

Financial Statements Consolidated

**EMPRESA DE LOS FERROCARRILES DEL ESTADO
AND SUBSIDIARIES**

Santiago, Chile

As of December 31, 2023 and 2022



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Report of the Independent Auditor (Translation of a report originally issued in Spanish)

To the Shareholders of and Directors
Empresa de los Ferrocarriles del Estado

Opinion

We have audited the consolidated financial statements of Empresa de los Ferrocarriles del Estado and its subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the corresponding notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Empresa de los Ferrocarriles del Estado and its subsidiaries as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended, in accordance with International Financial Reporting Standards and specific instructions issued by the Financial Market Commission [Comisión para el Mercado Financiero] as described in Note 2.2 to the consolidated financial statements.

Basis for Opinion

We conducted our audits in accordance with generally accepted auditing standards in Chile. Our responsibilities under those standards are further described in the “Auditor's Responsibility for the Audit of the consolidated Financial Statements” section of our report. We are required to be independent of Empresa de los Ferrocarriles del Estado and its subsidiaries and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibility of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate that raise substantial doubt about the ability of Empresa de los Ferrocarriles del Estado and its subsidiaries, to continue as a going concern for at least the twelve months following the end of the reporting period, but not limited to that period.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free of material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with the generally accepted auditing standards in Chile will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards in Chile, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of the internal control relevant to an audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of Empresa de los Ferrocarriles del Estado and its subsidiaries. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the ability of Empresa de los Ferrocarriles del Estado and its subsidiaries to continue as a going concern for a reasonable period of time.



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

A handwritten signature in blue ink, appearing to read 'Andrés Marchant V.', is written over a light blue horizontal line.

Andrés Marchant V.
EY Audit Ltda.

Santiago, Chile
March 21, 2024

Financial Statements Consolidated

**EMPRESA DE LOS FERROCARRILES DEL ESTADO AND
SUBSIDIARIES**

As of December 31, 2023 and 2022

EMPRESA DE LOS FERROCARRILES DEL ESTADO AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of December 31, 2023 and 2022 (In thousands of Chilean pesos - ThCLP\$)

Assets	Note No.	As of December 31 2023	As of December 31 2022
Assets		ThCLP\$	ThCLP\$
Current assets			
Cash and cash equivalents	6	231,561,536	291,796,864
Other financial assets	7	71,760,289	158,291,300
Other non-financial assets	8	2,933,221	1,968,211
Trade and other receivables	9	7,797,445	5,704,311
Accounts receivable from related parties, current	10	76,187,477	132,176,946
Inventories	11	901,358	523,422
Current tax assets	16	41,234,018	18,490,880
Total current assets		432,375,344	608,951,934
Non-current assets			
Other financial assets, non-current	7	180,573	169,971
Trade and other non-current receivable	9	3,540	3,316
Accounts receivable from related parties, non-current	10	287,780,033	346,447,029
Equity-accounted investees	12	15,133,397	16,428,706
Intangible assets other than goodwill	13	4,731,073	4,011,348
Property, plant and equipment	14	1,953,565,959	1,774,465,575
Investment property	15	31,832,715	32,123,578
Total non-current assets		2,293,227,290	2,173,649,523
Total assets		2,725,602,634	2,782,601,457

The accompanying notes 1 to 36 are an integral part of these consolidated financial statements.

EMPRESA DE LOS FERROCARRILES DEL ESTADO AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of December 31, 2023 and 2022 (In thousands of Chilean pesos - ThCLP\$)

Liabilities	Note No.	As of December 31 2023	As of December 31 2022
Liabilities and equity		ThCLP\$	ThCLP\$
Liabilities			
Current liabilities			
Other financial liabilities, current	17	55,440,129	43,590,104
Trade and other payables	18	107,422,409	75,808,710
Accounts payable to related entities	10	4,205,258	4,196,810
Provisions for employee benefits	20	7,658,595	7,276,899
Other non-financial liabilities, current	21	71,299,934	99,355,336
Total current liabilities		246,026,325	230,227,859
Non-current liabilities			
Other financial liabilities, non-current	17	2,745,132,989	2,665,704,464
Accounts payable to related entities, non-current	10	6,600,000	6,600,000
Other provisions	19	13,420,535	2,749,440
Provisions for employee benefits	20	4,671,751	4,313,001
Other non-financial liabilities, non-current	21	557,675,512	617,520,626
Total non-current liabilities		3,327,500,787	3,296,887,531
Total liabilities		3,573,527,112	3,527,115,390
Equity			
Issued capital	22	410,777,044	410,777,044
Accumulated deficit		(2,402,922,726)	(2,300,894,030)
Other reserves		1,144,221,452	1,145,603,289
Equity attributable to owners of the Company		(847,924,230)	(744,513,697)
Non-controlling interests		(245)	(236)
Total equity	22	(847,924,478)	(744,513,933)
Total liabilities and equity		2,725,602,634	2,782,601,457

The accompanying notes 1 to 36 are an integral part of these consolidated financial statements.

EMPRESA DE LOS FERROCARRILES DEL ESTADO AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2023 and 2022

Statement of Comprehensive Income	Note No.	01.01.2023	01.01.2022
		12.31.2023	12.31.2022
Statement of income		ThCLP\$	ThCLP\$
Profit (loss)			
Revenue	23	117,024,992	102,037,060
Cost of sales	24	(116,397,342)	(95,328,949)
Gross margin		627,650	6,708,111
Financial assets measured at amortized cost			
Finance income	25	(26,837,492)	(25,986,478)
Administrative expenses	27	83,857,494	70,468,429
Other income	26	25,065,291	11,594,769
Finance cost	26	(95,689,400)	(90,144,946)
Share of profit (loss) of equity-accounted investees	12	496,087	2,056,818
Exchange rate variances	28	(11,539,054)	3,298,538
(Loss) gain on indexation units	28	(78,009,303)	(206,580,347)
Loss, before tax		(102,028,727)	(228,585,106)
Income tax expense	16	-	-
Loss on continuing operations		(102,028,727)	(228,585,106)
Net loss for the period		(102,028,727)	(228,585,106)
Other comprehensive Income before taxes, cash flow hedges			
Other comprehensive income, before taxes, gains (losses) from new measurements of defined benefit plans"		137,023	(660,535)
Total other comprehensive income that will not be reclassified to Income for the period, before taxes		137,023	(660,535)
(Loss) gain on cash flow hedges before taxes	22	-	523,480
Actuarial loss			
Mark-to-market adjustment on investments measured at FVTOCI		-	
Other comprehensive (loss) income		(584,111)	-
Total comprehensive (loss) income		(584,111)	523,480
Comprehensive loss		(102,475,815)	(228,722,161)
Comprehensive income (loss) attributable to			
Comprehensive loss attributable to the parent		(102,475,781)	(228,722,119)
Comprehensive loss attributable to non-controlling interest		(34)	(42)
Comprehensive loss		(102,475,815)	(228,722,161)

The accompanying notes 1 to 36 are an integral part of these consolidated financial statements.

EMPRESA DE LOS FERROCARRILES DEL ESTADO AND SUBSIDIARIES
Consolidated Statements of Changes in Net Equity
For the years ended December 31, 2023 and 2022

Statement of Changes in Equity	Note	Issued capital	Cash flow hedging reserves	Actuarial reserves	Mark to market adjustment on investments at fair value through other comprehensive income	Other reserves	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total
	No.	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
Balance as of 01/01/2023	21	410,777,044	79,261	(5,491,439)	(558,182)	1,151,573,649	(2,300,894,030)	(744,513,697)	(236)	(744,513,933)
Changes in equity										
Other comprehensive income		-	-	137,023	(584,111)	-	-	(447,088)	-	(447,088)
Profit (loss) for the year		-	-	-	-	-	(102,028,693)	(102,028,693)	(34)	(102,028,727)
Increase (decrease) from other contributions by shareholder		-	-	-	-	-	-	-	-	-
Increase (decrease) through transfers and other changes		-	-	-	-	(934,752)	-	(934,752)	22	(934,730)
Total changes in equity		-	-	779,327	(584,111)	(934,752)	(102,028,693)	(85,398,024)	(25)	(103,410,545)
Final Balance at 12/31/2023		410,777,044	79,261	(4,712,112)	(1,142,293)	1,151,573,649	(2,402,922,723)	(829,911,721)	(261)	(847,924,478)

Statement of Changes in Equity	Note	Issued capital	Cash flow hedging reserves	Actuarial reserves	Mark to market adjustment on investments at fair value through other comprehensive income	Other reserves	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total
	No.	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
Balance as of 01/01/2022	21	410,777,044	(444,219)	(4,830,904)	(558,182)	1,145,558,739	(2,072,308,966)	(521,806,488)	17	(521,806,471)
Changes in equity										
Other comprehensive income		-	523,480	(660,535)	-	-	-	(137,055)	-	(137,055)
Profit (loss) for the year		-	-	-	-	-	(228,585,064)	(228,585,064)	(42)	(228,585,106)
Increase (decrease) from other contributions by shareholder		-	-	-	-	6,014,910	-	6,014,910	-	6,014,910
Increase (decrease) through transfers and other changes		-	-	-	-	-	-	-	(211)	(211)
Total changes in equity		-	-	(660,535)	-	6,014,910	(228,585,064)	(222,707,209)	(211)	(222,707,462)
Final Balance at 12/31/2022		410,777,044	79,261	(5,491,439)	(558,182)	1,151,573,649	(2,300,894,030)	(744,513,697)	(236)	(744,513,933)

The accompanying notes 1 to 36 are an integral part of these consolidated financial statements.

