and communities in the project’s area of influence.



4 Strategy

4.1 Time Horizon

At Conexión Kimal–Lo Aguirre, we are mandated to start the Kimal–Lo Aguirre HVDC project in May 2029 and operate it in perpetuity.

The project includes three stages: the first is to evaluate and obtain regulatory, environmental, and social permits; the second is related to the construction and assembly of the line and converter substations; and the last is the operation, which is contemplated from 2029.

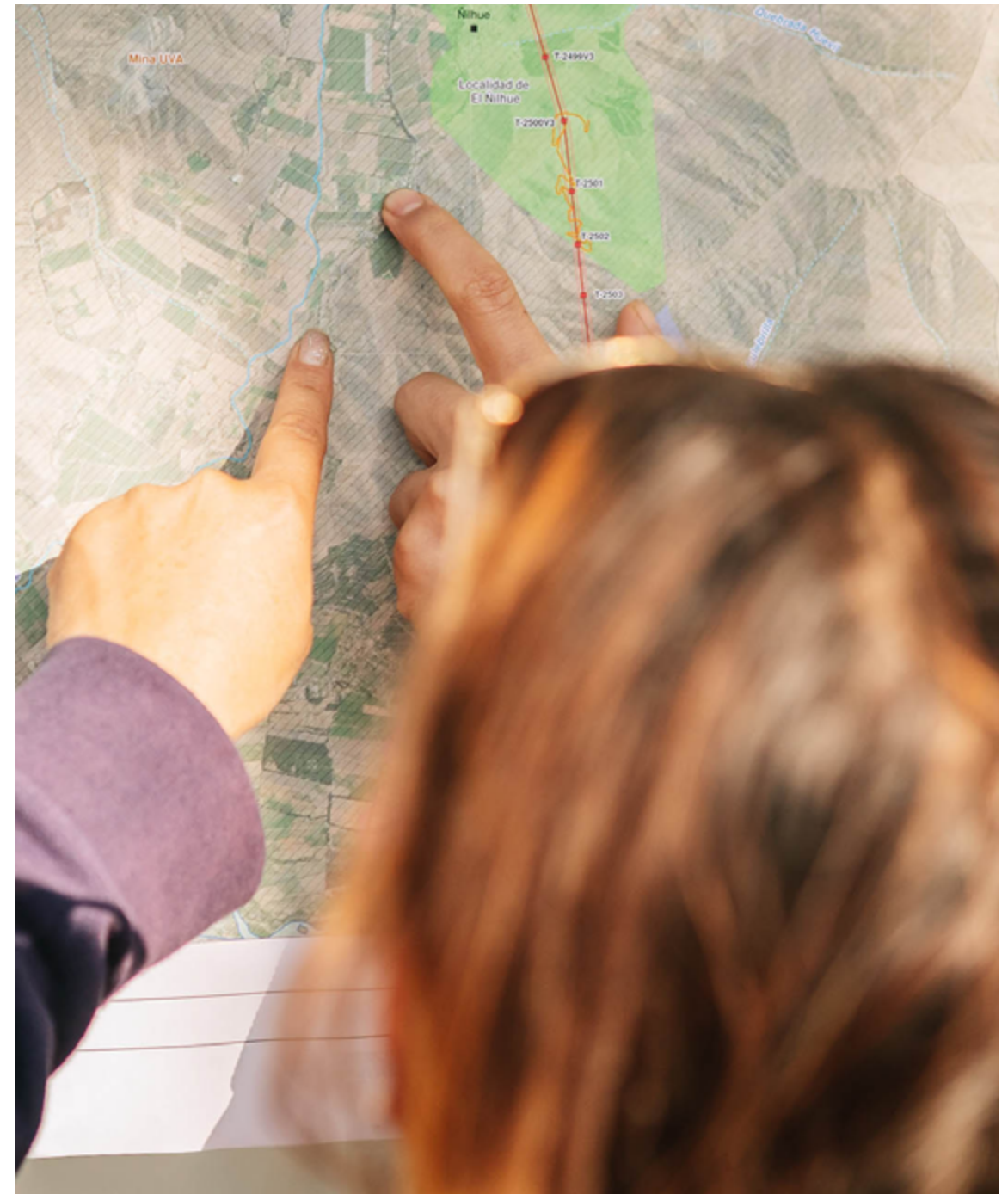
As of December 31st, 2023, we are in the first stage, specifically with the environmental authority evaluating the Environmental Impact Study.

4.2 Strategic objectives

Our most relevant objectives are:



1. Contributing to the country's decarbonization process by making visible the use of clean energies generated in the north of Chile.
2. Establishing a long-term relationship with our stakeholders.
3. Promoting an Occupational Health and Safety culture by guaranteeing the protection and integrity of all employees.
4. Obtaining the Environmental Qualification Resolution within the planned deadlines, complying with current environmental regulations.
5. Ensuring the project's development within the milestones and on budget.
6. Ensuring the shareholders' expected return on their capital through an appropriate balance between risk and level of leverage.
7. In the future, operating and maintaining the facilities, looking to optimize the total costs.



4.3 Investment and Revenue Plans

Investment

The reference value of the investment required for the project’s construction and start-up is US\$1.48 billion. The period required for its entry into operation is 84 months from publication in the Official Gazette of the respective exempt Award Decree No. 231 of 2019 of the Ministry of Energy, dated May 7th, 2022.

On October 25th, 2023, the Environmental Impact Assessment (EIA) Study was presented to the Environmental Impact Assessment System (SEIA) for evaluation by the SEA. This will allow obtaining an Environmental Qualification Resolution (EQR) from the SEIA.

At the end of 2023, in Conexión Kimal - Lo Aguirre, we have contracted the supply of goods and services equivalent to more than 85% of the project’s defined purchase plan, which includes most of the engineering, supplies, construction, and environmental studies, among other concepts. The main suppliers and contractors already hired are:

COMPANY	SERVICE
CSGI – XEEC Consortium	Engineering, construction and supplies for Converter Substations
Kalpataru Power Transmission Limited & Kalpataru Power Chile SpA	Engineering, construction, and supplies for transmission lines
GTA Chile SpA	Construction of transmission lines
Abengoa Chile S.A.	Construction of transmission lines
Sterlite Power Transmission Ltd	Supply of conductor cable for transmission lines
Gestión Ambiental S.A.	Environmental and social studies
Arcadis Chile SpA	Review of environmental studies

Revenues

The project’s revenues are guaranteed by the Award Decree, which consists of an Annual Transmission Value per Section (VATT) in dollars. This was awarded to the Yallique Consortium, which later formed Conexión Kimal—Lo Aguirre S.A. The VATT will be readjusted annually according to the variation of its AVI and COMA components using the following formulas.

$$AVI_k = AVI_0 \times \left(\alpha \times \frac{IPC_k \cdot DOL_0}{IPC_0 \cdot DOL_k} + \beta \times \frac{CPI_k}{CPI_0} \right)$$

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

The base values for the indexes defined above, according to the Decree, are those indicated below:

INDEX	DATE	VALUE
IPC ₀	August 2021, Base Year 2018 = 100	110.15
DOL ₀	August 2021	779.83
CPI ₀	August 2021	273.567

Where, for the above

1. **AVI_k**: Value of the AVI, which comprises the awarded VATT of the project for month k.
2. **COMA_k**: Value of the COMA that comprises the awarded VATT of the project for month k.
3. **IPC_k**: Value of the Consumer Price Index in the second month before month k, published by the Central Bank of Chile.
4. **DOL_k**: The average observed dollar price in the second month before month k, published by the Central Bank of Chile.
5. **CPI_k**: Value of the Consumer Price Index (all urban consumers), in the second month before month k, published by the Bureau of Labor Statistics (BLS) of the Government of the United States of America (BLS Code: CUSR0000SA0).

On the other hand, the values of the AVI and COMA awarded to be taken as a basis for calculating the project revenues are as follows (in dollars):

WORKS	New Kimal-Lo Aguirre HVDC Line
AVI AWARDED	96,200,000
COMA AWARDED	20,100,000
VATT AWARDED (AVI + COMA)	116,300,000
CONSTRUCTION DEADLINE (MONTHS)	84

Financing

At the start of 2023, our objectives focused on obtaining loans that would allow us to secure financing for the entire pre-construction stage. This was achieved by issuing intercompany loans with Transelec and ISA Inversiones Chile, as well as taking a loan issued by HSBC Hong Kong bank and guaranteed by our related company, CSG.

This loan received a Green Label accreditation under the category “Renewable Energy Transmission Infrastructure,” thus highlighting the project’s relevance to decarbonizing the energy grid in Chile. The independent consultant Sustainalytics accredited this seal, supporting the fact that our company aligns with the Green Loan Principles 2021, administered by the Loan Market Association. These principles dictate the requirements needed to categorize credits as “green” to the extent that the funds are used sustainably and in pursuit of contributing to the environment in different eligible categories.

Once we reach the milestone of obtaining the Environmental Qualification Resolution (EQR), the project can be financed using its assets as collateral to obtain public or private capital. As of the end of 2023, the company has secured financing for more than 30% of the project’s estimated investment.

In January 2023, the Company issued, through Banco Santander, two green bonds for US\$125.8 million.



Cistanthe, *Cistanthe Stricta*



5. The Operation

5.1 The Project

Background

We are part of a system defined by a Ministry of Energy works plan, which will strengthen the National Electricity System (SEN).

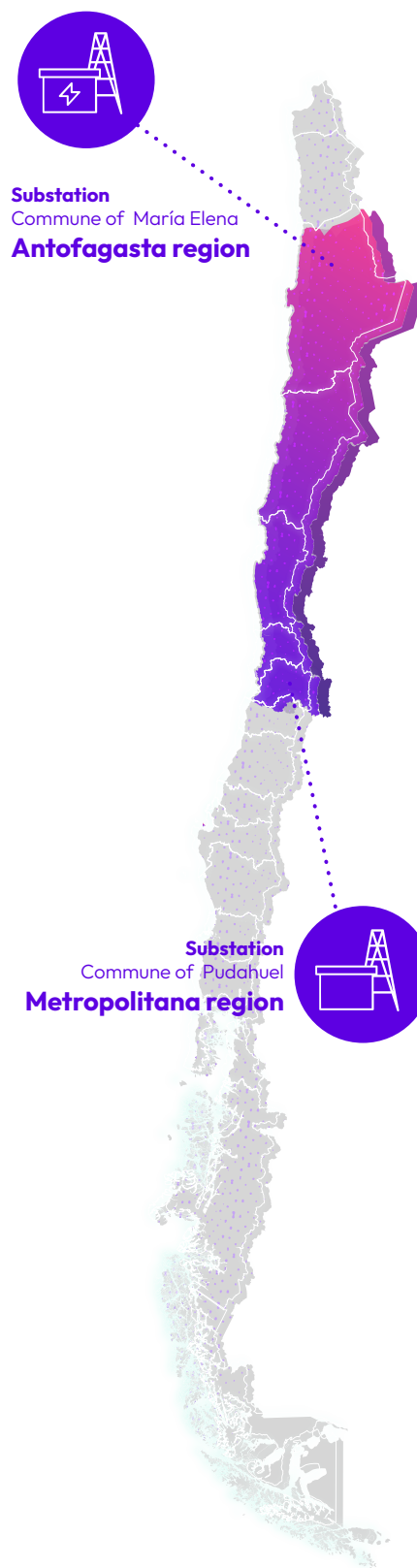
- The SEN is the largest system in Chile (it has 37,948 km of transmission lines in 3,100 km² of territory) and provides electricity to a large part of the country, with an installed capacity of 34,276 MW and a supply coverage that reaches about 98.5% of the population.
- The Kimal-Lo Aguirre project was defined as key in the Ministry's works plan, as it enables other transmission projects and is an essential cog of the National Energy System. Its operation also eliminates congestion and increases the level of security for the transmission system in Chile, allowing large energy transfers between the North, Center, and South of the country.

Current context

As we have pointed out, population growth directly leads to higher energy consumption. As a result, the country will need to transport energy more efficiently. To this end, we must add the great challenge of becoming carbon neutral by 2050 to face the environmental crisis we are experiencing.

To satisfy energy needs and meet the carbon neutrality challenge, it is necessary to use all the potential of clean energies currently produced in the north, which are lost today due to a lack of transmission systems. With this objective in mind, in 2021, the State of Chile put out to tender the construction of the Kimal-Lo Aguirre line. This will be the country's first direct current line, and our company, Conexión Kimal-Lo Aguirre, will handle its construction and operation.

This project will provide a fundamental contribution to national energy transition.



- The first direct current project to be built in Chile.
- Capacity of up to 3,000 MW of clean energy.
- About 1,400 km. of key infrastructure for decarbonization.
- This line will pass through five regions from the Antofagasta Region to the Metropolitan Region.
- It does not consider intermediate substations.
- It will have two Converter Substations close to the existing Kimal substations, located in the municipality of María Elena (Antofagasta Region) and Lo Aguirre, in the municipality of Pudahuel (Metropolitan Region), connecting the country's northern and central areas.
- These substations convert alternating current to direct current and vice versa so that electricity can be used in the National Electricity System (SEN).
- The technology used for this project is called HVDC, or direct current. It allows us to transport large blocks of electricity over long distances more efficiently than alternating current.
- As required by current national regulations, every transmission line project must establish a safety strip to ensure that the safety of people and facilities along this line is not at risk. Thanks to HVDC technology, the strip required is smaller than for the set of alternating current lines that would transmit the same power..

Regulatory Context

The regulatory framework that determines the operation of Chile’s transmission segment is based on the Decree with Force of Law N°4 of the Ministry of Economy, Development, and Reconstruction of 2006. This Decree establishes the consolidated, coordinated, and systematized text of the Decree with Force of Law No. 1 of the Ministry of Mining of 1982, the General Electrical Services Law (hereinafter and interchangeably “General Electrical Services Law” or “LGSE”).

The LGSE and its complementary regulations determine the standards for the operation of the electricity sector. They govern the technical, economic, safety, coordination, quality, and information aspects to which any electrical installation in the country, whether generation, transmission, or distribution, must comply.

The latest relevant reform to the LGSE is Law No. 20,936 (Transmission Law), published on July 20th, 2016, which incorporates, among other things, the following modifications:

1. The creation of a single National Electricity System Coordinator, independent from the market’s players.
2. The redefinition of transmission systems, classifying them as National Transmission Systems, Zonal Transmission Systems, Dedicated Systems, Transmission Systems for Development Poles, and International Interconnection Systems.
3. The incorporation of energy and transmission planning with a long-term view.
4. Preliminary definition of routes for new works, through a Strip Study procedure by the Ministry of Energy, for electric transmission routes of public interest.
5. Open access to Universal Transmission Systems.
6. Regulates the pricing of transmission systems.
7. Payment of the National, Zonal, and Dedicated Transmission Systems used by users subject to price regulation will be made by the free and regulated end users, unlike the previous law, where the generating companies made the payment.

5.2 Properties and Facilities

Given the nature and schedule for the project’s environmental process, at Conexión Kimal - Lo Aguirre, we still do not have properties and facilities as of December 31st, 2023.

5.3 Subsidiaries, associates, and investments in other companies

As of December 31st, 2023, Conexión Kimal - Lo Aguirre has no subsidiaries or associates in its legal structure.

Investment in other companies

As of December 31st, 2023, Conexión Kimal - Lo Aguirre has no investments in other companies.



Carboncillo, *Cordia decandra*

The People



Conexión Kímat - Lo Aguirre's workers are our most valuable asset. Thanks to them, through their talent and knowledge, we are able to reach our goals and fulfill our mission as a company and project.

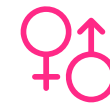
Our company takes care of and addresses the interests of its employees through a close relationship between area leaders and their teams. We closely track their activities to generate collaborative work environments, feedback, and continuous improvement.

The Talent and People area seeks to establish a close bond by trying to understand the employees' realities, aspirations, and concerns. At the same time, training needs are raised so that they can optimally do their work.

We know how important it is to worry, be attentive, and always ensure fairness in all our processes to achieve a gender balance in all positions. That is why we are dedicated to maintaining an equitable proportion regarding gender, age, nationality, origin, or condition, among other aspects.

6.1 Staffing

Through the talent attraction process, we propose incorporating different professionals without social, gender, age, or ethnic discrimination or barriers. At Conexión Kimal—Lo Aguirre, we are focused on looking for professionals qualified to fulfill a position’s requirements, including academic education, work experience, and specific skills and knowledge. Given the possibility of candidates with similar characteristics, we value diversity as an opportunity to enrich the organizational culture.



Number of people by sex

At Conexión Kimal - Lo Aguirre, 30 women and 44 men work in the Company.



Number of people by nationality

We have a team with five nationalities. Chile is the main origin with 58 people (27 women and 31 men), followed by Colombia, with seven collaborators (one woman and six men); China, with five people (one woman and four men); three men from Brazil and one woman from Argentina.



Number of people by age range

The age range of our collaborators is distributed mainly between 30 and 50 and is divided into the following:

- 6 people between **25 and 30**
- 14 people between **31 and 35**
- 14 people between **36 and 40**
- 15 people between **41 and 45**
- 8 people between **46 and 50**
- 6 people between **51 and 55**
- 1 people between **56 and 60**



Seniority

Being such a young company, all 74 Conexión Kimal - Lo Aguirre workers have less than three years of seniority.



Number of people with disabilities

Currently, no people with disabilities work at Conexión Kimal—Lo Aguirre.

6.2 Labor formality

There are 74 people in the company with an indefinite contract (30 women and 44 men).

6.3 Job adaptability

All the workers of Conexión Kimal - Lo Aguirre provide their work under an ordinary working day system.



6.4 Gender pay equity

Actualmente, hemos concluido un estudio de estructura organizacional, el cual nos permite una gestión de la equidad salarial interna, parte de la política de compensaciones en vías de elaboración.

Wage gap

POSITION	BSW/ BSM
Senior Management	82%
Department Heads and Assistant Managers	99%
Other professionals	72%

6.5 Workplace and sexual harassment

At Conexión Kimal—Lo Aguirre, we reject workplace harassment. Both sexual harassment and workplace harassment are illegal behaviors that go against human dignity and are contrary to coexistence within the company. Due to this, and in line with the Crime Prevention Model approved in 2023, we have formal policies and a complaints channel that allow us to prevent and report these types of harassment.

6.6 Safety

In 2023, we developed an Occupational Health and Safety (OHS) management system whose primary focus is full compliance with our Occupational Health and Safety (OHS) Policy. Based on this, we follow the standards adopted by our sponsors, which aim to ensure the sustainable development and care of the people involved in all stages of our project, from its planning to construction, commissioning, and even operation.

Information collected from our contractors was fundamental in defining the foundations that will regulate us in terms of OHS. This provided a referential snapshot of existing content and reports, allowing us to define and model our standards and desired safety culture levels and merge our collaborators' multiculturalism.

The Occupational Health and Safety Program was an important milestone and a starting point for materializing our intentions in this area. Subsequently, we worked on forming our Joint Committee, an essential reference in preventing occupational accidents and promoting a comprehensive safety culture in the organization.

Occupational Health and Safety Work Diagram

Our company's highest priority is preventing accidents involving our workers and those who work for the project's contractors. We have sought to accelerate the development of our safety culture with complete confidence.

Currently, we have statistical indices for Occupational Health and Safety based on the performance obtained. Throughout this period, we have continuously reinforced the behavioral aspect, focusing on establishing a clear line between safe work behavior and those that could involve accident risks. We have also actively promoted self-care and the importance of personal attention.

We can highlight the creation of the Joint Health and Safety Committee (JHSC) as one of the main pillars of our safety culture.

The stages of the process carried out in 2023 to develop and define our Occupational Health and Safety (OHS) Management System were:

INFORMATION COLLECTION

This is our starting point to plan the metrics in the Occupational Health and Safety (OHS) Management System. It is the initial collection phase that centralizes the information available in the organization, the standards established by our sponsors, and allows making the initial snapshot and continuous improvement.

INITIAL DIAGNOSIS

This focuses on evaluating basic compliance with current legal regulations, allows the preparation of an Occupational Health and Safety (OHS) program, and provides concrete and measurable objectives for the health care of the people involved in the project.

DETERMINATION OF PRIORITY POINTS AND IMPLEMENTATION STRATEGY

This activity was carried out through an annual work plan, which identifies a sequence of activities aimed mainly at establishing a safety culture in the organization.

SYSTEM IMPLEMENTATION PROCESS:

With the parameterization of the data collected, we have prepared a work plan, marking the starting point in the preparation of the Occupational Health and Safety System (OHS). It is projected that the system will be implemented and socialized before the start of the project's construction and operation phases.

2023 marked the beginning of the preparation of our Occupational Health and Safety (OHS) Management system designed to guarantee technical compliance in occupational health and safety issues.



The safety culture of our contractor companies

Throughout 2023, one of our main efforts focused on diagnosing our contractor companies through an exhaustive audit process of the Occupational Health and Safety systems. This process produced clear indicators on the governance levels regarding safety culture, the application of the corresponding regulations, and the management of critical risks in the project.

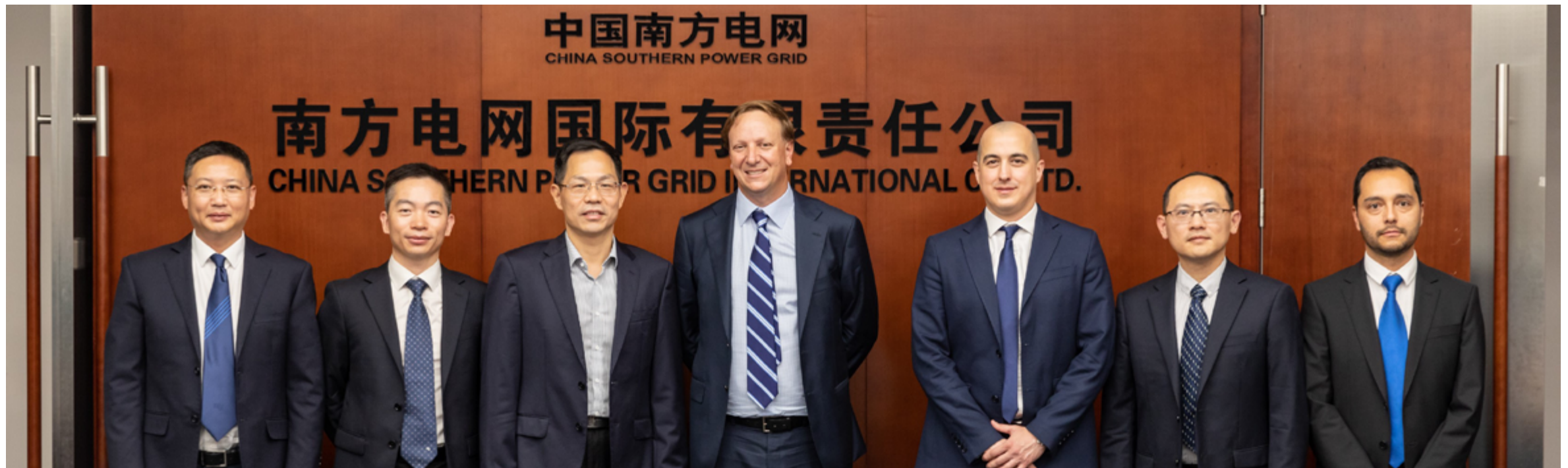
These reviews provided valuable information to identify and control risks we must address during the project's construction phases.

Currently, the project risk indicators are applied to the engineering and design stages, the preparation of the environmental impact study, and the granting of easements. The current workforce is an average of 100 people spread throughout the country, with almost 600,000 man-hours worked during the year.

Main Occupational Health and Safety Indicators.

CONEXION	
0%	0%
Accident Rate 2023	Incident Rate 2023
CONTRACTOR COMPANIES	
3,70%	0,01%
Accident Rate 2023	Incident Rate 2023
PROJECT TOTAL	
1,98%	0,06%
Accident Rate 2023	Incident Rate 2023

- > A total of 0 Fatalities in the year
- > A total of 0 Professional Diseases during the year.
- > 100% of our employees have the protection provided by Law 16.744 on preventing work-related accidents and occupational diseases



6.7 Maternity leave

In this regard, Conexión Kimal—Lo Aguirre complies with the provisions of Article 195 of the Labor Code.

6.8 Training and benefits

Continuous training plans are being carried out, where all professionals have already been trained in more than one subject. The most sought-after training courses include English and technical courses for each area.

PROMEDIO ANUAL DE HORAS DE CAPACITACIÓN		
Type of position	Women	Men
Senior Management	52	48
Department Heads and Assistant Managers	44	47
Other professionals	42	38

As for benefits, Conexión Kimal—Lo Aguirre offers health, life, catastrophe, and dental insurance, as well as an annual performance bonus for workers with an indefinite contract.