EMPRESA DE LOS FERROCARRILES DEL ESTADO AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS, DIRECT METHOD
For the years ended December 31, 2023 and 2022

CONSOLIDATED STATEMENTS OF CASH FLOWS, DIRECT METHOD	Note No.	01.01.2023 12.31.2023 ThCLP\$	01.01.2022 12.31.2022 ThCLP\$
Cash flows from operating activities			
Receipts cash flows from operating activities			
Cash receipts from sales of goods and services		93,152,805	85,050,762
Other receipts from operating activities		5,968,088	3,975,087
Payment categories			
Payments to suppliers for goods and services provided		(85,072,000)	(64,384,707)
Payments to and on behalf of employees		(44,958,417)	(36,421,671)
Net cash flows from (used in) operating activities		<u>(30,909,524)</u>	<u>(11,780,529)</u>
Cash flows from investing activities			
Proceeds from the sale of PP&E		4,537,419	1,781,731
Purchases of property, plant and equipment		(223,435,295)	(253,411,607)
Purchases of intangible assets	13	(1,855,125)	(1,595,415)
Taxes refunded (27 BIS)		6,951,207	12,183,477
Dividends received (Ipesa)	12	1,791,591	1,158,214
Net decrease (increase) from investments in term deposit over 90 days		86,531,011	(50,079,193)
Net cash flows from (used in) investing activities		<u>(125,479,192)</u>	<u>(289,962,793)</u>
Cash flows from financing activities			
Proceeds from government grants, classified as business activities		187,924,553	157,619,393
Proceeds from the issuance of bonds		(103,310,219)	(97,602,817)
Net cash flows from (used in) financing activities		<u>84,614,334</u>	<u>60,016,576</u>
Net increase (decrease) in cash and cash equivalents before effect of exchange rate variances		<u>(71,774,382)</u>	<u>(241,726,746)</u>
Effects of exchange rate variances on cash and cash equivalents		11,539,054	(3,298,538)
Effects of the variation in the exchange rate on cash and cash equivalents		11,539,054	37,959,303
Net increase (decrease) in cash and cash equivalents		<u>(60,235,328)</u>	<u>(245,025,284)</u>
Cash and cash equivalents at beginning of the year	6	291,796,864	536,822,148
Cash and cash equivalents at end of the year	6	<u>231,561,536</u>	<u>291,796,864</u>

The accompanying notes 1 to 36 are an integral part of these consolidated financial statements.

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1. Nature, activities, legal environment, and corporate structure of the Group

Empresa de los Ferrocarriles del Estado (hereinafter referred to as the “Company” or “EFE”) is a public sector entity not subject to International Public Sector Accounting Standards owned by the State of Chile. Nevertheless, EFE is an autonomous entity and has its own assets.

EFE is related to the Chilean State through the Ministry of Transport and Telecommunications and is ruled by the Ministry of Transport and Telecommunications’ Decree with Force of Law (or “DFL”) No. 1 of 1993. . EFE is also recorded in the Securities Registry of the Financial Market Commission (referred to as CMF) under number 253.

a) Corporate purpose and domicile

EFE’s corporate purpose is to establish, develop, promote, maintain, and provide transportation services to passengers and cargo by railroads or similar systems, as well as supplementary transportation services, regardless of the means used, including all related activities needed to properly fulfill this corporate purpose. The Company’s corporate purpose also includes commercial operations with own assets.

The Company may fulfill this corporate purpose directly, by contracts, by concessions or by the incorporation of companies, which must be governed by the same regulations as those applicable to publicly traded corporations.

EFE’s corporate headquarters are located at 115 Morandé St., sixth floor, Santiago, Chile.

b) Regulations applicable to the Company’s legal acts and contracts

All legal acts and contracts entered into by the Company in pursuit its lines of business are governed by the rules of the Chilean private law, provided that they are compatible with the provisions of the Ministry of Transport and Telecommunications’ DFL No. 1 of 1993.

c) Reporting to the regulator

EFE is subjected to the financial and accounting standards that regulate publicly traded corporations. Its annual and interim statements of financial position are subjected to audits and reviews by well reputed auditing firms.

According to Article 10th of Law 20.285, EFE must provide to the Financial Market Commission the same information as that provided by publicly traded corporations under Law No.18.046.

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d) Labor laws and regulations applicable to the Company's employees

The Company's workers are regulated by the provisions of the Chilean Labor Code and by the Ministry of Transport and Telecommunications' DFL No. 3 of 1980. Accordingly, regulations for government officers or workers employed by State-owned companies are not applicable to EFE's workers. For all legal purposes, EFE's workers are considered private sector workers.

e) Description of the Company's assets

EFE has its own assets, which include:

1. Railroads, including their facilities and related property, transferred by the Chilean State to the Company.
2. The land occupied by the railways, facilities and related property.
3. Buildings, facilities, artwork, and other constructions, which have been permanently assigned to the Company by the Chilean State.
4. Rolling stock, equipment, machinery, tools, spare parts, supplies, stocks and fixtures.
5. Concessions and privileges for as long as they are in force.
6. Proceeds earned from its assets.
7. Income from the sale of assets.
8. Annual funds allocated to the Company under the country's Budget enacted by law, as well as funds assigned to the Company by other Laws and Decrees; and
9. In general, all real estate, personal property and rights acquired by the Company under any title.

f) The Consolidated Group

EFE separates operating activities related to real estate, cargo services and passenger transportation services. Passenger transportation services are provided by three subsidiaries: EFE Valparaíso, EFE Central y EFE Sur, which are publicly traded corporations. Aspects related to the development of railway infrastructure and service management to cargo are managed by the parent company.

EFE has a significant majority interest in its subsidiaries; therefore, it exercises control over the following consolidated subsidiaries:

Taxpayer No	Company name	Country origin	Functional currency	CMF registration No.	Percentage of ownership			
					12.31.2023			12.31.2022
					Direct %	Indirect %	Total %	Total %
96.766.340-9	EFE Valparaiso S.A.	Chile	CLP	587	99.9998	0.0002	99.9999	99.9999
96.756.310-2	EFE Sur S.A.	Chile	CLP	18	99.9999	0.0001	99.9999	99.9999
96.756.320-K	EFE Central S.A.	Chile	CLP	19	99.9999	0.0001	99.9999	99.9999
96.769.070-8	EFE Arica -La Paz S.A.	Chile	CLP	578	99.9995	0.0005	99.9999	99.9999
96.756.300-5	Servicio de Trenes Regionales Terra S.A.	Chile	CLP	274	99.9000	0.0999	99.9999	99.9999
96.756.330-7	Infraestructura y Tráfico Ferroviario S.A.	Chile	CLP	577	99.9000	0.0999	99.9999	99.9999

The financial information regarding these investments is presented in Note 3.2.

2. Basis of preparation and presentation of the consolidated financial statements

2.1 Reporting period

The consolidated financial statements (hereinafter “financial statements”) cover the following periods: Consolidated Statements of Financial Position as of December 31, 2023 and 2022; Consolidated Statements of Changes in Equity for the year ended December 31, 2023 and 2022; Consolidated Statements of Comprehensive Income for the year ended December 31, 2023 and 2022; Consolidated Statements of Cash Flows for year ended December 31, 2023 and 2022.

2.2 Basis of preparation

a) Statement of Compliance

These consolidated financial statements of Empresa de los Ferrocarriles del Estado and subsidiaries as of December 31, 2023 and 2022, have been prepared in accordance with regulations and guidelines issued by the Financial Market Commission (CMF), which include the application of International Financial Reporting Standards issued by the International Accounting Standards Board (hereinafter IASB), except for the International Accounting Standard No. 36 - Impairment of assets.

- Instead, on February 16, 2011, the Financial Market Commission authorized EFE and subsidiaries to apply the International Public Sector Accounting Standard (IPSAS) No. 21 “Impairment of Non-Cash-Generating Assets”. Note 3.10 provides details on the application of IPSAS No. 21.

These consolidated financial statements have been approved by the Board of Directors’ Ordinary Meeting held on March 21, 2024.

For de convenience of the reader, the consolidated financial statements and their accompanying notes have been translated from Spanish to English.

Going concern

For EFE and subsidiaries, the application of the "going concern" principle ensures an adequate valuation of assets and liabilities, demonstrating operational continuity and sustainable development, which builds trust in individuals and organizations that are involved in the Company's activities and decisions. In the case of EFE, applying this principle is crucial for several reasons:

1. Transparency and financial reliability: By adhering to the going concern principle, the Company commits to continuing its operations in the foreseeable future. This provides investors, creditors, and other stakeholders with the confidence that the Company is not at imminent risk of liquidation or cessation of operations.

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2. Operational continuity and sustainable development: The application of the going concern principle reflects the Company's ability to overcome difficulties, plan for financial stability, and ensure long-term sustainability. This is particularly relevant in the case of EFE, where infrastructure and services are vital for the country's economic and social development. Operational interruption could have a negative impact on the Chilean society as a whole.
3. Building trust in individuals and organizations involved in the Company's activities and decisions: While government contributions may be seen as short-term support for the Company, the going concern principle ensures the Company's willingness to make necessary adjustments for sustainable operations in the future. This helps build trust in individuals and organizations associated with the Company, including investors, creditors, customers, employees, and the Government itself.

As of December 31, 2023, the Consolidated Statement of Financial Position of EFE shows a negative equity of ThCLP\$ 847,924,478 (ThCLP\$ 744,513,933 in December 2022) and losses for the 2023 period of ThCLP\$ 102,028,727 and ThCLP\$ 228,585,106 for the 2022 period, respectively. These consolidated financial statements have been prepared under the going concern principle, considering EFE's access to financial resources from the Budget Directorate of the Ministry of Finance and the Ministry of Transportation and Telecommunications provided for each year in the Annual Budget Law.

It is important to understand that these Government contributions to the Company are based on calculations of social benefits rather than "economic benefits," as EFE aims to provide an essential and strategic service to the country which is the daily transport of citizens and cargo.

The railway transportation model and Government contributions allow EFE to cover its operational costs, that cannot be assumed with EFE's own revenues, as well as fully comply with its financial obligations incurred through debt issuances with and without explicit state guarantees, essential to drive the company's triennial development plans set forth in an annual decree issued by the Ministry of Transportation and Telecommunications.

Another significant factor for validating the going concern principle relates to the approval of resources for the Company's triennial development plans, which include investments that, in some cases, consider over 30 years of useful life, according to the latest 2022-2024 triennial plan approved by the Ministry of Transportation. Finally, EFE's Management also considers the applicability of this principle given that a significant portion of EFE's debt is 100% guaranteed by the State of Chile, either directly or indirectly (See note 35).

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b) Use of estimates and judgments

In preparing the consolidated financial statements, certain estimates can be made by management, to quantify some of the assets, liabilities, income, expenses, and commitments reported herein. These estimates mainly refer to:

- The assessment of potential impairment losses (on trade receivables and PP&E assets).
- The parameters used in the actuarial calculation of employee benefit obligations.
- The useful lives and residual values of Property, plant and equipment and Intangible assets.