All the company's employees have the benefit of English classes with co-payment, a platform with varied courses, birthday afternoons off, teleworking on Fridays, and finishing work on Fridays at 1 pm, as well as National Holiday and Christmas bonuses and payment of salary for the first three days in case of medical leave.

6.9 Outsourcing Policy

The contracts we sign consider the requirements defined by the Company to promote with suppliers, contractors, and consultants, compliance with current legislation, contractual commitments, and the protection of their personnel. We have tools that allow us to verify their performance during the provision of the services.

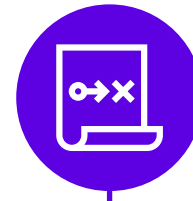
We continue to make progress in developing a policy regarding suppliers and subcontractors and a contracting regulation that will support our management with this stakeholder in the coming years.

Supplier Management

By managing the supply chain, under the principle of generating value for the Company, we awarded almost 300 contracts in 2023 for a value exceeding MMUSD 16, consolidating a contracting volume close to MMUSD 1,320 since we started activities in 2022. This reflects 85% progress in the Purchase Plan defined by the Company and substantial progress in implementing the most relevant project processes associated with the design, supply, and construction of the converter substations and all sections of the HVDC transmission line; the definition of the environmental impact study; and the application for territorial concessions.

We have also integrated improvements to the procurement process related to the automation of suppliers' and consultants' commercial and banking information databases; the issuance and approval of purchase orders (purchase orders and contracts); the receipt and entry of goods; the accounting of tax documents, and the management of their corresponding payments. All this is done by implementing SAP Business One ERP-type software and complying with a rigorous authorization process that permits a suitable organization and segmentation of responsibilities.

Supply chain management is based on the following pillars:



Planning

As we progressed in implementing the purchase plan for the main goods and services, we focused more on the needs of areas that allow us to consolidate the implementation of internal processes over time.



Implementation

We are making progress in optimizing the selection processes of suppliers, contractors, and consultants. These processes allow us to choose those who meet all the technical and legal requirements at competitive market prices.



Control and Monitoring

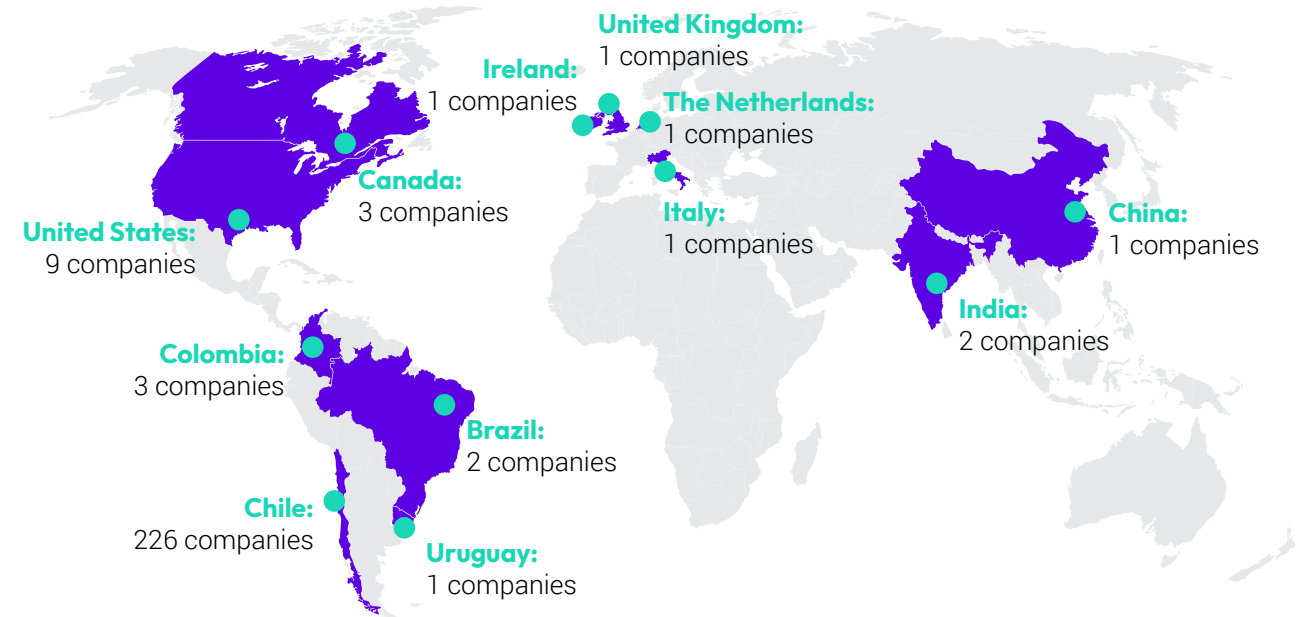
Through contract administrators, we promote a culture of compliance with the legislation and the requirements defined by the Company with the suppliers, contractors, and consultants.



Feedback

In the meetings of the Procurement Committee, we receive feedback from all areas of the Company, which allows us to implement improvements in processes and continue to focus on the most relevant needs.

We maintain our commitment to building relationships of trust, transparency, and mutual support with the local and international suppliers, contractors, and consultants who have been selected and with those who wish to accompany us in constructing our project. That is why we have registered a list of around 250 domestic and foreign companies.



7.1 Supplier Assessment

We are making progress in the idea of permanently accompanying our suppliers, and for this, we continue to implement (i) compliance assessments of legal Occupational Health and Safety standards for those contractors who provide us with the design, supply, and construction services of the lines and substations; (ii) evaluations of compliance with the contractual requirements for contracts with very relevant amounts for the company and whose implementation is long term; and even (iii) third-party evaluations at the factory of foreign producers of the main equipment for the substations, with the support of recognized laboratories, experts in such services.

7.2 Supplier Payments

With the automation of the process for managing Electronic Tax Documents (electronic invoices, credit and debit notes, subject to and exempt from VAT) in SAP Business One, we have developed greater control of the payment commitments we take on with our creditors, reducing the risk of arrears and optimizing the process for planning and making payments.

We maintain our commitment to make monthly payments for contractors with whom we sign the largest contracts and weekly payments for SMEs (small and medium-sized enterprises) and other companies supplying goods and services for minor amounts, considering their compliance with the Company's requirements.

Indicators

In 2022, we conducted an ESG Materiality Analysis (Environmental, Social, and Corporate Governance) with the support of an external consultant to identify critical matters to manage through a sustainability strategy.

The materiality's construction is based on the following standards: GRI, SASB, CMF, Dow Jones, and SDG, which provide guidelines for Conexión Kimal- Lo Aguirre's ESG Management. It also considers the Company's commitment to adhere to the Escazú Agreement, in addition to other standards such as the Performance Standards of the International Finance Corporation on Social and Environmental Sustainability, the Guidelines of the Inter-American Development Bank, and the Orientation Guidelines for Electricity Transmission Strips of the Ministry of Energy, among others.

The following actions were proposed to prepare the materiality analysis and to prioritize the material issues.

- **Mapping** of our stakeholders.
- **16 interviews with leaders** (directors, managers, assistant managers, and/or area leaders), authorities, and opinion leaders.
- **Surveys** to different stakeholders.
- **Three focus group sessions** to targeted communities (Metropolitan, Coquimbo, and Atacama Regions).
- **Analysis of our material issues and impacts and their prioritization** in line with the new Global Reporting Initiative (GRI) reporting standards.

Currently, we are finalizing the process of preparing policies, which must have the Board's approval. We hope they will be implemented within the first quarter of 2024.

On the other hand, our socio-environmental performance assessment, according to the 2023 International Sustainability Standards Compliance Report, shows a high level of compliance with the requirements defined for the current phase of the Project, reaching 100% compliance with the Equator Principles and 98% with the IFC environmental and social standards. This covers the definition of the engineering design, the presentation of the EIS to the Environmental Impact Assessment System (SEIA), community participation, and the presentation of all the necessary background information to demonstrate actions under each requirement.

In general, the future challenges that arise to maintain the environmental performance achieved are based on achieving a favorable EQR, continuing to comply with the national legislative framework, maintaining a permanent relationship with the region's communities, and continuing to define high health and safety standards for the project's construction and operation.

As part of the requirements established, a Human Rights Due Diligence process was carried out during the second half of the year, following the guidelines of the United Nations Guiding Principles on Business and Human Rights. The evaluation was made by an independent consultant, who covered all the project phases and analyzed primary and secondary information about the company and its stakeholders under 13 fundamental rights.

The results obtained highlighted the company's significant responsibility in terms of human rights, evidencing risks or low-priority impacts on said rights. This indicates that, although there are areas for improvement and possible gaps, these do not have considerable significance regarding the aspects evaluated. Therefore, the gaps identified in this area are not classified as priority or high-risk but rather as low priority, suggesting that, although they should be addressed, they can be managed with attention proportional to their level of impact.



Chañar, *Geoffroea decorticans*

Essential or Relevant Facts

1. On April 24th, 2023, and following article 9 and paragraph 2 of article 10 of Law No. 18,045 on the Securities Market and General Rule No. 30 and its amendments, it was reported as an essential fact that on April 20th of the current year, an Ordinary Meeting of Shareholders of Conexión Kimal—Lo AGUIRRE S.A. (the “Company”) was held at the time and place indicated in the respective citation. The Ordinary Shareholders’ Meeting adopted the following resolutions:
 - a. The Annual Report, General Balance Sheet, Financial Statements, and External Auditors Report for the period ending December 31st, 2022, were approved.
 - b. It was agreed that no profits would be distributed for the period ending December 31st, 2022.
 - c. It was agreed to renew the members of the Board, with the following people being appointed:
 - i. Xue Yu
 - ii. Francisco Castro Crichton
 - iii. Francisca Castro Fones
 - iv. Juan Pablo Schaeffer Fabres
 - d. The remuneration of the Board members was agreed upon.
 - e. Deloitte y Consultores Limitada was appointed as an external auditing firm for the 2023 financial year.
 - f. Diario Financiero was designated to publish the notifications of calls to shareholder meetings.
 - g. Transactions with related parties referred to in articles 146 et seq. of the Law on Public Limited Companies were reported.
 - h. Other matters of interest of the Company and of competence of the Board, empowering Alfredo Guzmán Pérez to communicate to the Commission for the Financial Market the agreements adopted therein.
2. On May 3rd, 2023, and following article 9 and paragraph 2 of article 10 of Law No. 18,045 on the Securities Market and General Rule No. 30 and its amendments, it was reported as an essential fact that on April 11th, 2023, and regarding the financing of the construction and development of the new national electric transmission line, “Kimal-Lo Aguirre HVDC Line,” the Company, has signed with Banco Santander-Chile as “Hedge Provider”, a derivative contract called the “2002 ISDA Master Agreement” and its corresponding addendums. Under these contracts, with this date, the Company has signed one of the confirmations of the specific conditions under which interest rate fluctuations between the date of their signing and the date on which the Company obtains long-term financing for the project will be covered.
3. On May 9th, 2023, and following article 9 and paragraph 2 of article 10 of Law No. 18,045 on the Securities Market and General Rule No. 30 and its amendments, it was reported as an essential fact that on April 25th, 2023, the Company, as a debtor, has signed the following credit agreements to partially finance the construction and development costs of the new national electric transmission line, “Kimal-Lo Aguirre HVDC Line”: (i) an agreement called “Equity Bridge Loan Agreement,” signed with The Hong Kong and Shanghai Banking Corporation Limited as creditor; (ii) an agreement called “Intercompany Loan Agreement” signed with Transelec Holdings Rentas Limitada as creditor; and (iii) an agreement called “Intercompany Loan Agreement” signed with Isa Inversiones Chile SpA as creditor. With that date, a part of each of the credits was paid out.

Under the aforementioned contracts, each of the creditors identified above granted the Company two credit lines for a total amount of up to USD 160,000,000 (one hundred and sixty million US dollars), considering each of them, with a maturity date of 60 months.

Comments from Shareholders and the Directors Committee

Statement of Responsibility

Both the directors and the CEO of Conexión Kimal - Lo Aguirre, who sign this statement, are responsible, under oath, for the veracity of the information provided in this 2023 Annual Report, in compliance with General Rule No. 30, issued by the Superintendency of Securities and Insurance, today the Commission for the Financial Market.