Although these estimates are made based on the best information available on the date of issuance of these consolidated financial statements, it is possible that events that could take place in the future would require adjustments (either upwards or downwards) in future periods, which would be carried out prospectively, recognizing the effects of any changes in estimates in the related future consolidated financial statements.

c) Classification of assets and liabilities

In the consolidated statements of financial position, balances are classified based on maturity, i.e., balances maturing within twelve months are classified as current, and balances maturing in more than twelve months are classified as non-current.

When the Company has obligations maturing in less than twelve months that can be subject to long-term refinancing at the Company's discretion, through unconditionally available credit agreements with long-term maturities, such obligations are classified as non-current liabilities.

d) Functional and presentation currency

These consolidated financial statements and their explanatory notes are presented in Chilean pesos (CLP), which is the functional and presentation currency of the Company and subsidiaries. Unless otherwise indicated, balances in CLP have been rounded up to thousands of Chilean pesos (ThCLP\$).

e) Fair value measurement

Some of the Group's accounting policies and disclosures require fair value measurement of both financial and non-financial assets and liabilities.

Management regularly reviews significant observable inputs (related to fair value measurement), as well as non-observable inputs, and makes valuation adjustments when necessary. If third-party information, such as broker quoted prices, is used to measure fair values, Management evaluates the evidence obtained from these third parties to verify if these valuations meet the IFRS requirements, including the level input (fair value hierarchy) in which these valuations should be classified.

Fair values are classified within 3 level of inputs, based on the following variables:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: Inputs for assets or liabilities that are not based on observable market data (significant unobservable input, See the table in Note 30).

3. Significant accounting policies

The accounting policies described below have been consistently applied by the Company and the subsidiaries included in the consolidation to all the periods presented in these consolidated financial statements.

3.1 Investments in related entities and non-controlling interests

These are entities over which the Company has significant influence but has no control. Investments in associates are accounted for using the equity method, and are initially recognized at cost.

The Company's share in the losses or profit of the acquired associates is recognized in Income. If such associates adopt certain accounting policies that imply to temporarily recognize some effects in Other comprehensive income, EFE also recognizes its corresponding share in OCI.

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3.2 Basis and method of consolidation

The consolidation with the controlled subsidiaries has been carried out by applying the “full consolidation” method, which includes in the consolidated financial statements all the assets, liabilities, income, expenses, and cash flows after intercompany eliminations of certain transactions and unrealized profits or losses have been carried out.

EFE applies a policy consisting of considering transactions with non-controlling interests as items to be separately presented. Non-controlling interests represent a share of profits, losses and net assets of certain subsidiaries, over which the parent company has no control and are presented in the consolidated statement of income and comprehensive income, separated from equity.

As of December 31, 2023 and 2022, there are no changes of consolidation.

A summary of the financial information from EFE’s subsidiaries included in the Consolidated Statement of Financial Position as of December 31, 2023 and 2022, and the Consolidated Statements of Comprehensive Income for the years ended December 31, 2023 and 2022, is detailed as follows:

(1) Information of the Consolidated Statement of Financial Position:

As of December 31, 2023							
Company name	% Ownership	Current assets ThCLP\$	Non-current assets ThCLP\$	Total assets ThCLP\$	Current liabilities ThCLP\$	Non-current liabilities ThCLP\$	Equity ThCLP\$
EFE Valparaiso S.A.	99.9999562	15,752,015	89,572,654	105,324,669	26,657,224	56,539,744	22,127,701
EFE Sur S.A	99.9997305	31,967,569	78,359,035	110,326,604	6,812,671	144,447,986	(40,934,053)
EFE Central S.A.	99.9999271	2,977,684	78,665,208	81,642,892	24,344,847	77,030,689	(19,732,644)
EFE Arica- La Paz S.A.	99.9000000	222,810	43,647	266,457	105,008	-	161,449
Servicio de Trenes Regionales Terra S.A.	99.9997832	196	161	357	172	108,962	(108,777)
Infraestructura y Tráfico Ferroviario S.A.	99.9000000	-	9	9	258	8,524,817	(8,525,066)

As of December 31, 2022							
Company name	% Ownership	Current assets ThCLP\$	Non-current assets ThCLP\$	Total assets ThCLP\$	Current liabilities ThCLP\$	Non-current liabilities ThCLP\$	Equity ThCLP\$
EFE Valparaiso S.A.	99.9994795	13,134,575	93,501,595	106,636,170	22,024,107	56,399,117	28,212,946
EFE Sur S.A	99.9999562	23,839,040	93,574,368	117,413,408	6,408,136	149,086,414	(38,081,142)
EFE Central S.A.	99.9997305	2,515,294	98,520,419	101,035,713	24,431,053	97,488,740	(20,884,080)
EFE Arica- La Paz S.A.	99.9999271	147,956	56,472	204,428	94,368	-	110,060
Servicio de Trenes Regionales Terra S.A.	99.9000000	-	12	12	315	8,514,399	(8,514,702)
Infraestructura y Tráfico Ferroviario S.A.	99.9000000	196	110	306	315	103,106	(103,115)

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(2) Information of the Consolidated Statements of Comprehensive Income:

Company name	For the year ended December 31, 2023		For the year ended December 31, 2022	
	Revenue	Net profit (loss)	Revenue	Net profit (loss)
	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
EFE Valparaiso S.A.	22,092,230	(6,085,245)	19,775,828	(5,558,845)
EFE Sur S.A.	11,287,829	(10,019,238)	10,116,257	(6,401,233)
EFE Central S.A.	41,440,952	(1,934,706)	36,222,224	(1,556,361)
Servicio de Trenes Regionales Terra S.A.	-	(5,661)	-	(5,605)
EFE Arica- La Paz S.A.	703,029	51,389	581,844	-
Infraestructura y Tráfico Ferroviario S.A.	-	(10,364)	-	(10,277)

3.3 Transactions in currencies other than the Chilean peso

a) Transactions and balances in foreign currency and indexed units (UF)

Transactions in foreign currency are translated into the functional currency at the exchange rates prevailing on the dates of the transactions. Losses and gains resulting from the settlement of these transactions and of the translation at the closing exchange rates of monetary assets and liabilities denominated in foreign currency, are recognized in the statement of income. Transactions denominated in UF are translated into CLP at the closing UF value of each accounting period.

b) Basis of translation

Assets and liabilities denominated in US dollar (USD), Euros (€) and UF (an inflation-indexed unit used in Chile) have been translated into Chilean pesos at the closing exchange rates of each period, according to the following table:

Date	USD	UF	EURO (€)
December 31, 2022	855.86	35,110.98	915.95
December 31, 2023	877.12	36,789.36	970.05

3.4 Financial instruments

The Ministry of Finance's Circular Letter No. 36 of 2006 authorized that certain public sector entities not subject to International Public Sector Accounting Standards (including EFE) participate in the capital markets, either through investments in time deposits, repurchase agreements and mutual fund. It also authorized these companies to carry out operations in the derivatives market, such as futures, forwards, options, and swaps, so that the Company and subsidiaries can hedge the risks of underlying assets, liabilities or cash flows. However, since EFE presents an operational deficit and also has a significant portion of its debt guaranteed by the Chilean State, the Budget Directorate (DIPRES, in its Spanish acronym) does not authorize the Company enter into forwards to hedge exchange rate fluctuations related to current financial debt denominated in a foreign currency, as the Chilean State covers these payments and directly bears those costs and risks.

3.4.1 Financial assets other than derivatives

In accordance with IFRS 9, the Company classifies its financial assets in the following valuation categories: at amortized cost, at fair value through profit or loss, at fair value in other comprehensive income Management determines the classification of its financial assets upon initial recognition.

In accordance with IFRS 7, the Company classifies its financial assets into three categories, excluding investments accounted for using the equity method and investments held for sale:

Financial assets at amortized cost

A financial asset must be measured at amortized cost, if the following two conditions are met:

- a) The financial asset is held within a business model whose purpose is to hold the financial asset/s to obtain contractual cash flows and
- b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

With respect to the requirements of IFRS 7 "Financial Instruments: Disclosures," Management considers that the carrying value of the assets measured at amortized cost, is a reasonable approximation of their fair value. Therefore, in accordance with IFRS 7, disclosure of the fair values of such assets is not required.

Financial assets at fair value through other comprehensive income

A financial asset should be measured at fair through other comprehensive income, if the following two conditions are met:

- a) The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss

A financial asset should be measured at fair value through profit or loss, unless measured at amortized cost or at fair value through other comprehensive income.

When a derivative financial instrument is not designated as a hedging instrument, all changes in fair value are recognized immediately in profit or loss.

Trade and other accounts receivable from related parties

Trade receivables are initially recognized at fair value (nominal amount that includes an implicit interest) and, subsequently, at amortized costs using the effective interest method, less the provision for impairment. The provision is established at each balance sheet date for expected credit losses over the life of the asset, by applying the simplified approach for trade receivables.

The Company is using the simplified method, which incorporates historical collection information of each account receivable tranche/stratification from the last three years.

Trade receivables are presented net of the provision for doubtful accounts. Any loss is recognized in other comprehensive income.

Definition of non-compliance

The company is exposed to the possibility of economic losses arising from noncompliance with the obligations assumed by the counterparties of lease contracts. Non-payment on the dates established in said contracts is considered as non-compliance.

Definition of input data and estimates

The Company uses the payment dates stipulated in the lease contracts as input data. A credit risk estimate is made based on the historical payment behavior of the lessees and the economic information of the industry.

Accounts receivable from related companies:

Balances and transactions with related entities are adjusted according to the provisions of Article 89 of Law No. 18,046, which establishes that operations between related companies (such as between a parent company and its subsidiaries) and those carried out by a publicly traded corporation, must observe conditions of fairness, similar to those that typically prevail in the market, meaning that they must be made under conditions of mutual independence between the parties.

3.5 Cash and cash equivalents

Cash on hand and in bank accounts are recorded in the consolidated statement of financial position, as well as time deposits and other short-term, highly liquid investments that are readily convertible to cash and have an insignificant risk of changes in value. Investments included in this item mature in a maximum of 90 days. The financial resources transferred to EFE by the Chilean State can be exclusively allocated to the purposes for which they were received.