 薛宇 (Apr 2, 2024 01:47 GMT+8)
Xue Yu
 Chairman of the Board


 Gabriel Melguizo (Apr 1, 2024 08:39 CDT)
Gabriel Melguizo Posada
 Director


Francisca Castro Fones
 Director


Francisco Castro Crichton
 Director


 Juan Pablo Schaeffer (Mar 27, 2024 12:55 ADT)
Juan Pablo Schaeffer Fabres
 Director


 SEBASTIAN FERNANDEZ (Mar 27, 2024 08:23 ADT)
Sebastián Fernández Cox
 CEO

Financial Statements



Culpeo Fox, *Lycalopex culpaeus*

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Statement of Financial Position

(Values expressed in US dollars)

ASSETS	NOTE	31-12-2023 USD\$	31-12-2022 USD\$
Current Assets			
Cash and cash equivalents	(5)	19,861,533	40,415,271
Other non-financial current assets	(6)	29,660	55,494
Trade debtors and other current accounts receivable	(7)	40,156	6,104
Current right-of-use assets	(11)	-	170,731
Current tax assets	(8a)	-	1,086,002
Total current assets		19,931,349	41,733,602
Non-current Assets			
Property, plant, and equipment	(9)	163,662,109	69,610,337
Non-current right-of-use assets	(11)	988,929	777,449
Intangible assets other than goodwill	(10)	29,949,452	273,705
Deferred tax assets	(12)	6,485,119	72,669
Other non-current non-financial assets	(6)	4,679,914	33,419
Total non-current assets		205,765,523	70,767,579
Total Assets		225,696,872	112,501,181
LIABILITIES AND EQUITY			
Current Liabilities			
Other current financial liabilities	(16)	181,978	-
Trade accounts payable and other accounts payable	(13)	6,968,930	780,129
Accounts payable to related entities, current	(14)	420,652	4,611,946
Other provisions	(15)	1,641,961	484,502
Current tax liabilities	(8b)	245,693	-
Current lease liability	(11)	244,482	214,292
Total current liabilities		9,703,696	6,090,869
Non-current Liabilities			
Other financial liabilities, non-current	(16)	51,677,130	-
Non-current lease liability	(11)	784,436	865,770
Accounts payable to related entities, non-current	(14)	69,970,379	-
Total non-current liabilities		122,431,945	865,770
Total Liabilities		132,135,641	6,956,639
Equity			
Issued capital	(18)	105,361,799	105,361,799
Accumulated earnings		182,743	-
Profit of the period		201,805	182,743
Other reserves		(12,185,116)	-
Total Equity		93,561,231	105,544,542
Total Liabilities and Equity		225,696,872	112,501,181

Statements of Comprehensive Income by Function

	NOTE	01-01-2023 31-12-2023 USD\$	25-05-2022 31-12-2022 USD\$
Operating revenues		-	-
Operating cost		-	-
Operational result		-	-
Administrative expenses	(19)	(3,155,311)	(1,015,927)
Operating income before depreciation and amortization		(3,155,311)	(1,015,927)
Depreciation and amortization	(9, 10 y 11)	(289,001)	(73,298)
Other profits (losses)	(20)	(113,982)	-
Operational result		(3,558,294)	(1,089,225)
Financial revenues	(21)	2,626,186	463,271
Financial expenses	(22)	(74,362)	(18,637)
Exchange rate differences	(23)	(809,379)	754,665
Result by readjustment units	(24)	112,028	-
Non-operational revenues and expenses		1,854,473	1,199,299
Profit (Loss), before Tax		(1,703,821)	110,074
Tax Result	(12)	1,905,626	72,669
Profit (loss) from continuing operations		201,805	182,743
Result of the Period		201,805	182,743

Income Statements and Other Comprehensive Income

	NOTE	01-01-2023 31-12-2023 USD\$	25-05-2022 31-12-2022 USD\$
Result of the Period		201,805	182,743
Components of other comprehensive income to be reclassified to profit or loss for the period, before taxes			
Profit(loss) on cash flow hedging	(17)	(16,691,940)	-
Other components of other comprehensive income, before tax		(16,691,940)	-
Income taxes relating to components of other comprehensive income that were reclassified to profit or loss for the period			
Income tax related to cash flow hedging		4,506,824	-
Income taxes relating to components of other comprehensive income that were reclassified to profit or loss for the period		4,506,824	-
Other comprehensive income		(12,185,116)	-
Comprehensive income		(11,983,311)	182,743

Statements of Changes in Equity

EQUITY MOVEMENT 2023	PAID-UP CAPITAL USD\$	ACCUMULATED RESULTS USD\$	RESULT OF THE PERIOD USD\$	OTHER RESERVES USD\$	TOTAL USD\$
Initial capital	105,361,799	182,743	-	-	105,544,542
Other comprehensive income	-	-	-	(12,185,116)	(12,185,116)
Comprehensive income as of December 31, 2023	-	-	201,805	-	201,805
Balance as of December 31, 2023	105,361,799	182,743	201,805	(12,185,116)	93,561,231

EQUITY MOVEMENT 2022	PAID-UP CAPITAL USD\$	ACCUMULATED RESULTS USD\$	RESULT OF THE PERIOD USD\$	OTHER RESERVES USD\$	TOTAL USD\$
Initial capital	1,799	-	-	-	1,799
Contributions of 2022	105,360,000	-	-	-	105,360,000
Comprehensive income as of December 31, 2022	-	-	182,743	-	182,743
Balance as of December 31, 2022	105,361,799	-	182,743	-	105,544,542



Cash Flow Statements Direct Method

CASH FLOW STATEMENT	01-01-2023 31-12-2023 USD\$	25-05-2022 31-12-2022 USD\$
Cash flows from operating activities:		
Payments to suppliers for the supply of goods and services		
Payments to suppliers for the supply of goods and services	(4,678,587)	(870,368)
Bonds receivable	-	(29,785)
Remunerations	(7,918,920)	(381,291)
Taxes	(2,446,232)	(156,659)
Net cash flows used in operating activities	(15,043,739)	(1,438,103)
Cash flows from investment activities:		
Sales (Purchases) of property, plant, and equipment and intangibles, net	(106,018,981)	(64,846,302)
Net cash flows used in investment activities	(106,018,981)	(64,846,302)
Cash flows from financing activities:		
Interest received FROM financing activities	2,626,186	463,271
Capital contributions	-	105,361,799
Amounts derived from loans	108,766,625	-
Net cash flows from (used in) financing activities	(3,029,650)	-
Other cash inflows (outflows)	(4,127,736)	-
Payments of lease liabilities	(254,052)	-
Interest paid	(2,554,055)	-
Net cash flows used in financing activities	101,427,318	105,825,070
Effects of the change in the exchange rate on cash and cash equivalents	(918,336)	874,606
Net increase in cash and cash equivalents	(20,553,738)	40,415,271
Cash and cash equivalents at the beginning of the period	40,415,271	-
Cash and cash equivalents at the end of the period	19,861,533	40,415,271

Note 1. General Information

CONEXIÓN KIMAL LO AGUIRRE S.A. (hereinafter “the Company” or “KIMAL LO AGUIRRE”) was incorporated as a closed Joint-stock Company by public deed on May 25th, 2022. Its legal address is in the Metropolitan Region, Santiago, Chile, and its Unique Taxpayer Number is 77.590.896-3. The Company is registered under N° 633 in the Reporting Entities Registry of the Commission for the Financial Market (CMF), as registration is a requirement of the National Energy Commission for the process of awarding rights to which the Company is subject. The controlling Companies of the Company are Isa Inversiones Chile SpA (“ISA”), Transelec Holdings Rentas Limitada, and China Southern Power Grid International (HK) Co., Ltd.

The purpose of the Company is the transmission of electric energy through national, zonal, development, and/or dedicated poles transmission systems or any other classification of transmission facilities that the regulations may contemplate in the future, either on its own or through third parties; the commercialization of the electricity transmission and transportation capacity in the National Electricity System; the construction, administration, and/or operation of electric transmission facilities, both its own and third parties; the provision of services in activities related to the corporate purpose, either in the country or abroad; the provision of any other activities related to the electricity transmission and transportation industry; and, in general, the implementation of all kinds of actions and the signing of all types of contracts and agreements, which are directly or indirectly related to the corporate purpose, which may be developed directly or through other companies.

KIMAL LO AGUIRRE was awarded the tender for the implementation and operation rights of the “New HVDC line Kimal-Lo Aguirre” project under decree No. 231 of 2019 from the Ministry of Energy.

On December 7th, 2022, a shareholder change was made from China Southern Power Grid International (HK) Co., Ltd. to the new company Chile HVDC Transmission SpA, with the Unique Taxpayer number 77.587.435-K and a shareholding of 33.33%.

Note 2. Guidelines for the Presentation of the Financial Statements

2.1) Declaration of compliance

These financial statements are for the financial years ending December 31st, 2022, and 2023 and have been prepared following the International Financial Reporting Standards (IFRS).

In preparing these financial statements, the Management has used its best knowledge and understanding regarding the standards and interpretations that will be applied and the current facts and circumstances, which may be subject to change.

These financial statements were approved by the Company’s Board of Directors on March 14th, 2024.

2.2) Preparation Guidelines

These financial statements of the Company for the years ending December 31st, 2022, and 2023 have been prepared following International Financial Reporting Standards (“IFRS”).

The information in these financial statements is the responsibility of the Company’s management, which expressly states its responsibility for the consistent and reliable application of the International Financial Reporting Standards.

The figures in the attached financial statements are expressed in US Dollars (USD), the Company’s functional currency.

There are no significant changes in the accounting policies applied in preparing these financial statements.

2.3) Measurement guidelines

The financial statements have been prepared using the historical cost principle, except for assets and liabilities, which are recorded at fair value (note 3.1).

2.4) Period covered by the financial statements

These financial statements comprise the statements of the financial position as of December 31st, 2022, and 2023, and the corresponding statements of comprehensive income (by function), changes in net equity, and cash flows for the years ending on those dates.



2.5) Functional and presentation currency

2.5.1) Functional currency

The Company's financial statements are prepared using the currency of the principal economic environment in which the entity operates (functional currency), the US Dollar (USD\$).

2.5.2) Presentation currency

The Company does not use a presentation currency other than the functional currency, the US Dollar (USD).

2.5.3) Operating Segments

The Company manages its operations and presents the information in the financial statements based on a single operating segment since it was created to implement the electric transmission project called Kimal Lo Aguirre.

2.6) Foreign currencies and conversion guidelines

Transactions in currencies other than the functional currency (foreign currency) and readjustment units are converted into the functional currency at the exchange rates prevailing at the transaction dates. The losses and profits resulting from the settlement of these transactions and the conversion to the closing exchange rates in force at the closing date of the financial statements are recognized in the income statement under the heading "Exchange rate differences".

Monetary assets and liabilities in foreign currency and development units have been expressed in current currency under the following parities:

	31-12-2023		31-12-2022	
	CLP	USD	CLP	USD
Development unit	36,789.36	41.94	35,110.98	41.02
US dollar	877.12	1.00	855.86	1.00

2.7) Classification of current and non-current balances

In the Statement of Financial Position, the balances are classified according to their maturities; that is, those with a maturity equal to or less than twelve months are classified as current, and those with a maturity greater than that period are classified as non-current. If obligations have a maturity of less than twelve months but whose long-term refinancing is secured at the Company's discretion through unconditionally available credit agreements with long-term maturity, they could be classified as non-current liabilities.

2.8) Application of accounting standards

A continuación, se describen las principales políticas contables adoptadas en la preparación y presentación de los presentes estados financieros.

AMENDMENTS TO IFRS	MANDATORY APPLICATION DATE
IFRS 17, Insurance Contracts	Annual periods starting on or after January 1, 2023.
Disclosure of Accounting Policies (amendments to IAS 1 and IFRS - Practice Statement 2)	Annual periods starting on or after January 1, 2023.
Definition of Accounting Estimates (amendments to IAS 8)	Annual periods starting on or after January 1, 2023.
Deferred Tax related to Assets and Liabilities that originate from a Single Transaction (amendments to IAS 12)	Annual periods starting on or after January 1, 2023.
International Tax Reform - Pillar Two Model Rules (amendments to IAS 12)	Annual periods starting on or after January 1, 2023.

The financial statements of Conexión Kimal Lo Aguirre S.A. as of December 31st, 2022, and 2023, have been prepared following International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and instructions from the Commission for the Financial Market (CMF).

In the attached statements of financial position, assets and liabilities are classified according to their maturities between current, those with a maturity equal to or less than twelve months, and non-current, those with a maturity greater than twelve months.

In turn, expenses classified by function are presented in the statement of comprehensive income, identifying depreciation and personnel expenses based on their nature. The cash flow statements are presented using the direct method

The statements of comprehensive income, cash flows, and changes in equity show the movements for the periods ending December 31st, 2022, and 2023.

a) The following amendments to the IFRS have been adopted in these financial statements.