3.6 Derivative instruments and cash flow hedging operations

Derivatives are recorded at fair value under the item “other financial assets” or “other financial liabilities”, as appropriate. Changes in the fair value of these derivatives are recorded in other comprehensive income under the item 'Cash Flow Hedges'.

3.7 Inventories

Inventories are valued at acquisition cost or net realizable value, whichever is lower. The Net realizable value is the estimated selling price of an asset in the normal course of operations less the estimated sales and production costs.
The costing method used by the Company is the weighted average cost, which includes disbursements incurred during the acquisition and transfer of inventory.

No impairment charges have been recorded for this group of assets.

3.8 Assets held for sale

The land for railways that is expected to be sold in a term equal to or less than twelve months is valued at the lower of cost and net realizable value. The net realizable value is the estimated selling price of an asset in the ordinary course of business less the estimated sales and production costs.

3.9 Property, plant, and equipment

a) Initial recognition

The Company uses the cost model for property, plant, and equipment. After being recognized as assets the components of property, plant and equipment are accounted for at cost less accumulated depreciation, in accordance with IAS 16.

The cost of PP&E assets includes:

- Financial expenses accrued during the construction period, which are directly related to the acquisition, construction, or production of the assets.
- Employee expenses related to construction works in progress.
- Temporary maintenance costs, which are unavoidable during the construction period and/or essential to put the assets in operation, which are capitalized when incurred.
- Temporary service interruption costs.

Works in progress are transferred to working assets once the trial period has ended and they are available for use, from which time their depreciation begins.

b) Subsequent costs

- Expansion, modernization, and improvement costs that represent an increase in productivity, capacity or efficiency or an extension of the useful life of the assets are capitalized when incurred.
- Replacement or renovations of components that increase the assets' useful life, or their economic value, are recorded as an increase in value of the relevant assets. The replaced or overhauled components are derecognized.
- Railroad rehabilitation and preservation costs, which are incurred to maintain the standard of service, are capitalized when the activities carried out increase the asset's useful life.
- Major rolling stock maintenance expenses, including, among other items, inspection and replacement of parts and pieces, are capitalized as separate assets, provided that they meet the recognition conditions established in IAS 16. The cost of the replaced parts is recognized separately from the main asset.
- Repair, conservation, and maintenance expenses are credited to Income for the period in which they are incurred. It is worth mentioning that some of EFE's property, plant and equipment items require periodic inspections. In this regard, replaced items are recognized separately from the rest of the asset and at a disaggregation level that allows their amortization in the period between the current replacement and the next scheduled inspection.

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c) Depreciation

- Items of Property, plant and equipment are depreciated on a straight-line basis, net of their residual value, where appropriate by allocating the cost of their elements over the years of estimated useful life, which is the period in which the Company expects to use them. Depreciation methods, useful lives and residual values of PP&E assets are reviewed in each period and adjusted if necessary. Land has an indefinite useful life, so it is not depreciated.

The estimated useful lives of PP&E assets, for depreciation purposes, are detailed as follows:

	Estimated useful life years range
Land	Indefinite
Communications	30
Buildings and constructions	2-60
Bulldozer and rolling stock (1)	5-30
Railroad infrastructure	30-100
Catenary lines	20-36
Machinery and tools	10-20
Sign posts	7-30
Substations	2-50
Railroad tracks	7-50
Furniture and fixture	5-6

(1) Considering rolling stock in use, a useful life and straight-line amortization is applied. Major maintenance is capitalized as a separate component and amortized over a period that extends to the next major maintenance.

- Gains or losses on the disposal or derecognition of Property, plant and equipment are recognized as profits or losses for the period, and are calculated as the difference between the selling price and the net carrying value of the assets.

3.10 Investment property

Investment property includes land and buildings held to obtain capital gains or rental revenues. The cost model is used both upon initial recognition and subsequent measurement.

During the year of transition to IFRS (2009), the Company revalued its investment property and considered the revalued amount as cost using the overall exemption established in IFRS 1 “First-time adoption of IFRS.” Any gain or loss from the sale of investment property is recognized in profit or loss.

3.11 Intangible assets

These mainly correspond to computer licenses, and are valued according to the cost model. After initial recognition, intangible assets are accounted for at cost less accumulated amortization and impairment losses, if any. This group of assets is amortized on a straight-line basis over their estimated useful life (5 years). Amortization methods, useful lives and residual values are reviewed in each fiscal period, and adjusted if necessary.

3.12 Impairment of non-financial assets

Under IAS 36 “Impairment of assets,” a Company calculates as impairment of its assets the difference between the recoverable value and the carrying value. The recoverable value is the higher between the fair value and the value in use.

IAS 36 does not provide valuation criteria for cash flows received by public entities, since such standard only applies to companies whose main purpose is to obtain economic benefits, and not to provide public services under a non-profit criterion. Therefore, it is not possible for EFE to apply the impairment standards of IAS 36.

To determine impairment of assets, the SVS’ Letter 4,887, dated 02/16/2011 authorized Empresa de los Ferrocarriles del Estado and subsidiaries to exceptionally apply the International Public Sector Accounting Standard (IPSAS) 21, which replaces the International Accounting Standard (IAS) 36.

This standard defines the value in use of a non-cash-generating asset as the present value of an asset currently being used. The present value of an asset is determined using the depreciated replacement cost approach or the refurbishing cost approach. As a result of IFRS adoption during 2010, the main assets of the Company and its subsidiaries have been recorded at depreciated replacement cost which, in turn, has not resulted in any impaired value for PP&E assets.

However, under specific circumstances in which certain assets lose their service potential, the loss of value should be directly recognized in profit or loss.

a) Impairment of financial assets

Regarding impairment of financial assets, IFRS 9 requires the use of the expected credit loss model rather than the incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in expected credit losses on each reporting date to reflect changes in credit risk after initial recognition. In other words, it is not necessary for an impairment event to occur for credit losses to be recognized.

IFRS 9 also establishes a simplified approach to measure the impairment provision (for certain financial assets described below) at an amount equal to the expected credit losses, over the life of trade receivables, contract assets and lease receivables under certain circumstances.

3.13 Leases

- **The Company as a lessee**

In accordance with IFRS 16, as of the start date of the lease, the lessee must recognize a right of use asset and a lease liability. This Standard defines the start date of a lease as the date on which the lessor makes the underlying asset available for use to the lessee. Subsequently, the valuation of the right to use asset will be based on the cost model or on the revaluation model under IAS 16, thus recognizing amortization and impairment in profit and loss. EFE has classified truck rentals in this category.

- **The Company as lessor - operating lease**

In this case, the lessor will recognize the operating lease payments as income, either on a straight-line basis or by a different systematic method, if the latter better represents the consumption model of the underlying asset.

- **The Company as lessor - finance lease**

In accordance with IFRS 16, as of the start date of the lease, the lessor must recognize finance leases in the statement of financial position and disclose them as receivables for an amount equivalent to the net investment in the lease. Subsequently, the lessor must recognize financial income over the lease period based on a model that reflects a constant periodic return on the lessor's net investment in the lease. The Xtrapolis trains leased to EFE Central are included in this category.

3.14 Financial liabilities other than derivatives

Financial liabilities are classified either as “financial liabilities at fair value through profit and loss” or as “other financial liabilities.”

- a) **Financial liabilities at fair value through profit or loss (FVTPL):**

Financial liabilities are classified at fair value through profit or loss when they are held for trading or are designated at fair value through profit or loss.

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IFRS 9 preserves the existing financial liability classification requirements under IAS 39. However, under IAS 39, all changes in the fair value of liabilities designated as FVTPL are recognized in profit or loss, whereas under IFRS 9 these changes in fair value are presented as follows:

- i) the amount of the change in fair value that is attributable to changes in the liability's credit risk is presented in the other comprehensive income; and
- ii) the remaining amount of the change in fair value is presented in profit or loss.

b) Other financial liabilities:

Other financial liabilities are initially valued at the amount of cash received, net of transaction costs. Other financial liabilities mainly correspond to loans secured from national and international banks, and debt instruments (bonds), which, in most cases, are guaranteed by the Chilean State. Other financial liabilities are subsequently measured at amortized cost using the effective interest rate method.

The effective interest rate method corresponds to the method for calculating the amortized cost of a financial asset or a financial liability and for allocating the interest revenue (expense) over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash flows receivable or payable (including all fees on points paid or received that are an integral part of the effective interest rate, plus transaction costs and other premiums or discounts) over the expected life of the financial instrument. All of the Company's long-term bank loans and financial liabilities are accounted for using this method.

Regarding measurement of financial liabilities designated at fair value through profit or loss, IFRS 9 requires that any change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability be presented in other comprehensive income, unless recognizing such changes in other comprehensive income would create or enlarge a measurement mismatch. Changes in fair value attributable to the credit risk of a financial liability are not subsequently classified to profit or loss. Under IAS 39, the total amount of the change in fair value of the financial liability designated at fair value through profit or loss is presented in profit or loss.

Loans for investment purposes whose repayment will be covered by financial transfers from the Ministry of Transport and Telecommunications are accounted for in accordance with the preceding paragraphs. Nevertheless, an equivalent asset reflecting the right to receive those funds the following year, according to each Annual Budget Law, has been recognized. Loans obtained under a Ministry of Transport and Telecommunications guarantee do not bear interest or indexation to EFE.

Since 2012, the Company applies the recognition method established in IAS 20, recognizing the existence of an explicit credit hedge through State grants included in the Annual Budget Law, and setting off the effects of exchange rates over these debts.

3.15 Provisions

Any obligations from past events arisen as of the date of these consolidated financial statements, which could lead to probable cash outflows that can be estimated reliably, are recorded as provisions in the statement of financial position, at the most probable estimate of the present value of the amount that the Company will have to disburse to settle the obligation.

The criteria used by EFE to establish provisions are as follows:

- (a) The Company has a present obligation, whether legal or implicit, as a result of past events.
- (b) It is probable that an outflow of resources, including economic benefits, will be necessary to settle the obligation; and
- (c) A reliable estimate can be made of the amount of the obligation.

Provisions are calculated considering the best information available on the date of issuance of the financial statements, regarding the consequences of the event. Provisions are reassessed at each subsequent accounting closing, including the use of the opinion of independent experts, such as legal advisers and consultants, if necessary.

3.16 Employee benefits

- **Employee vacations**

EFE recognizes an expense for personnel vacations in accordance with the accrual method. Such benefit applies to all personnel, and it is recorded according to the pending vacations of each worker and their salaries. Employee vacations are recorded at nominal value.

- **Severance package**

EFE accounts for future severance payment obligations towards its workers, based on the provisions of collective bargaining agreements and individual contracts. If this benefit is agreed upon between the workers and the Company, the obligation is recorded as a defined benefit plan, in accordance with IAS 19, using an actuarial calculation. Defined benefit plans establish the amounts an employee will receive at the time of retirement, which usually depends on one or more factors, such as age, staff turnover, years of service and compensation, among others.

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The related liability recognized in the statement of financial position is the present value of the defined benefit obligation plus or minus any adjustments from actuarial gains or losses and past service costs. The present value of the defined benefit obligation is determined by discounting the estimated cash outflows using the average market interest rates for BCP instruments (Chilean Central Bank Bonds in Chilean pesos) in the same currency in which the benefits will be paid, and under the terms of the severance payment obligation. Changes in such provisions arising from actuarial gains/losses are recognized in other comprehensive income. Other changes are recognized in profit and loss for the period in which they are incurred.

- **Other employee benefits**

The Company provides its workers with paid sick leaves. These amounts are recognized in profit or loss as incurred.

3.17 Income tax

On July 14, 2016, the SII' Circular Letter No. 49 of was enacted, which defines the general tax regime applicable by default to companies whose owners do not pay final taxes (such as the Global Complementary Tax).

EFE is only taxed by the 25% first category income tax (IDPC, by its Spanish acronym) on its own income, since its subsidiaries are taxed separately through the partially integrated tax regime, defined in Letter B) of art. 14 of the Income Tax Law, This is because EFE is a public sector company and the subsidiaries are limited-liability companies.

Deferred taxes

Deferred tax is measured using the tax rates expected to be applicable to temporary differences in the period in which the latter are reversed.

The Parent Company and its subsidiaries have not recorded any deferred taxes as they consist of non-recoverable tax loss carryforwards.

Tax loss

As of December 31, 2023 and 2022, the Company has not established any provision for first category income tax, as it has accumulated losses for ThCLP\$ 95,867,720 and ThCLP\$ 923,589,686, respectively.

3.18 Revenue recognition

The Company and subsidiaries recognize revenue from the following main sources:

- Passenger transportation service
- Cargo transportation service
- Advertising space leasing, commercial premises, and rental housing.
- Public road crossings electric lines.
- Real estate sales
- Other income

The Company and subsidiaries analyze and take into consideration all the relevant facts and circumstances when applying each step of the model established by IFRS 15 to contracts with customers:

- i. Identify the Contract
- ii. Identify performance obligations,
- iii. Determine the price of transactions,
- iv. Allocate the transaction price to the performance obligations, and
- v. Recognize revenue.

The Company recognizes revenue when pre-established steps and objectives have been satisfactorily met and it is probable that future economic benefits will flow to the Company.

Passenger transportation service: Passenger transportation service revenue is recognized at fair value and is recorded daily based on number of trips, when users pass the transportation card through the turnstile. This number is multiplied by the current fee.

Cargo transportation service: The freight transport service is mainly carried out by FEPASA and TRANSAP carrier companies. Access contracts regulate the rights and obligations between EFE and these companies. The carriers maintain a direct relationship with load-generating clients from various sectors or economic areas. Revenue is recognized over time, as the performance obligations are met.

Advertising space leasing, commercial premises, and rental housing. Revenue from operating leases is recognized monthly on an accrual basis.

Public road crossings and electric lines: Revenue from public road crossings and electric lines are recognized monthly on an accrual basis.

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Sale of goods: Revenue from the sale of goods is recognized at the fair value of the consideration, net of estimated reimbursements or provisions, where applicable. Revenue is recognized when the performance obligations are met, which is generally when control of the goods is transferred to the buyer. Any associated costs and returns of goods will be recognized if reliably estimated. The Company will not be involved in the subsequent management of the goods sold.

3.19 Distribution of profits

Distribution of the Company's profits is regulated in Article No. 31 of Empresa de los Ferrocarriles del Estado's Organic Law (the Ministry of Transport and Telecommunications' DFL No. 1 of 1993), which establishes that the Company's annual profits be transferred to the general public treasure, unless the Company's Board of Directors agrees to withhold all or part of the profit as an equity reserve, provided that not less than five of the Board's seven members approve this decision.

The Board decision is subject to prior and written authorization by the Ministry of Finance. On the other hand, the same Law establishes that the Company is subject to the regulations that affect publicly traded corporations, in which case, the profits to be distributed will be calculated after absorbing all accumulated losses from previous periods.

3.20 Transfers of funds by the Chilean State

- **Application of IAS 20**

To account for Government grants, IAS 20 establishes two methods: the "asset method", under which grants will not be recognized in profit or loss for the period, and the "income method", under which Government grants are recognized in profit or loss for one or more periods. EFE has adopted the "income method", which is applied under the Annual Budget Law.

Infrastructure maintenance expenses transferred by the Government are recognized up to the amount provided by the Government during the relevant fiscal year.

Regarding contributions intended to pay for amortization of financial liabilities, these are recognized as other contributions in equity. These contributions are intended to settle historical financial liabilities with effect on EFE's Equity.

- **Funds from the annual budget law**

These are contributions from the Chilean State to execute EFE's Triennial Investment Plan approved by the Ministry of Transport and Telecommunications. Additional contributions are received to finance other operations that may or may not be contemplated in the Annual Budget Law for infrastructure maintenance. These contributions are initially recognized as a debit to financial assets at fair value and a credit to deferred income.

Deferred income is amortized with effect in profit or loss, or carried to equity on a systematic basis to set off the depreciation of the assets, where applicable. Deferred income is presented in a separate item of operational or non-operational income, depending on the nature of the Government contribution.

- **Subsidy for companies that provide passenger transportation services**

Under Law 20.378 of 2009, the Chilean State provides a monthly subsidy to passenger transport service companies, which grant a free or reduced the value of students' tickets. To receive this subsidy, these companies must enter into an agreement with the Government. The subsidy operates as a monthly reimbursement, provided that an effective provision of passenger transportation services is maintained. The subsidy is recognized as operating income on an accrual basis.

On May 20, 2010, an agreement was entered into with the Ministry of Transport and Telecommunications, whereby the Company agrees to lower the transport fees charged to users of the Biotren service and the Victoria-Temuco service. The decrease in revenue resulting from this value reduction of the transport fees is reimbursed by the Ministry of Transport and Telecommunications.

On May 6, 2011, an agreement was entered into with the Ministry of Transport and Telecommunications, whereby the latter agreed to subsidize the Corto Laja service in order to provide locals with more developed facilities.

- **Transfers of funds under the “Transantiago Mirror Funds Law”**

Companies of the EFE group entered into agreements with the Ministry of Transport and Telecommunications to finance the following investments with resources of this Law:

- (a) Purchase of four new trains for EFE Central S.A., for UF 493,684.
- (b) EFE Valparaíso S.A.’s agreement to purchase eight trains for UF 919,544.958.
- (c) Expansion of the railway to Coronel for an amount of UF 1,753,990. This agreement was signed on November 22, 2013.
- (d) Engineering services and purchase of trains for the Alameda-Malloco service, for UF2,510,457.
- (e) Regional Contribution Fund Agreement entered into with EFE Valparaíso for ThCLP\$ 4,463 (May 2017).

In addition, there is a subsidy for the Victoria-Temuco service, in line with the “Transantiago Mirror Funds Law”, which is recognized in accordance with the income method established in IAS 20.

3.21 Policies for the determination of the net distributable income

By a letter dated December 6, 2010, the Company informed the CMF that it has adopted a policy to separately control adjustments arising from the first-time adoption of IFRS to retained earnings, not considering these amounts when determining the net distributable income for a period, after deducting any accumulated losses. Consequently, no adjustments will be made to the item “Profit (loss) attributable to owners of the parent Company” for any unrealized changes in the fair value of assets and liabilities.

This decision was made by the Empresa de los Ferrocarriles del Estado’s Board of Directors during its eighth extraordinary meeting held on November 26, 2010.

4. New accounting pronouncements

- (a) Current accounting pronouncements

The following accounting pronouncements are mandatory for periods commencing on January 1, 2023:

IFRS 17	Insurance Contracts
IAS 1	Accounting Policy Disclosures (IAS)
IAS 12	Deferred tax
IAS 12	International Tax Reform - Pillar Two Model Rules
IAS 8	Definition of accounting estimate

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(b) Accounting pronouncements issued but not yet in force

The following accounting pronouncements are applicable to annual periods commencing after December 31, 2023, but have not been applied in the preparation of these consolidated financial statements. The Group plans to adopt these accounting pronouncements on their respective application dates (not in advance).

New IFRS	Mandatory for
Amendments to IFRS	
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	Annual periods commencing on or after January 1, 2024.
Lease liabilities related to sales with leaseback (IAS16)	Annual periods commencing on or after January 1, 2024.
Supplier finance arrangements (Amendments to IAS 7 and IFRS 7)	Annual periods commencing on or after January 1, 2024.
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Effective date deferred indefinitely.

The accounting pronouncements that have been issued but are not yet effective will not have a significant impact on the Group's consolidated financial statements.

4.1 Reclassifications

As of the year ended December 31, 2023, the Company has made reclassifications in comparison with the year ended December 31, 2022.

5. Segment information

EFE discloses segment information in accordance with the provisions of IFRS 8, which establishes reporting standards regarding operating segments and other related disclosures. An operating segment is a component of an entity:

- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity)
- whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

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EFE manages and measures operations by operating segment, which is consistent with its current corporate structure. Accordingly, EFE's operating segments are Railroad infrastructure and Real estate; and EFE Valparaíso, EFE Central and EFE Sur's operating segment is Passenger transportation services ().

The information presented below is based on the companies' financial information obtained during the consolidation process, which represent the different operating segments of the railway activity in various geographical areas of the country. The summarized assets and liabilities of the subsidiaries that provide passenger transport services (EFE Valparaíso, EFE Central and EFE Sur) are disclosed in Note 3.2.