The application of these Amendments has not significantly affected the amounts reported in these financial statements; however, they could affect the accounting for future transactions or agreements.

b) Standards and Amendments to IFRS that have been issued but their date of application is not yet in force:

The Company will evaluate the effect of these rules when they come into force.



Guayacán, *Porlieria chilensis*

Note 3. Accounting policies applied

The principal accounting policies and criteria applied for the preparation of the attached financial statements have been the following:

3.1) Financial instruments

A financial instrument is any agreement that simultaneously gives rise to a financial asset in one entity and a financial liability or equity instrument in another entity.

Financial assets

The Company classifies its financial assets into three categories:

a) Financial assets at fair value through changes in profit or loss

Their characteristic is that they are incurred mainly for liquidity management with frequent instrument sales. These instruments are measured at fair value, and variations in their value are recorded in profit or loss at the time they occur.

The financial assets classified in this category are those recognized in the cash and cash equivalents category corresponding to mutual funds.

b) Financial assets at amortized cost

Included in this category are those financial assets that meet the following conditions:

The business model that supports it aims to hold the financial assets to obtain the contractual cash flows and, in turn, the contractual conditions of the financial assets give rise on specific dates only to cash flows comprising principal and interest payments. The financial assets that comply with the conditions established in IFRS 9, to be valued at amortized cost in the company, are cash equivalents, accounts receivable, and loans. These assets are recorded at amortized cost, which is the initial fair value, less the principal repayments made, plus the accrued uncollected interest calculated using the effective interest rate method.

c) Financial assets at fair value through changes in comprehensive income

These are equity investments that are not held for trading or correspond to a contingent consideration of an acquirer in a combination of businesses. The Company may choose the initial recognition for these investments and irrevocably present the profits or losses at fair value in other comprehensive income using the subsequent measurement.

These instruments are measured at their fair value. The profits and losses derived from the new fair value measurement are recognized in other comprehensive income until the asset is derecognized. In these cases, profits and losses previously recognized in equity are reclassified to accumulated profit or loss.

Derecognition of financial assets

A financial asset or part of it is derecognized when it is sold, transferred, expires, or loses control over the instrument's contractual rights or cash flows are lost. When the Company retains substantially all the risks and benefits of ownership, the financial asset is still recognized in the statement of financial position for its full value.

Impairment of financial assets

To determine the impairment due to expected credit loss, reasonable and substantiated information about past events, present conditions, and reasonable provisions regarding future economic conditions will have to be used, provided that obtaining such information does not involve excessive cost or effort. Additionally, certain practical solutions to estimate the expected loss are contemplated if these are consistent with the principles included in the standard.

Effective interest rate method or amortized cost

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

All financial liabilities are initially recognized at fair value plus directly attributable transaction costs, except for loans, which are initially recognized at the fair value of cash received minus the costs directly attributable to the transaction.

The Company's financial liabilities include accounts payable, including related parties.

3.2) Cash and cash equivalents

Cash and cash equivalents recognized in the financial statements comprise cash on hand, bank current accounts, term deposits, and other highly liquid investments with original maturities of three months or less and an insignificant risk of their value changing. These items are recorded at their historical cost, which does not differ significantly from their realized value.

3.3) Financial liabilities

All accounts payable are initially recognized at the fair value of the payment received less the direct costs attributable to the transaction. Trade accounts payable are presented at nominal value since they have a very short maturity date, and the difference in amortized cost is not considered relevant.

• Derecognition of a financial liability

The Company shall derecognize a financial liability if, and only if, it expires, is canceled, or the obligations that gave rise to it have been fulfilled. The difference between the carrying amount of the financial liability and the consideration paid and payable is recognized in profit or loss.

• Compensation of financial assets and liabilities

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

3.4) Intangibles

Software and licenses

Purchased software and licenses are capitalized based on the costs incurred to acquire and prepare them for use.

The software cost is amortized by the straight-line method over a maximum period of three years. The licenses are amortized by the straight-line method during the periods in which the benefits are expected to be received, according to the feasibility studies for their recovery.

Properties and Easements

The easement rights are presented at historical cost. These rights do not have a defined useful life, so they are not subject to amortization. However, the indefinite useful life is subject to review in each reporting period to determine whether the indefinite useful life consideration is still applicable. These assets are subjected to impairment tests annually or at any time when there is an indication of impairment.



3.5) Property, plant, and equipment

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

The net values do not exceed the estimated recovery values. In addition to the price paid for the purchase of each item, the cost also includes the following concepts:

- Import duties and non-recoverable indirect taxes levied on the purchase after deducting any discount or price reduction.
- All costs directly related to placing the asset in the place and under the necessary conditions so that it can operate as planned by the Management.
- The initial estimate of the costs of dismantling or removing the element and rehabilitating the place on which it sits when they constitute obligations incurred by the Company due to using the element for a given period.
- Financial expenses accrued directly attributable to acquiring, constructing, or producing qualified assets that require a substantial period before being ready for use are activated. The interest rate used corresponds to the specific financing or, if it does not exist, the average financing rate of the Company investing.

The additions and costs of expansion, modernization, or improvements are capitalized as a higher value of the corresponding goods, provided that they increase their useful life, expand their productive capacity and operational efficiency, improve the quality of services, or significantly reduce costs.

An item of property, plant, and equipment is derecognized at its sale or when it is not expected to obtain future economic benefits from its use or disposal. The profit or loss arising from the derecognition of an asset is calculated as the difference between the net sale proceeds, if any, and the asset's carrying amount. This effect is recognized in the profit or loss.

3.5.1) Depreciation and amortization

Depreciation is calculated consistently using the straight-line method, based on the useful lives of the goods at rates that are adequate to extinguish the cost at the end of their estimated useful life.

The depreciation rates are detailed below using the following detail:

ASSETS	RANGE OF YEARS
Facilities and constructions	5-10
Furniture and Supplies	1-5
Vehicles	5
Computer equipment	2-3

Intangibles are amortized over the contract period.

The useful life of fixed assets and intangible assets is reviewed annually.

3.5.2) Assets under construction and assembly (Works in progress)

The Company was created to construct and operate a single project, for which most of the services and goods acquired go towards fulfilling that objective. The expenses capitalization policy defines which purchases and services are transferred to Works in Progress based on rationalizing and identifying the resources dedicated exclusively to the project's attention. When these assets under construction and assembly (Works in progress) are ready for their intended use, they will be classified into the appropriate categories of property, plant, and equipment, and depreciation begins at that time, i.e., when they are in the location and in the necessary conditions to be able to operate as intended.

Land is not depreciated because it has an indefinite useful life. The depreciation of the other property, plant, and equipment items is calculated by the straight-line method over the cost based on the estimated useful life of the assets.

3.5.3) Residual value

This is the estimated amount that would be obtained from the disposal of the asset, after deducting the estimated costs of this, if the asset had already reached the expected age and other conditions at the end of its useful life.

The estimates of residual values are reviewed annually.

3.5.4) Components of assets

A component of a fixed asset is an element that, by its own nature, the function it performs, and the strategies or activities that are followed during its technical or service life, can be treated as an independent asset.

Each property, plant, and equipment component must be identified and separated from the other assets to depreciate them during their useful life and facilitate their accounting treatment and control. Important spare parts and permanent maintenance equipment that the entity expects to use for more than one financial year typically meet the conditions for classification as property, plant, and equipment. Similarly, if a fixed asset's spare parts and auxiliary equipment can only be used for this, they will be accounted for as part of property, plant, and equipment.

3.6) Derivatives and hedging activities

The Company maintains derivative and non-derivative instruments to manage its exchange and interest rate risk exposure (note 17).

The derivatives that the Company maintains are mainly operations contracted to be able to hedge interest rate and/or exchange rate risks. Derivatives are recorded at their fair value at the statement of financial position date. Changes in fair value are recorded directly in profit or loss unless the derivative has been designated as an accounting hedging instrument and all the conditions established by IFRS to apply hedge accounting are met. For the registration of accounting hedges, the Company follows IAS 39. The types of accounting hedges are as follows:

3.6.1) Fair value hedging:

Changes in the fair value of derivatives designated and qualified as fair value hedges are recorded in the income statement, along with any changes in the fair value of the hedged asset or liability attributable to the hedged risk. The Company has not used fair value hedges in the periods presented.

3.6.2) Cash flow hedges

Changes in the fair value of derivatives are recorded, to the extent that such hedges are effective, in an Equity reserve called "Other Reserves." The results of the ineffective part of the hedges are recorded directly in the income statement. A hedge is considered highly effective when changes in the fair value or underlying cash flows directly attributable to the hedged risk are offset by changes in the hedging instrument's fair value or cash flows, with effectiveness in the range of 80%-125%.

Hedge accounting is discontinued when the Company revokes the relationship between the hedging instrument and the protected item, when the protected item expires or is sold, terminated, or exercised, or when it is no longer entitled to hedge accounting. Any accumulated profit or loss recognized in equity remains in equity and will be recognized when the intended transaction is finally recognized in the income statement.

3.6.3) Hedging of a net investment in a foreign operation (hedging of a net investment)

Net investment hedges in foreign operations are accounted for similarly to cash flow hedges. Exchange differences originated by a net investment in a foreign entity and those derived from the hedging operation must be recorded in an Equity reserve under the heading Other reserves until the investment is disposed of.

Profits or losses related to the ineffective portion are recognized immediately in the income statement under "Other profits (losses)."

The Company has not used net investment hedges in a foreign operation in the periods presented.

At the beginning of the transaction, the Company documents the relationship between the hedging instruments and the hedged items, its risk management objectives, and its strategy for handling several hedging transactions. The Company also documents its assessment, both initially and on an ongoing basis, of whether the hedging instruments

used in hedging transactions are highly effective in offsetting changes in the hedged items' fair value or cash flows. A derivative is presented as a non-current asset or liability if the instrument's maturity is more than 12 months and is not expected to be realized within 12 months. The other derivatives are presented as current assets or liabilities.

3.6.4.) Embedded derivatives

Derivatives embedded in other financial instrument contracts or other contracts are treated as derivatives when their risks and characteristics are not closely related to the main contracts, and these are not measured at fair value through profit or loss. If they are not closely related, they are recorded separately, and changes in value are recorded against the profits and losses. In the periods presented in these Financial Statements, no contracts meeting the characteristics of embedded derivatives were identified.

3.7) Impairment of the value of assets

Non-financial assets

The carrying amount of non-financial assets, excluding deferred taxes, is reviewed at each balance sheet date to determine if there is any indication of impairment. If there are indications, the recoverable value of the asset is estimated against the profit or loss of the financial year.

3.8) Income tax and deferred taxes

The income tax expense for the period includes current and deferred income tax. Tax assets and liabilities are measured at the amount expected to be recovered or paid to the tax authorities. The income tax expense is recognized in profit or loss, except if it is related to items recognized directly in equity, in which case it will be recognized in equity.

3.8.1) Income tax

The current payable tax is based on the taxable profit recorded during the year. The taxable profit differs from the profit reported in the income statement due to taxable or deductible income or expense items in other years and items that are never taxable or deductible. The current tax liability is calculated using the tax rates in effect at the end of the period.

The Management periodically evaluates the position assumed in tax returns regarding situations in which tax laws are subject to interpretation. The Company, when applicable, makes provisions on the amounts it expects it will have to pay to the tax authorities.

3.8.2) Deferred taxes

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities included in the statements of financial position and the corresponding tax guidelines used to determine tax income. It is calculated using the tax rates expected to take effect when the assets are realized, and the liabilities are settled. Deferred tax assets and liabilities are offset if there is an enforceable legal right to offset the current tax liabilities and assets, and these are related to the income taxes applied by the same tax authority on the same Company.

Deferred tax assets are recognized for all deductible temporary differences, including tax losses, to the extent that future taxable profits are probable against which the deductible temporary differences and the carry-over of unused tax credits and unused tax losses can be recovered.

The carrying amount of the deferred tax asset is reviewed at each closing and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be used. Deferred tax related to items recorded directly in equity is recognized in equity and not in the statements of comprehensive income.

The current tax provisions applicable to the Company stipulate that:

- The income tax law defines the nominal rate of the tax.
- The basis for determining the income tax for the year is the result of the Balance Sheet, adjusted with the items duly authorized in the tax legislation.

The current income tax charge is calculated based on the tax laws in force at the date of the statement of financial position.