This business model shows EFE's streamlined processes, the provision of services and commercial/administrative management.

a) EFE services:

EFE Services mainly refer to the provision of railroad infrastructure services to third parties and EFE subsidiaries, cargo and passenger transportation services.

b) Passenger transportation services by EFE Valparaiso:

EFE Valparaíso S.A. is the main railway company in the Valparaíso Region, which operates in the cities of Valparaíso, Viña del Mar, Quilpué, Villa Alemana and Limache. EFE Valparaíso S.A. provides an efficient, safe, and environmentally sustainable passenger transportation service. For the year ended December 31, 2023 and 2022, EFE Valparaíso S.A. transported 22.99 million and 20.07 million passengers, respectively.

c) Passenger transportation services by EFE Central:

EFE Central S.A. is the Company that provides the "Metrotren" and "Terrasur" services from Santiago to Chillán and the intermediate stations. In addition, it provides passenger transportation services from Talca to Constitución through the "Buscarril" service. EFE Central offers state-of-the-art, high quality, safe and integrated urban and suburban passenger transportation services along with transportation services in the Metropolitan Region and surrounding areas. For the year ended December 31, 2023 and 2022, EFE Central S.A. transported 30.22 million and 5.87 million passengers, respectively.

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d) Passenger transportation services by EFE Sur:

EFE Sur S.A. provides services in the VIII and IX regions and connects Lomas Coloradas, Talcahuano, Hualqui and other cities with the city of Concepción. EFE Sur S.A.'s services are known as "Fesur," "Victoria - Temuco" and "Corto Laja" Services. EFE Sur's mission is to provide a rapid, safe and comfortable passenger transportation service. For the year ended December 31, 2023 and 2022, EFE Sur S.A. transported 11.72 million and 10.02 million passengers, respectively.

For the year ended December 31, 2023	Railway infrastructure and cargo segment (1) ThCLP\$	Passenger services segment			Totals ThCLP\$	
		EFE VALPARAISO	EFE CENTRAL			EFE SUR
		V Región ThCLP\$	Santiago	Chillán		VIII Región y IX Región ThCLP\$
1. Revenue from ordinary activities from external customers	42,203,981	22,092,230	41,440,952	11,287,829	117,024,992	
2. Income from ordinary activities between segments					-	
3. Significant items of operating costs	(34,397,220)	(23,330,612)	(41,897,550)	(16,771,959)	(116,397,341)	
a. Employee expenses	(9,143,704)	(5,974,069)	(14,532,497)	(7,642,084)	(37,292,354)	
b. Energy and fuels	(550,100)	(2,188,867)	(2,985,868)	(1,195,261)	(6,920,096)	
c. Rolling stock and maintenance	(53,795)	(3,081,933)	(7,221,395)	(691,013)	(11,048,136)	
d. Infrastructure maintenance	(10,773,925)	(652,911)	(873,869)	4,214	(12,296,491)	
e. Security guard service and crosswalk guard	(2,870,144)	(485,926)	(4,014,252)	(3,113,367)	(10,483,689)	
f. Depreciation and amortization	(10,446,032)	(3,179,683)	(2,617,157)	(1,661,148)	(17,904,020)	
g. Other operating expenses	(559,520)	(7,767,223)	(9,652,512)	(2,473,300)	(20,452,555)	
4. Administrative expenses	(20,504,282)	(3,163,662)	(1,678,955)	(1,490,593)	(26,837,492)	
5. Other income (losses)	86,176,158	(334,321)	(545,613)	(1,438,764)	83,857,460	
6. Gain (losses) on financial Assets	24,102,566	-	-	-	24,102,566	
7. Financial profit or loss, net segment	(92,904,706)	(806,019)	996,585	(2,012,536)	(94,726,676)	
a. Financial income	(2,071,652)	379,971	2,160,079	494,326	962,724	
b. Financial expenses	(90,833,054)	(1,185,990)	(1,163,494)	(2,506,862)	(95,689,400)	
8. Exchange rate difference	(11,554,008)	-	14,954	-	(11,539,054)	
9. Proceeds from indexed units	(77,608,148)	(542,861)	(265,079)	406,785	(78,009,303)	
10. Profit (loss) share in associates	496,087	-	-	-	496,087	
a. Investment in associates	-	-	-	-	-	
11. Income tax expense	-	-	-	-	-	
12. Non controlling interests	34	-	-	-	34	
Net loss	(83,989,538)	(6,085,245)	(1,934,706)	(10,019,238)	(102,028,727)	

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For the year ended december 31, 2022	Railway infrastructure and cargo segment (1) ThCLP\$	Passenger services segment			Totals ThCLP\$	
		EFE VALPARAISO	EFE CENTRAL			EFE SUR
		V Region	Santiago	Chillán		VIII Region y IX Region
		ThCLP\$	ThCLP\$	ThCLP\$		ThCLP\$
1. Revenue from ordinary activities from external customers	35,922,753	19,775,828	36,222,222	10,116,257	102,037,060	
2. Income from ordinary activities between segments	-	-	-	-	-	
3. Significant items of operating costs	(36,268,743)	(20,488,954)	(24,467,783)	(14,103,469)	(95,328,949)	
a. Employee expenses	(10,696,586)	(4,450,063)	(7,966,848)	(5,726,202)	(28,839,699)	
b. Energy and fuels	(434,798)	(1,734,708)	(2,912,906)	(1,225,148)	(6,307,560)	
c. Rolling stock and infrastructure maintenance	(223,639)	(2,623,813)	(6,175,945)	(503,882)	(9,527,279)	
d. Other operating expenses	(15,564,156)	(586,746)	(1,186,064)	(73,566)	(17,410,532)	
e. Security guard service and crosswalk guard	(2,346,916)	(371,571)	(3,147,007)	(2,347,997)	(8,213,491)	
f. Depreciation and amortization	(10,634,813)	(3,179,798)	(2,051,526)	(2,038,860)	(17,904,997)	
g. Other operating expenses	3,632,165	(7,542,255)	(1,027,487)	(2,187,814)	(7,125,391)	
4. Administrative expenses	(20,630,333)	(2,438,910)	(1,127,259)	(1,789,976)	(25,986,478)	
5. Other income (losses)	70,927,609	(389,136)	(58,209)	(11,835)	70,468,429	
6. Gain (losses) on financial Assets	10,949,701	-	-	-	10,949,701	
7. Financial profit or loss, net segment	(89,507,381)	(802,830)	999,180	(188,847)	(89,499,878)	
a. Financial income	(1,314,932)	245,113	1,359,512	355,375	645,068	
b. Financial expenses	(88,192,448)	(1,047,944)	(360,332)	(544,222)	(90,144,946)	
8. Exchange rate difference	3,298,447	-	(36)	127	3,298,538	
9. Proceeds from indexed units	(192,812,631)	(1,132,842)	(5,045,057)	(7,589,817)	(206,580,347)	
10. Profit (loss) share in associates	2,056,818	-	-	-	2,056,818	
a. Investment in associates	2,056,818	-	-	-	2,056,818	
11. Income tax expense	-	-	-	-	-	
Net loss	(216,063,759)	(5,476,845)	6,523,058	(13,567,560)	(228,585,106)	

(1) The real state segment is included within this column, which represents less than 2% of the Company's total revenue (See "Lease Revenue" and "Other real estate" in note 22).

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STATEMENTS OF FINANCIAL POSITION 12.31.2023	Railway infrastructure and cargo segment ThCLP\$	Passenger services segment			Totals ThCLP\$
		EFE VALPARAÍSO	EFE CENTRAL	EFE SUR	
		V Región	Santiago Chillán	VIII Región y IX Región	
		ThCLP\$	ThCLP\$	ThCLP\$	
Assets					
Current assets	381.707.671	15.722.419	2.977.685	31.967.568	432.375.343
Cash and cash equivalents	229.408.058	1.098.264	139.758	915.456	231.561.536
Other financial assets	60.279.561	2.953.885	-	8.526.843	71.760.289
Other non-financial assets	2.800.110	133.111	-	-	2.933.221
Trade and other receivables	6.093.484	454.065	1.050.365	199.530	7.797.444
Accounts receivable from related parties, current	41.844.640	10.630.503	1.553.244	22.159.090	76.187.477
Inventories	160.160	410.231	184.318	146.649	901.358
Current tax assets	41.121.658	42.360	50.000	20.000	41.234.018
Total current assets	2.046.600.797	89.602.249	78.665.209	78.359.035	2.293.227.290
Non-current assets	-	29.595	11.823	139.155	180.573
Other financial assets, non-current	-	-	-	-	-
Other non-financial assets, non-current	-	-	-	3.540	3.540
Accounts receivable from related parties, non-current	223.687.880	18.976.225	10.073.330	35.042.598	287.780.033
Equity-accounted investees	15.133.397	-	-	-	15.133.397
Intangible assets other than goodwill	4.533.519	54.751	361	142.442	4.731.073
Property, plant and equipment	1.772.511.532	69.443.432	68.579.695	43.031.300	1.953.565.959
Investment property	30.734.469	1.098.246	-	-	31.832.715
Total non-current assets	2.428.308.467	105.324.668	81.642.895	110.326.603	2.725.602.633
Total assets	2.428.308.468	105.324.668	81.642.894	110.326.603	2.725.602.633
Liabilities and equity					
Liabilities					
Current liabilities	188.211.583	26.657.223	24.344.848	6.812.670	246.026.324
Other financial liabilities, current	55.440.129	-	-	-	55.440.129
Trade and other payables	99.871.773	3.617.945	2.419.549	1.513.141	107.422.408
Accounts payable to related parties, current	(38.028.167)	18.861.518	18.881.513	4.490.394	4.205.258
Provisions for employee benefits	4.748.508	853.035	1.298.193	758.859	7.658.595
Other non-financial liabilities, current	66.179.340	3.324.725	1.745.593	50.276	71.299.934
Non-current liabilities					
Other financial liabilities, non-current	2.745.132.989	-	-	-	2.745.132.989
Accounts payable to related parties, non-current	(218.793.710)	38.177.224	42.795.756	144.420.730	6.600.000
Other provisions	13.420.535	-	-	-	13.420.535
Provisions for employee benefits	4.671.751	-	-	-	4.671.751
Other non-financial liabilities, non-current	505.050.805	18.362.520	34.234.931	27.256	557.675.512
Total non-current liabilities	3.049.482.370	56.539.744	77.030.687	144.447.986	3.327.500.787
Total liabilities	(809.385.238)	22.127.701	(19.732.640)	(40.934.053)	(847.924.230)
Equity					
Issued capital	250.797.262	106.125.877	25.773.900	28.080.005	410.777.044
Accumulated deficit	(25.436)	25.436	-	-	-
Share premiums	1.341.505.113	(84.830.621)	(43.114.293)	(69.338.747)	1.144.221.452
Other reserves	(2.401.662.177)	807.009	(2.392.247)	324.689	(2.402.922.726)
Total Equity	(809.385.238)	22.127.701	(19.732.640)	(40.934.053)	(847.924.230)
Non-controlling interests	(248)	-	-	-	(248)
Total Liabilities	2.428.308.715	105.324.668	81.642.895	110.326.603	2.725.602.881