3.9) Income and expenses

3.9.1) Interest revenues

Interest revenues are recognized when it is probable that the Company will receive the economic benefits associated with the transaction. Interest revenues are recorded on a time basis, based on the outstanding capital and the effective interest rate.

3.9.2) Costs and expenses of the operation

Costs and expenses are recorded on an accrual basis. Non-operating expenses are recognized at the time the service is used or on the date of its origin.

3.10) Use of estimates and judgments

Preparing the statements of financial position requires the Management to make judgments, estimates, and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, revenues, and expenses reported.

Actual results may differ from these estimates. The relevant estimates and assumptions are reviewed regularly. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any affected future period.

3.10.1) Deferred taxes

The Company assesses the recoverability of deferred tax assets based on estimates of future results. Such recoverability ultimately depends on the Company's ability to generate taxable profits over the period in which temporary differences, tax losses, and tax credits generated by deferred tax assets are deductible.

3.10.2) Accounting Provisions

Provisions are recognized when the Company has a present obligation, whether statutory or embedded, as a result of a past event, an outflow of resources is likely to be needed to cover the obligation, and a reliable estimate of the obligation's amount can be made.

3.10.3) Lease agreements

IFRS 16 sets out the principles for recognizing, measuring, presenting, and disclosing leases. It requires lessees to recognize their contracts under a model similar to that of financial leases under IAS 17. The standard includes two exceptions for this recognition: leases of low-value assets (such as personal computers) and short-term leases (leases with a term of less than twelve months). On the starting date of a lease, the lessee will recognize an asset that represents the right to use the underlying asset during the term of the contract and a liability for regular payments that must be made, discounting to the present value using, in this case, a mortgage loan simulation discount rate, associated with the term, amount, and currency of the contract, as well as an interest expense generated from the lease liability and a depreciation expense arising from the right-of-use asset.

3.10.4) Estimation of the recoverable amount of a non-financial asset

The carrying amount of non-financial assets, excluding deferred taxes, is reviewed at each balance sheet date to determine if there is any indication of impairment. If there are indications, the asset's sale value and recoverable disposal costs are estimated against the financial year's profit or loss.

3.10.5) Estimation of the value in use of operating assets

The future cash inflows and outflows arising from the asset's continued use and its transfer or disposal by other means at the end of its useful life are estimated, and the appropriate discount rate is applied to these future cash flows.

3.10.6) Employee benefits

Actuarial valuations determine the cost of defined pension plans and their present value. These valuations involve making several assumptions that may differ from actual future events, such as determining the discount rate, future wage and pension increases, and mortality rates. Given the valuation's complexity, long-term nature, and underlying assumptions, the calculation of the defined benefit obligation is very sensitive to changes in assumptions. The hypotheses will be reviewed in future periods if these benefits exist.

3.10.7) Useful lives of property, plant and equipment, and intangibles

The accounting treatment of investments in property, plant, and equipment, and intangibles considers the realization of estimates to determine the useful life period used to calculate depreciation and amortization.

Determining useful lives requires estimates regarding the expected technological evolution and the alternative uses of the assets. The assumptions regarding the technological framework and its future development involve a significant degree of judgment to the extent that the timing and nature of future technological changes are difficult to foresee.

3.11) Leasing

The Company evaluates at the beginning of the contract whether it is or contains a lease agreement, that is, whether the contract conveys the right to control the use of an identified good for a period of time in exchange for compensation.

The Company applies a single recognition and measurement criterion for leasing, except for short-term and low-value leases. The Company recognizes lease obligations for making lease payments and the right of use, representing the right to use the underlying assets.

Right-of-use assets

The Company recognizes right-of-use assets on the lease commencement date (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and impairment loss, and adjusted for any new measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments on or before the commencement date, less any lease incentives received. Unless the Company is reasonably sure of obtaining ownership of the leased asset at the end of the lease term, recognized right-of-use assets are depreciated on a straight-line basis over the shortest period between their estimated useful life and the lease term. Right-of-use assets are subject to impairment assessment.

Lease liability

At the lease commencement date, the Company recognizes lease liabilities measured at the present value of lease payments due during the lease period. The payments for leases are readjusted according to the consumer price index or development unit (UF) as appropriate.

When calculating the present value of lease payments, the Company uses the projected indebtedness rate of the purchase value of a real estate asset for the period that the lease contract lasts at the start date of the lease. After the commencement date, the amount of lease liabilities is increased to reflect accrued interest and reduced as lease payments are made. In addition, the book value of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the fixed payments for leases in substance, or a change in the valuation of the purchase of the underlying asset.

The Company determines the lease term as the non-cancellable period, together with any period covered by an option to extend the lease if there is reasonable certainty that it will be exercised, or any period covered by an option to terminate the lease if there is reasonable certainty that it will not be exercised.

3.12) Environment

The Company adheres to the principles of sustainable development, which make economic development compatible by protecting the environment and the health and safety of its employees. The Company does not currently carry out activities that are contrary to or harm the environment; therefore, it has not made investments so far that have the primary purpose of minimizing adverse environmental impacts and protecting and improving the environment.



Quisco flower, *Trichocereus chiloensis*

Note 4. Risk Management

Conexión Kimal Lo Aguirre S.A. is exposed to financial risks mainly associated with contracting financial obligations and acquiring goods and services abroad.

The financial risks are as follows:

4.1) Credit risk

Credit risk is defined as the contractual default, delay, or doubtful collection of the obligations taken on by the Company's clients and the counterparties of the financial instruments acquired or used, which would result in financial losses.

The risk associated with financial instruments refers to the late payment, doubtful collection, or non-recovery of the obligations contracted with the counterparties of the financial instruments acquired or used by the Company.

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

4.2) Liquidity risk

Liquidity risk is defined as the inability to obtain sufficient funds to fulfill obligations by their maturity date without incurring unacceptably high costs. As of December 31st, 2023, the Company is not exposed to this type of risk.

For the purposes of proper liquidity risk management, we have an Annual Financial Planning and Budget model that allows constant monitoring of short- and long-term cash flow and thus identifies temporary specific resource needs.

The Company is in the process of financing the project, for which it has hired and will hire financial advisors and a series of activities aimed at obtaining internal resources and/or financial entities.

4.3) Exchange rate risk

This risk is caused by the variation in the value of assets and liabilities that are exposed to changes in the price of the currencies in which they are expressed. The Company has exposure to exchange rate risk, which is mainly present in debt servicing and obligations to suppliers.

The exposure to exchange rate risk is managed through an approved policy that contemplates covering all or partially the balance sheet's net exposure through derivative instruments called Cross-Currency Swaps (CCS).

Another way in which the risk of exchange rate variations has been mitigated is periodic monitoring of the exchange rate to detect early red flags and minimize their impacts. That is why the Company has the US Dollar as its functional currency, thus decreasing the variations of exchange rate fluctuations for this currency.

4.4) Interest rate risk

Significant changes in the fair values and future cash flows of financial instruments, which may be directly attributable to interest rate risks, include changes in the net income of financial instruments whose cash flows are determined with reference to variable interest rates and changes in the value of financial instruments whose cash flows are fixed in nature.

The Company's assets are mainly fixed, intangible, and long-term assets. Consequently, the financial liabilities used to finance them consist primarily of long-term fixed-rate and variable-rate liabilities. Debts are recorded on the balance sheet at their amortized cost.

The objective of managing this risk is to achieve a balance in the debt structure and reduce the financial cost impacts resulting from fluctuations in interest rates by reducing the volatility of the income statement using Interest Rate Swap (IRS) derivative instruments (note 17).

Note 5. Cash and cash equivalents

The composition of the item as of December 31st, 2022 and 2023 is as follows:

	31-12-2023	31-12-2022
	USD	USD
Banks (1)	464,664	8,792,134
Short-term investments (2)	19,396,869	31,623,137
Total	19,861,533	40,415,271

(1) The detail of the amounts in banks is as follows:

	31-12-2023	31-12-2022
	USD	USD
Banco BCI CLP	107,175	5,215,341
Banco BCI USD	51,916	3,576,793
Banco Santander CLP	3,245	-
Banco Santander USD	4,354	-
Banco Scotiabank CLP	110,631	-
Banco Scotiabank USD	187,343	-
Total	464,664	8,792,134

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

(2) The details of the short-term investments category are as follows:

	31-12-2023	31-12-2022
	USD	USD
Mutual funds CLP	9,317,746	4,323,137
Term deposits USD	-	25,000,000
Mutual Funds USD	10,079,123	2,300,000
Total	19,396,869	31,623,137

The composition of investments as of December 31st, 2022 and 2023 is as follows:

31-12-2023							
INSTRUMENTO	NAME MUTUAL FUND	TERM (DAYS)	RATE	CURRENCY	TAKEN ON	LIQUIDATION	AMOUNT USD \$
Mutual Fund	BCI Competitive AP Series	14	0.72%	CLP	29-12-2023	10-01-2024	2,739,521
Mutual Fund	BCI Dollar High Equity Cash Series	14	5.75%	USD	28-12-2023	11-01-2024	5,076,527
Mutual Fund	Money Market	14	0.72%	CLP	27-12-2023	10-01-2024	1,825,023
Mutual Fund	Money Market	14	5.15%	USD	28-12-2023	11-01-2024	1,000,151
Mutual Fund	Plus Series E	14	0.71%	CLP	27-12-2023	10-01-2024	4,753,202
Mutual Fund	Money Market Series D	14	5.50%	USD	28-12-2023	11-01-2024	4,002,445
Total investments as of 31-12-2023							19,396,869

31-12-2022							
INSTRUMENTO	NAME MUTUAL FUND	TERM (DAYS)	RATE	CURRENCY	TAKEN ON	LIQUIDATION	AMOUNT USD \$
Term deposit		24	5.13%	USD	30-12-2022	23-01-2023	25,000,000
Mutual Fund	Competitive Series E Account 2	1	0.93%	CLP	28-12-2022	31-01-2023	2,336,831
Mutual Fund	Competitive Account 1	7	0.93%	CLP	30-12-2022	31-01-2023	1,986,306
Mutual Fund	Classic Account 0	1	4.61%	USD	28-12-2022	31-01-2023	2,300,000
Total investments as of 31-12-2022							31,623,137

Term deposits are fixed-income funds in dollars, recorded at their fair value, with maturities of less than 90 days from the date of acquisition, as well as mutual funds that are freely liquidated.



Note 6. Other Current and Non-current Non-financial Assets

a) The details of the other non-financial current assets item are as follows:

	31-12-2023	31-12-2022
DETAIL	USD	USD
Insurance paid in advance	20,417	34,245
Advance payment to suppliers	-	21,249
Anticipated expenses	9,243	-
Total	29,660	55,494

b) The details of the other non-current non-financial assets item are as follows:

	31-12-2023	31-12-2022
DETAIL	USD	USD
Accumulated Tax Credit	4,679,914	-
Other accounts receivable	-	33,419
Total	4,679,914	33,419

The composition of the leading suppliers that generated VAT tax credit is as follows:

GESTIÓN AMBIENTAL S.A. G.T.A. CHILE SPA	31-12-2023	31-12-2022
Name of the Supplier	USD\$	USD\$
Gestión Ambiental S.A.	1,314,887	-
G.T.A. Chile Spa	748,841	-
ISA Inversiones Chile SpA	248,511	-
Hongkong and Shanghai Banking Corporation	243,200	-
Arcadis Chile S.P.A.	162,638	-
Comercial Técnica Limitada	143,328	-
Transec Holdings Rentas Limitada	113,406	-
Asesoría Prof. Evans Recursos Naturales	73,661	-
Esinel Ingenieros Limitada	59,445	-
China Southern Power Grid International Co., Ltd, Chilean Agency	51,621	-
Productora CGB Limitada	45,452	-
HMV Chile	37,391	-
Asesorías Schultz Y Carrasco Spa	36,560	-
VTR Comunicaciones Spa	26,031	-
Feedback Comunicaciones S.A.	24,708	-
RYC Servicios Computacionales Ltda.	9,449	-
Starr International Seguros Generales S.A.	6,650	-
EXXIS S. A.	6,465	-
Other Minor Suppliers	1,327,670	-
Total taxes to be recovered	4,679,914	-

Note 7. Trade debtors and other accounts receivable

The details of the item are as follows:

	31-12-2023	31-12-2022
DETAIL	USD	USD
Other accounts receivable	40,156	6,104
Total	40,156	6,104

The item is composed of guarantees granted to third parties, advances to suppliers, funds receivable and other accounts receivable.