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		EFE VALPARAÍSO	EFE CENTRAL	EFE SUR	
		V Región ThCLP\$	Santiago Chillán ThCLP\$	VIII Región y IX Región ThCLP\$	
Assets					
Current assets					
Cash and cash equivalents	289.138.617	1.930.450	171.905	555.892	291.796.864
Other financial assets	148.534.176	1.723.787	-	8.033.337	158.291.300
Other non-financial assets	1.785.688	182.523	-	-	1.968.211
Trade and other receivables	4.116.357	441.816	1.048.002	98.136	5.704.311
Accounts receivable from related parties, current	107.519.747	8.458.493	1.139.319	15.059.387	132.176.946
Inventories	-	320.065	126.069	77.288	523.422
Current tax assets	18.395.880	50.000	30.000	15.000	18.490.880
Total current assets	569.490.465	13.107.134	2.515.295	23.839.040	608.951.934
Non-current assets					
Other financial assets, non-current	-	27.441	11.280	131.250	169.971
Other non-financial assets, non-current	-	-	-	3.316	3.316
Accounts receivable from related parties, non-current	279.901.445	19.712.058	10.430.762	36.402.764	346.447.029
Equity-accounted investees	16.428.706	-	-	-	16.428.706
Intangible assets other than goodwill	3.824.294	67.653	287	119.114	4.011.348
Property, plant and equipment	1.556.867.952	72.601.609	88.078.090	56.917.924	1.774.465.575
Investment property	31.003.303	1.120.275	-	-	32.123.578
Activos por impuestos diferidos	-	-	-	-	-
Total non-current assets	1.888.025.700	93.529.036	98.520.419	93.574.368	2.173.649.523
Total assets	2.457.516.165	106.636.170	101.035.714	117.413.408	2.782.601.457
Liabilities and equity					
Liabilities					
Current liabilities					
Other financial liabilities, current	43.590.104	-	-	-	43.590.104
Trade and other payables	68.948.975	2.952.543	2.469.529	1.437.663	75.808.710
Accounts payable to related parties, current	(34.370.445)	15.028.626	19.320.333	4.218.296	4.196.810
Provisions for employee benefits	4.555.622	934.048	1.105.936	681.293	7.276.899
Other non-financial liabilities, current	94.646.583	3.102.615	1.535.254	70.884	99.355.336
Total current liabilities	177.370.839	22.017.832	24.431.052	6.408.136	230.227.859
Non-current liabilities					
Other financial liabilities, non-current	2.665.704.464	-	-	-	2.665.704.464
Accounts payable to related parties, non-current	(241.507.058)	37.356.203	61.682.609	149.068.246	6.600.000
Other provisions	2.749.440	-	-	-	2.749.440
Provisions for employee benefits	4.313.001	-	-	-	4.313.001
Other non-financial liabilities, non-current	562.647.139	19.049.189	35.806.130	18.168	617.520.626
Total non-current liabilities	2.993.906.986	56.405.392	97.488.739	149.086.414	3.296.887.531
Total liabilities	2.457.516.165	106.636.170	101.035.714	117.413.408	2.782.601.457
Equity					
Issued capital	250.771.825	106.151.314	25.773.900	28.080.005	410.777.044
Accumulated deficit	(2.111.397.087)	(78.745.377)	(44.265.730)	(66.485.836)	(2.300.894.030)
Other reserves	1.146.863.838	807.009	(2.392.247)	324.689	1.145.603.289
Total Equity	(713.761.424)	28.212.946	(20.884.077)	(38.081.142)	(744.513.697)
Non-controlling interests	(236)	-	-	-	(236)
Total Liabilities	1.743.754.505	134.849.116	80.151.637	79.332.266	2.038.087.524

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Statements of Cash Flows Direct Method 12.31.2023	Railway infrastructure and cargo segment ThCLP\$	Passenger services segment			Totals ThCLP\$
		EFE SUR	EFE CENTRAL	EFE VALPARAISO	
		VIII Región y IX Región ThCLP\$	Santiago Chillán ThCLP\$	V Región ThCLP\$	
Cash flows from operating activities					
Receipts cash flows from operating activities					
Cash receipts from sales of goods and services	32.802.778	6.402.083	37.666.040	16.281.904	93.152.805
Other receipts from operating activities	-	1.277.922	-	4.690.166	5.968.088
Payment categories					
Payments to suppliers for goods and services provided	(52.973.043)	(4.259.481)	(12.040.046)	(15.799.430)	(85.072.000)
Payments to and on behalf of employees	(17.265.421)	(7.342.919)	(14.045.378)	(6.304.699)	(44.958.417)
Others	747.809	(747.809)	-	-	-
Net cash flows from (used in) operating activities	(36.687.877)	(4.670.204)	11.580.616	(1.132.059)	(30.909.524)
Cash flows from investing activities					
Amounts from sales of PP&E	4.537.419	-	-	-	4.537.419
Purchases of property, plant and equipment	(222.933.419)	(246.053)	(255.823)	-	(223.435.295)
Purchases of intangible assets	(1.853.698)	(1.427)	-	-	(1.855.125)
Dividends received (Ipesa)	6.951.207	-	-	-	6.951.207
Taxes refunded (27 BIS)	1.791.591	-	-	-	1.791.591
Net decrease (increase) from investments in term deposit over 90 days	85.440.628	408.210	-	682.173	86.531.011
Net cash flows from (used in) investing activities	(126.066.272)	160.730	(255.823)	682.173	(125.479.192)
Cash flows from financing activities					
Payments of loans	187.924.553	-	-	-	187.924.553
Payment of interest on bonds	(103.310.219)	-	-	-	(103.310.219)
Cash inflows (outflows) from related parties	5.337.899	4.869.040	(11.356.939)	1.150.000	-
Net cash flows from (used in) investing activities	89.952.233	4.869.040	(11.356.939)	1.150.000	84.614.334
Effects of the variation in the exchange rate on cash and cash equivalents	11.539.054	-	-	-	11.539.054
Net increase (decrease) in cash and cash equivalents	(61.262.862)	359.566	(32.146)	700.114	(60.235.328)
Cash and cash equivalents at beginning of the period	289.138.619	555.891	171.904	1.930.450	291.796.864
Cash and cash equivalents at end of the year	227.875.757	915.457	139.758	2.630.564	231.561.536

Statements of Cash Flows Direct Method 12.31.2022	Railway infrastructure and cargo segment ThCLP\$	Passenger services segment			Totals ThCLP\$
		EFE SUR	EFE CENTRAL	EFE VALPARAISO	
		VIII Región y IX Región ThCLP\$	Santiago Chillán ThCLP\$	V Región ThCLP\$	
Cash flows from operating activities					
Receipts cash flows from operating activities					
Cash receipts from sales of goods and services	32.784.093	5.700.495	32.928.195	13.637.979	85.050.762
Other receipts from operating activities	-	70.603	-	3.904.484	3.975.087
Payment categories					
Payments to suppliers for goods and services provided	(42.805.870)	(2.298.323)	(6.714.144)	(12.566.370)	(64.384.707)
Payments to and on behalf of employees	(15.621.836)	(6.050.524)	(10.474.291)	(4.275.020)	(36.421.671)
Others	426.079	(426.079)	-	-	-
Net cash flows from (used in) operating activities	(25.217.534)	(3.003.828)	15.739.760	701.073	(11.780.529)
Cash flows from investing activities					
Amounts from sales of PP&E	1.781.731	-	-	-	1.781.731
Purchases of property, plant and equipment	(253.242.708)	(166.213)	(2.686)	-	(253.411.607)
Purchases of intangible assets	(1.595.415)	-	-	-	(1.595.415)
Dividends received (Ipesa)	12.183.477	-	-	-	12.183.477
Taxes refunded (27 BIS)	1.158.214	-	-	-	1.158.214
Net decrease (increase) from investments in term deposit over 90 days	(47.456.322)	(4.367.450)	-	1.744.579	(50.079.193)
Net cash flows from (used in) investing activities	(287.171.023)	(4.533.663)	(2.686)	1.744.579	(289.962.793)
Cash flows from financing activities					
Proceeds from the issuance of bonds	157.619.393	-	-	-	157.619.393
Payments of loans	-	-	-	-	-
Payment of interest on bonds	(92.347.503)	-	-	-	(92.347.503)
Amounts from government grants, classified as business activities	(5.255.314)	-	-	-	(5.255.314)
Cash inflows (outflows) from related parties	14.360.250	3.017.267	(16.545.000)	(832.517)	-
Net cash flows from (used in) investing activities	74.376.826	3.017.267	(16.545.000)	(832.517)	60.016.576
Effects of the variation in the exchange rate on cash and cash equivalents	(3.298.538)	-	-	-	(3.298.538)
Net increase (decrease) in cash and cash equivalents	(241.310.269)	(4.520.224)	(807.926)	1.613.135	(245.025.284)
Cash and cash equivalents at beginning of the period	530.456.294	5.076.115	979.830	309.909	536.822.148
Cash and cash equivalents at end of the year	289.146.025	555.891	171.904	1.923.044	291.796.864

EMPRESA DE LOS FERROCARRILES DEL ESTADO AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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6. Cash and cash equivalents

EFE’s three-year development plan determines the Company’s investments and the financing required to execute these investments. Annually, the Budget Law includes the Government’s cash resources to be transferred to EFE to develop EFE’s three-year plan. Other financing sources, such as debt issuance and contributions received by subsidiaries, through the “Transantiago Mirror Funds Law”, supply extra funds for certain specific projects. Almost all of the cash, cash equivalents and other current financial assets correspond to resources ready for use in the items described above.

The Ministry of Finance determines the types of financial instrument in which EFE can invest, such as time deposits, mutual funds, and covenants.