Note 8. Current Tax Assets and liabilities

The details of the item are as follows:

a) Current Tax Assets	31-12-2023	31-12-2022
	USD	USD
VAT Tax Credit	-	1,086,002
Total	-	1,086,002

The composition of the main suppliers that generated VAT tax credit is as follows:

SUPPLIERS GENERATORS OF VAT	31-12-2023	31-12-2022
Name of the Supplier	USD\$	USD\$
Transec Holdings Rentas Limitada	-	740,419
Arcadis Chile S.P.A.	-	70,087
Comercial Técnica Limitada	-	39,786
RYC Servicios Computacionales Ltda.	-	19,700
G.T.A. Chile Spa	-	17,749
EXXIS S. A.	-	15,861
Compañía Grafica Aplicada Digsilent Ltda.	-	13,230
Servicios Ingeniería Digsilent Ltda.	-	12,985
VTR Comunicaciones Spa	-	9,549
Starr International Seguros Generales S.A.	-	9,481
Other Minor Suppliers	-	137,155
Total taxes to be recovered	-	1,086,002
Total taxes to be recovered	4,679,914	-

Other minor suppliers (USD\$137,155 as of December 31st, 2022) consist of approximately 80 suppliers for low-amount purchases.

b) Current tax liabilities	31-12-2023	31-12-2022
	USD	USD
Monthly taxes payable	245,693	-
Total	245,693	-

Note 9. Property, Plant, and equipment

The composition by property, plant, and equipment classes is as follows:

	31-12-2023	31-12-2022
DETAIL	USD	USD
Furniture and Fixtures	26,746	19,763
Office Equipment and Machines	24,509	-
Computer Equipment	163,101	121,627
Facilities	48,251	31,661
Works in Progress (1)	160,902,272	69,452,919
Accumulated Depreciation Facilities	(1,476)	(306)
Accumulated Depreciation Furniture and Fittings	(979)	(145)
Accumulated Depreciation Office Equipment and Machines	(1,631)	-
Accumulated Depreciation Computer Equipment	(24,149)	(15,182)
Fixed Assets in Process	2,525,465	-
Total	163,662,109	69,610,337

(1) The composition of the main expenses that were capitalized to Works in Progress was made based on the Company's activation policy and are as follows:

	31-12-2023	31-12-2022
ACTIVATION DETAILS OF THE PERIOD (WORKS IN PROGRESS)	USD	USD
Project Civil Engineering and Assembly	51,171,696	51,171,486
Converter Substation Engineering	37,396,140	-
Lines Structure	20,839,759	-
Pre-project Expenses	12,086,070	11,206,121
Specialized Consulting	9,665,659	351,514
Salaries	6,770,654	1,089,809
Conductor Cable	6,204,979	-
Environmental Impact Study	4,818,337	4,242,550
Change in Derivative Fair Value	4,127,736	-
Loan Financial Interest	3,730,739	-
Line Engineering	821,686	331,414
Legal Advice	423,242	96,358
Contract Profits	262,436	237,523
Other Fees	141,762	135,858
Others	2,441,377	590,286
Total Activation	160,902,272	69,452,919

[Detailed Table of the Composition of Fixed Assets](#)

The accounting movement of net fixed assets for the periods ending December 31st, 2022 and 2023:

2023							
PROPERTIES, PLANT, AND EQUIPMENT, NET	FURNITURE AND FIXTURES USD\$	OFFICE EQUIPMENT AND MACHINES USD\$	COMPUTER EQUIPMENT USD\$	FACILITIES USD\$	WORKS IN PROGRESS USD\$	FIXED ASSETS IN PROCESS USD\$	TOTAL USD\$
Opening balance as of 01-01-2023	19,618	-	106,445	31,355	69,452,919	-	69,610,337
Additions	8,062	26,391	49,859	16,590	92,139,967	13,815,034	106,055,903
Reductions	(1,079)	(1,882)	(8,385)	-	(690,614)	(11,289,569)	(11,991,529)
Depreciation of the period	(834)	(1,631)	(8,967)	(1,170)	-	-	(12,602)
Closing Balance as of 31-12-2023	25,767	22,878	138,952	46,775	160,902,272	2,525,465	163,662,109
2022							
PROPERTIES, PLANT, AND EQUIPMENT, NET	FURNITURE AND FIXTURES USD\$	OFFICE EQUIPMENT AND MACHINES USD\$	COMPUTER EQUIPMENT USD\$	FACILITIES USD\$	WORKS IN PROGRESS USD\$	FIXED ASSETS IN PROCESS USD\$	TOTAL USD\$
Opening balance as of 25-05-2022	-	-	-	-	-	-	-
Additions	19,763	-	121,627	31,661	69,537,582	-	69,710,633
Reductions	-	-	-	-	(84,663)	-	(84,663)
Depreciation of the period	(145)	-	(15,182)	(306)	-	-	(15,633)
Closing Balance as of 31-12-2022	19,618	-	106,445	31,355	69,452,919	-	69,610,337

Note 10. Intangible assets other than goodwill

The composition of the intangible assets item other than goodwill is as follows:

	31-12-2023	31-12-2022
DETAIL	USD\$	USD\$
Intangibles - Software	269,807	285,570
Intangibles - Licenses	207,520	45,800
Accumulated Amortization Software	(154,621)	(54,994)
Accumulated Amortization Licenses	(40,870)	(2,671)
Properties and easements	25,522,444	-
Reforestation properties	4,145,172	-
Total	29,949,452	273,705

The accounting movement of net intangible assets for the periods ending December 31st, 2022, and 2023:

INTANGIBLE ASSETS, NET	SOFTWARE USD \$	LICENSES USD \$	PROPERTIES AND EASEMENTS USD \$	REFORESTATION PROPERTIES USD \$	TOTAL USD \$
Opening balance as of 01-01-2023	230,576	43,129	-	-	273,705
Additions	67,715	163,815	26,032,186	4,145,172	30,408,888
Reductions	(83,478)	(2,095)	(509,742)	-	(595,315)
Amortization of the period	(99,627)	(38,199)	-	-	(137,826)
Closing Balance as of 31-12-2023	115,186	166,650	25,522,444	4,145,172	29,949,452

INTANGIBLE ASSETS, NET	SOFTWARE USD \$	LICENSES USD \$	PROPERTIES AND EASEMENTS USD \$	REFORESTATION PROPERTIES USD \$	TOTAL USD \$
Opening balance as of 25-05-2022	-	-	-	-	-
Additions	285,570	45,800	-	-	331,370
Reductions	-	-	-	-	-
Amortization of the period	(54,994)	(2,671)	-	-	(57,665)
Closing Balance as of 31-12-2022	230,576	43,129	-	-	273,705

Note 11. Right of Use

The balances of rights-of-use assets and lease liabilities recognized under IFRS 16 are as follows:

	31-12-2023	31-12-2022
DETAIL	USD\$	USD\$
Assets		
Short Term Lease	-	170,731
Long Term Lease	988,929	777,449
Total Lease Assets	988,929	948,180
Liabilities		
Short-term Lease Liability	244,482	214,292
Long-term Lease Liability	784,436	865,770
Total Lease Liabilities	1,028,918	1,080,062

a) The movement of the periods of the right of use item by underlying asset class is as follows:

2023			
ASSETS BY RIGHT OF USE, NET	OFFICE LEASE	ANTOFAGASTA LEASE	TOTAL
	USD \$	USD \$	USD \$
Opening balance as of 01-01-2023	948,180	-	948,180
Additions	95,648	91,420	187,068
Reductions	-	(7,747)	(7,747)
Amortization of the period	(129,856)	(8,716)	(138,572)
Closing Balance as of 31-12-2023	913,972	74,957	988,929

2022			
ASSETS BY RIGHT OF USE, NET	OFFICE LEASE	ANTOFAGASTA LEASE	TOTAL
	USD \$	USD \$	USD \$
Opening balance as of 25-05-2022	-	-	-
Additions	991,741	-	991,741
Reductions	-	-	-
Amortization of the period	(43,561)	-	(43,561)
Closing Balance as of 31-12-2022	948,180	-	948,180

b) The maturity of current and non-current lease liabilities is as follows:

2023					
LEASE LIABILITIES 2023	0-90 DAYS USD\$	FROM 90 DAYS TO ONE YEAR USD\$	TOTAL SHORT TERM USD\$	FROM ONE YEAR TO 7 YEARS USD\$	TOTAL LONG TERM USD\$
Real Estate Leasing	50,122	194,360	244,482	784,436	784,436
Total ST and LT Lease Liabilities 2023	50,122	194,360	244,482	784,436	784,436
Total Pasivo por Arrendamiento					1,028,918

2022					
LEASE LIABILITIES 2022	0-90 DAYS USD\$	FROM 90 DAYS TO ONE YEAR USD\$	TOTAL SHORT TERM USD\$	FROM ONE YEAR TO 7 YEARS USD\$	TOTAL LONG TERM USD\$
Real Estate Leasing	44,823	169,469	214,292	865,770	865,770
Total ST and LT Lease Liabilities 2022	44,823	169,469	214,292	865,770	865,770
Total Pasivo por Arrendamiento					1,080,062

This is the lease of the project's administrative offices for 2 years and 6 months, renewable to 4 years and 6 months, i.e., a period of 7 years.

Note 12. Income Tax and Deferred Taxes

a) Conformation of the deferred tax

Deferred taxes are the amount of income tax that Conexión Kimal Lo Aguirre S.A. will have to pay (liabilities) or recover (assets) in future years. They are related to temporary differences between the tax base and the book amount of given assets and liabilities. The Company presents tax losses of USD\$ 103,612,795 (USD\$69,455,612 as of December 31st, 2022).

	31-12-23		31-12-22	
	Deferred tax assets	Deferred Tax Liabilities	Deferred tax assets	Deferred Tax Liabilities
	USD\$	USD\$	USD\$	USD\$
Property, Plant, and Equipment, and Works in Progress	-	18,867,807	-	18,759,937
Other Liabilities	-	2,746,055	-	-
Provisions	112,729	-	-	-
Other Assets	10,797	-	11,571	-
Non-deductible expenses	-	-	1,457,132	-
Tax loss	27,975,455	-	17,363,903	-
Totals	28,098,981	21,613,862	18,832,606	18,759,937
Asset deferred tax, net	6,485,119		72,669	

b) Income tax

	31-12-23	31-12-22
	USD\$	USD\$
Deferred taxes	1,905,626	72,669
Total	1,905,626	72,669

c) Reconciliation of the rate

	TAX RATE	31-12-23	TAX RATE	31-12-22
	%	USD\$	%	USD\$
Pre-tax profit(loss)		(1,703,821)		110,074
Applicable tax rate	27%	460,032	(25%)	(27,519)
Other increases (decreases) in statutory tax charges	112%	1,905,626	91%	100,188
Tax reversed for tax loss	(27%)	(460,032)	0%	-
Income from Tax	112%	1,905,626	66%	72,669

Note 13. Trade accounts payable and other accounts payable

The details of the item are as follows:

	31-12-23	31-12-22
DETAIL	USD\$	USD\$
Misc. Suppliers (*)	925,942	780,129
Taxes payable	71,918	-
Fees payable	8,646	-
Properties payable	5,943,220	-
Other Accounts Payable	19,204	-
Total	6,968,930	780,129

(*) The main suppliers are:

	31-12-23	31-12-22
SUPPLIER	USD\$	USD\$
GTA Chile SpA	598,391	111,164
Travel Security S.A.	51,287	17,615
Fundacion Junto Al Barrio	35,738	-
Inmobiliaria Renta Segunda SpA	33,691	-
Visiona RSE y Gestión Social SpA	26,483	-
Stantec	24,558	-
Prieto Abogados SpA	23,097	-
Sociedad Iblue Inversiones LTDA	22,072	-
Esinel Ingenieros Limitada	20,062	-
Varios	15,174	-
Lemontech SpA	11,455	-
Gestión Ambiental S.A	-	274,016
Arcadis Chile SpA	-	79,672
ESRI Chile S.A.	11,260	27,374
Exxis S.A.	-	25,424
Comp. Grafica Aplic. Cia	-	23,555
Asesorías Schults y Carr	-	23,435
VTR Comunicaciones SpA	-	22,793
Comercial Cuatro SpA	-	20,804
Territorios Consult. SA	-	19,755
Negociaciones y Servidu	-	19,488
Others	52,674	115,034
Total	925,942	780,129

Note 14. Accounts Payable to Related Entities

a) The detail of the item is as follows:

	31-12-2023	31-12-2022
DETAIL	USD\$	USD\$
Short-term Accounts Payable - Related Entities	420,652	4,611,946
Long-term Accounts Payable - Related Entities	69,970,379	-
Total	70,391,031	4,611,946

b) At the end of the period, the composition of debts with short-term related companies is as follows:

	31-12-2023	31-12-2022
DETAIL	USD\$	USD\$
Provision of Services - ISA Inversiones Chile SpA	64,566	4,149,879
Loan - ISA Inversiones Chile SpA	178,043	-
Loan - Transelec Holdings Rentas Ltda.	178,043	-
Provision of Services - Chile HVDC Transmission SpA	-	462,067
Total	420,652	4,611,946

c) At the end of the period, the composition of debts with long-term related companies is as follows:

	31-12-2023	31-12-2022
DETAIL	USD\$	USD\$
Loan - ISA Inversiones Chile SpA	34,985,190	-
Loan - Transelec Holdings Rentas Ltda.	34,985,189	-
Total	69,970,379	-

d) The movements of transactions with related entities during the period are as follows:

2023						
RELATED PARTY NAME	NATURE OF RELATIONSHIP	NATURE OF THE TRANSACTION	AMOUNT OF THE TRANSACTION USD\$	STATUS	PENDING PAYMENT USD\$	EFFECT ON THE RESULT USD\$
Transec Holdings Rentas Ltda.	Shareholder	PPE Purchase	820,271	Paid	-	-
Transec Holdings Rentas Ltda.	Shareholder	Provision of services	811,562	Paid	-	-
Transec Holdings Rentas Ltda.	Shareholder	Loan	37,300,000	Payment pending	35,163,232	-
Isa Inversiones Chile SpA.	Shareholder	Provision of services	2,147,272	Payment pending	64,566	-
Isa Inversiones Chile SpA.	Shareholder	Loan	37,300,000	Payment pending	35,163,233	-
Totales			78,379,105		70,391,031	-

2022						
RELATED PARTY NAME	NATURE OF RELATIONSHIP	NATURE OF THE TRANSACTION	AMOUNT OF THE TRANSACTION USD\$	STATUS	PENDING PAYMENT USD\$	EFFECT ON THE RESULT USD\$
Transec Holdings Rentas Ltda.	Shareholder	Provision of services	7,321,341	Paid	-	-
Isa Inversiones Chile SpA.	Shareholder	Provision of services	4,149,879	Payment pending	4,149,879	-
Chile HVDC Transmission SpA.	Shareholder	Provision of services	462,067	Payment pending	462,067	-
Totales			11,933,287		4,611,946	-

Transactions and balances with related parties are carried out under market conditions, that is, conditions equivalent to those for transactions with independent parties.

Note 15. Other provisions

The details of the item are as follows:

	31-12-2023	31-12-2022
DETAIL	USD\$	USD\$
Social Laws, Taxes on Workers and Others (1)	169,422	113,289
Employee Benefits (2)	286,036	79,110
Miscellaneous Provisions (3)	1,186,503	292,103
Total	1,641,961	484,502

The composition of the items is as follows:

	31-12-2023	31-12-2022
DETAIL	USD\$	USD\$
Retention Social Laws (1)	169,422	48,888
Single Tax on Workers (1)	-	37,937
Tax Withheld - Professionals (1)	-	3,509
Solidarity Loans (1)	-	139
Documents Receivable (1)	-	22,816
Vacations Provision (2)	286,036	79,110
Bonuses Provision (3)	1,186,503	292,103
Total	1,641,961	484,502

Note 16. Other Financial Liabilities

The details of the item are as follows:

	31-12-2023	31-12-2022
OTHER CURRENT FINANCIAL LIABILITIES	USD\$	USD\$
HSBC Loan	178,043	-
Credit cards	3,935	-
Total	181,978	-

	31-12-2023	31-12-2022
OTHER NON CURRENT FINANCIAL LIABILITIES	USD\$	USD\$
HSBC Loan	34,985,190	-
Cross Currency Swap (see note 17)	30,501,269	-
Interest Rate Swap (see note 17)	(13,809,329)	-
Total	51,677,130	-

On April 25th, 2023, the bridge credit agreement was signed with HSBC Limited bank for USD 160 million. The conditions were: rate SOFR 6M + Spread rate, loan duration 5 years, and semi-annual interest payment from May 9, 2023.

This information is summarized in the following table:

CONEXIÓN KIMAL LO AGUIRRE S.A.	
Nominal Value (USD)	160,000,000
Rate	SOFR Term
Interest Payment	Semi-annual
Base	360/360
Start date	09-05-2023
Maturity (Months)	60

The borrower’s guarantees are covered by China Southern Power Grid International (HK) CO. LTD. No special conditions have been detected to guarantee the continuity of disbursements.

The balance of the financial debt under the signed contract is summarized in the following table:

COMPANY DEBTOR TAX ID	COMPANY DEBTOR NAME	COMPANY DEBTOR COUNTRY	CREDITOR	TAX ID	CURRENCY	EFFECTIVE ANNUAL RATE	NOMINAL ANNUAL RATE	INTEREST PAYMENT	FINAL PERIOD	CAPITAL DEBT USD\$	31-12-2023 USD\$	31-12-2022 USD\$
77.590.896-3	Conexión Kimal - Lo Aguirre	Chile	The Hongkong and Shanghai Banking Corporation Limited	173611	USD	12.15%	11.80%	Semi-annual	09-05-2028	37,300,000	35,163,233	-
Total										37,300,000	35,163,233	-

Note 17. Derivative instruments

The Company has as hedging instruments a) An interest rate swap contract, whose purpose is to reduce the exposure to the variation in future cash flows caused by the variation in the interest rate that will affect Conexión at the time of entering into the (Senior) credit agreement and b) A currency swap contract to reduce the variations in the exchange rate resulting from the investment in multi-currency (CLP and UF).

In this way, the objects covered are a) the flows of interest payable as a result of the (Senior) loan that the Company will take on for the project’s construction and b) the flows of payments of the investment in UF that the Company expects to make throughout the project’s construction.

For these hedges, the profit or loss of the hedging instrument determined to be effective is recognized in net equity via other comprehensive income. In contrast, the ineffective part is recognized in profit or loss.

The details of the hedging instruments can be found in the following table:

COUNTERPART	SWAP	AMOUNT CONTRACTED USD\$	START DATE	END DATE	INTEREST RATE - FIXED %	FLOATING RATE	ADJUSTMENT MTM AS OF 31/12/2023 USD\$
Santander	Tasa	70,877,391	01-12-2025	01-12-2034	3.032%	SOFR COMP	13,809,329

COUNTERPART	SWAP	AMOUNT CONTRACTED USD\$	START DATE	END DATE	INTEREST RATE - FIXED %	FLOATING RATE	ADJUSTMENT MTM AS OF 31/12/2022 USD\$
Santander	Cross Currency	8,689,172	02-06-2023	15-12-2028	47,542	USD/UF	(30,501,269)

As of December 31ST, 2023, the Company has not recognized any profits or losses due to the ineffectiveness of the hedging.

The fair value of the derivatives is the “mark-to-market” (MTM) built from real market quotes. The difference in their valuations is collected in “Other Comprehensive Income” for USD\$ 16,691,940. The calculations of counterpart risks also require information from interbank quotes to estimate credit spreads and the Company’s spreads.

Note 18. Disclosure information about net worth (Issued Capital)

Subscribed and paid-up capital and number of shares

As of December 31st, 2023, the Company's share capital has a balance of USD\$105,361,799, represented by 95,666,676 shares.

The initial capital subscribed and paid by the Company on May 26th, 2022, was 1,500 shares, equivalent to USD\$1,799. This was constituted with the contribution of the three shareholders, with equal participation of 33.33% each.

On July 29th, 2022, the shareholders decided to make a capital increase of USD\$82,500,000 consisting of 75,940,425 subscribed and paid-up shares.

By the end of the 2022 financial year, shareholders contribute USD\$ 22,860,000, equivalent to 19,724,751 subscribed and paid-up shares

The Company's ownership is distributed as follows:

SHAREHOLDER	NUMBER OF SHARES SUBSCRIBED AND PAID SHAREHOLDING	%
Transec Holdings Rentas Ltda.	31,888,892	33.33
Isa Inversiones Chile SpA.	31,888,892	33.33
Chile HVDC Transmission SpA.	31,888,892	33.33
Total	95,666,676	100

Capital management

The main objective when managing the shareholders' capital is to maintain a suitable credit risk profile and healthy capital ratios that allow the Company access to the capital and financial markets for the development of its medium and long-term objectives and, at the same time, maximize the shareholder return.

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

Note 19. Administrative expenses

The details of the item are as follows:

DETAIL	31-12-2023 USD\$	31-12-2022 USD\$
Personnel salaries and benefits (1)	1,148,266	489,018
Administrative Expenses	1,742,615	472,936
Insurance and Software	194,421	39,973
Directors' Fees	70,009	14,000
Total	3,155,311	1,015,927

(1) The breakdown of staff salaries and benefits is presented below:

DETAIL	31-12-2023 USD\$	31-12-2022 USD\$
Administration salaries	885,801	263,494
Contract profits	4,010	69,527
Staff holidays	33,034	46,363
Human resources consultancies	42,405	41,848
Personnel training	56,532	22,866
Other fees	291	14,063
Social Laws	35,985	9,964
Lunch and transportation	40,783	8,443
Legal gratification	30,970	8,082
Holiday Bonuses	7,775	3,894
Labor assigned costs	-	326
Per Diem - Staff costs	10,680	148
Total	1,148,266	489,018

Note 20. Other profits (losses)

The details of the item are as follows:

DETAIL	31-12-2023 USD\$	31-12-2022 USD\$
Taxes, Contributions and Commercial Patents	113,034	-
Other Non-operational Expenditure	948	-
Total	113,982	-

Note 21. Financial revenues

The details of the item are as follows:

DETAIL	31-12-2023 USD\$	31-12-2022 USD\$
Financial Income (*)	2,626,186	463,271
Total	2,626,186	463,271

(*) Represents the interest earned by placing short-term investments in term deposits and mutual funds in pesos and dollars.

Note 22. Financial expenses

The details of the item are as follows:

DETAIL	31-12-2023 USD\$	31-12-2022 USD\$
Interest paid	70,505	16,625
Bank Fees	3,857	2,012
Total	74,362	18,637

This section concentrates interest applied to easing agreements and the bank commissions for banking services.

Note 23. Exchange Rate Difference

The details of the item are as follows:

DETAIL	31-12-2023 USD\$	31-12-2022 USD\$
Exchange rate differences - profit (loss)	(809,379)	754,665
Total	(809,379)	754,665

Note 24. Result by readjustment units

The details of the item are as follows:

DETAIL	31-12-2023 USD\$	31-12-2022 USD\$
Result by readjustment units, profit	112,028	-
Total	112,028	-

Note 25. Contingencies and Commitments

As of December 31st, 2023, the Company has no commitments or contingencies that may affect it.

The current bonds are:

- The Company has received Bonds from contractors and third parties, mainly to guarantee the fulfillment of works, works and services contracts for USD \$ 6,397,819, as of December 31st, 2023.
- The Company has issued Bonds to government entities and commercial counterparties, mainly to guarantee the completion of works and the seriousness of bids in new tenders and/or asset purchases, for USD \$125,801,040 as of December 31st, 2023.

As of December 31st, 2022, the Company has no commitments or contingencies that may affect it.

The current bonds are:

- The Company has received Bonds from contractors and third parties, mainly to guarantee the fulfillment of works, works and services contracts for USD \$ 225,055,704, as of December 31st, 2022.
- The Company has issued Bonds to government entities and commercial counterparties, mainly to guarantee the completion of works and the seriousness of bids in new tenders and/or asset purchases, for a total of USD\$125,814,021 as of December 31st, 2022.

Covenants

As of December 31st, 2023, the Company is in continuous and satisfactory compliance with the associated covenants with the bank loan acquired with HSBC Bank (note 16), reflecting its commitment to responsible financial management and operational transparency.

These covenants are entirely in line with industry standards and the current status of the project's development.

The Company has fulfilled all the obligations established in the credit agreements, which correspond to administrative information that does not require compliance with specific financial indicators.

Note 26. Environment

The Company adheres to the principles of sustainable development, which make economic development compatible by protecting the environment and the health and safety of its employees. The Company does not currently carry out activities that are contrary to or harm the environment; therefore, it has not made investments and/or results that have as their primary purpose the minimization of adverse environmental impacts and the protection and improvement of the environment.

Note 27. Subsequent Events

No events of a financial or other nature occurred between December 31st, 2023, and the date of issuance of these financial statements that significantly affected the balances or their interpretation.



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