At the end of each reporting year, Cash and cash equivalents are detailed as follows:

Cash and cash equivalents	12.31.2023 ThCLP\$	12.31.2022 ThCLP\$
Cash on hand and in bank accounts (a)	897,900	628,792
Time deposits (b)	230,419,347	291,025,564
Others	244,289	142,508
Totals	231,561,536	291,796,864

a) Cash on hand and in bank accounts: This balance corresponds to cash on hand and in bank accounts.

b) Time deposits: This balance corresponds to funds placed in banks as term deposits.

Time deposits are measured at fair value through profit or loss for the period, since they are recorded at market value on each closing date. Any difference between the acquisition price and the market value is recorded in income for the period.

As of December 31, 2023 and 2022, there are no restrictions on cash and cash equivalent.

As of December 31, 2023 and 2022, there are no approved lines of credit being used.

EMPRESA DE LOS FERROCARRILES DEL ESTADO AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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As of December 31, 2023, time deposits, by maturity, are detailed as follows:

Days to maturity	Denominated currency	Instrument	Principal in	Indexation- units	Balance as
			ThCLP\$	adjustments and interest	December 31, 2023
			ThCLP\$	ThCLP\$	ThCLP\$
0 - 30	\$	Time deposit	57,473,363	5,702	57,479,065
	\$	Central Bank Discountable Promissory Note	37,112,224	20,726	37,132,950
	\$	Time deposit	27,231	61	27,292
	UF	Time deposit	79,505	(13)	79,492
	USD	Time deposit	17,853,129	1,658	17,854,787
	USD	deposit USD	23,893,515	50	23,893,565
Subtotal			136,438,967	28,184	136,467,151
30 - 60	\$	Time deposit	14,879,417	4,735	14,884,152
	UF	Bank bond UF	1,224,875	2,850	1,227,725
	UF	Bank bond	75,399	(26)	75,373
	USD	Time deposit	7,506,561	681	7,507,242
	USD	deposit USD	1,819,040	6	1,819,046
Subtotal			25,505,292	8,246	25,513,538
60 - 90	\$	Time deposit	20,727,986	7,871	20,735,857
	UF	Time deposit	966,649	(3,302)	963,347
	USD	Time deposit	13,360,694	603	13,361,297
	USD	deposit USD	22,084,141	-	22,084,141
	USD	deposit USD	2,132,022	16	2,132,038
Subtotal			59,271,492	5,188	59,276,680
Reserve fund	UF				9,161,977
Totals			221,215,751	41,618	230,419,346

As of December 31, 2022,

Days to maturity	Denominated currency	Instrument	Principal in	Indexation- units	Balance as
			ThCLP\$	adjustments and interest	December 31, 2022
			ThCLP\$	ThCLP\$	ThCLP\$
0 - 30	\$	Time deposit	16,871,787	26	16,871,813
	\$	Central Bank Discountable Promissory Note	595,386	4,614	600,000
	UF	Bank bond	8,045,782	879	8,046,661
	USD	Certificate of Deposit in American Dollars	21,587,875	-	21,587,875
	USD	Time deposit	91,810,471	17,550,269	109,360,740
Subtotal			138,911,301	17,555,788	156,467,089
30 - 60	\$	General treasury bond in clp	424,063	(3,070)	420,993
	UF	Bank bond	4,568,137	126,405	4,694,542
	USD	Certificate of Deposit in American Dollars	64,534,943	-	64,534,943
	USD	Time deposit	30,608,153	5,539,717	36,147,870
Subtotal			100,135,296	5,663,052	105,798,348
60 - 90	\$	Central Bank Discountable Promissory Note			
	UF	Time deposit	5,247,038	46,625	5,293,663
	USD	Certificate of Deposit in American Dollars	4,510,134	10,577,587	15,087,721
Subtotal			9,757,172	10,624,212	20,381,384
Reserve fund	UF				8,378,743
Totals			248,803,769	33,843,052	291,025,564

EMPRESA DE LOS FERROCARRILES DEL ESTADO AND SUBSIDIARIES
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As of December 31, 2023 and 2022

7. Other financial assets, current and non-current

Other current financial assets

This item corresponds to time deposits with maturities greater than 90 days. As of December 31, 2023 and 2022, these assets amount to ThCLP\$ 71,760,289 and ThCLP\$ 158,291,300, respectively. These funds are used for the acquisition of infrastructure, maintenance and debt payment.

The following table shows term deposits over 90 days in force as of December 31, 2023, and 2022:

As of December 31, 2023:

Days to maturity	Currency	Instrument	Principal in ThCLP\$	Indexation-units adjustments and interest ThCLP\$	Balance as December 31, 2023 ThCLP\$
>90	\$	General treasury bond in clp	10,501,389	6,331	10,507,720
		Time deposit	157,312	(7,627)	149,685
	UF	Bank bond	4,428,975	(45,196)	4,383,780
		Bank bond UF	79,236	(6,312)	72,924
		Time deposit UF	11,866,324	(43,273)	11,823,051
	USD	Certificate of Deposit in Dollar	22,677,921	12,639	22,690,561
		Time deposit USD	22,126,740	-	22,126,740
	\$	Portfolio shares	-	-	5,828
Totals			71,837,897	(83,438)	71,760,289

As of December 31, 2022:

Days to maturity	Currency	Instrument	Principal in ThCLP\$	Indexation-units adjustments and interest ThCLP\$	Balance as December 31, 2022 ThCLP\$
>90	\$	General treasury bond in clp	159,549	(13,792)	145,757
		Time deposit	6,731,101	53,856	6,784,957
	UF	Bank bond	23,298,502	51,265	23,349,767
		Time deposit UF	38,124,088	(901,589)	37,222,499
	USD	Time deposit USD	84,334,820	6,447,672	90,782,492
	\$	Portfolio shares	-	-	5,828
Totals			152,648,060	5,637,412	158,291,300

EMPRESA DE LOS FERROCARRILES DEL ESTADO AND SUBSIDIARIES
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Other non-current financial assets

This item corresponds to the balance arising from the funds received from the Ministry of Transportation and Telecommunications to pay credit installments charged by the parent company for financing the expansion of the “Biotren” to Coronel, the purchase of 4 Xtrapolis Trains and eight railcars; and the payment each loan installment.

These funds are held in a restricted bank account.

As of December 31, 2023 and 2022, these financial assets amount to ThCLP\$180,573 and ThCLP\$169,971, respectively.

8. Other non-financial assets, current

As of December 31, 2023 and 2022, the composition of this item is as follows:

Other non-financial assets	12.31.2023	12.31.2022
	ThCLP\$	ThCLP\$
Insurance Premiums to Amortize (1)	2,716,911	1,825,754
Guarantees paid	6,912	9,970
Prepaid expenses	209,398	132,487
Accounts receivable- reimbursements from insurance claim	-	-
Totales	2,933,221	1,968,211

(1) This item corresponds to civil liability insurance, railroad infrastructure, rolling stock and others.

EMPRESA DE LOS FERROCARRILES DEL ESTADO AND SUBSIDIARIES
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9. Trade and other receivables, current

As of December 31, 2023 and 2022, the composition of this item is as follows:

Concepts	Currency	12.31.2023			12.31.2022		
		Gross value ThCLP\$	Impairment of value ThCLP\$	Net value ThCLP\$	Gross value ThCLP\$	Impairment of value ThCLP\$	Net value ThCLP\$
Ferrocarril del Pacifico S.A.	Chilean peso	2,371,906	-	2,371,906	2,027,828	-	2,027,828
Expropiaciones por cobrar (1)	Chilean peso	319,200	-	319,200	28,441	-	28,441
Varios deudores	Chilean peso	449,719	-	449,719	223,396	-	223,396
Recaudación Alameda Nos	Chilean peso	802,262	-	802,262	775,794	-	775,794
Subsidios de salud por cobrar	Chilean peso	133,193	-	133,193	134,777	-	134,777
Transap S.A.	Chilean peso	192,372	-	192,372	207,581	-	207,581
Clear Channel Chile Publicidad Ltda.	Chilean peso	54,389	-	54,389	6,994	-	6,994
Claro Chile S.A.	Chilean peso	-	-	-	17,586	-	17,586
Municipalidad de Villarica	Chilean peso	61,077	-	61,077	61,077	-	61,077
Municipalidad de graneros	Chilean peso	220,954	-	220,954	134,530	-	134,530
Cooperativa Camp. y Cultural Melima	Chilean peso	52,626	-	52,626	52,626	-	52,626
Asoc Chilena Cons. Pat. Ferroviario	Chilean peso	71,292	-	71,292	133,216	-	133,216
Recaudación Alameda Rancagua	Chilean peso	139,919	-	139,919	100,684	-	100,684
Comercializadora Rosales y Haase LT	Chilean peso	53,972	-	53,972	53,972	-	53,972
Entel Pcs Telecomunicaciones S.A.	Chilean peso	42,245	-	42,245	29,901	-	29,901
Entel	Chilean peso	128,222	-	128,222	11,972	-	11,972
Wom S.A.	Chilean peso	114,262	-	114,262	36,225	-	36,225
Transportes Ferropak Limitada	Chilean peso	37,546	-	37,546	37,546	-	37,546
Codeco	Chilean peso	16,413	-	16,413	14,429	-	14,429
Subsecretaría de Transportes	Chilean peso	-	-	-	-	-	-
Deudores principalmente arriendos propiedades	Chilean peso	4,662,374	(2,126,498)	2,535,876	2,926,281	(1,310,545)	1,615,736
Totales		9,923,943	(2,126,498)	7,797,445	7,014,856	(1,310,545)	5,704,311

(1) This corresponds to the following expropriations: Lots 1 to 7 of Estación Negrete, Belt to Angol via, Barón Viña sector, FV Chillán and Los Ríos Region land.

Approvals from the Ministries of Finance and Transport and Telecommunications are required prior to write-off the impairment provisions. EFE does not grant credit to its clients, so that there are no guarantees over this item, except for lease guarantees. Credit risk is described in Note 30.

EMPRESA DE LOS FERROCARRILES DEL ESTADO AND SUBSIDIARIES
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As of December 31, 2023 and 2022, accounts receivable, by maturity, are detailed as follows:

As of December 31, 2023:

Days past due	NON-SECURITIZED PORTFOLIO				SECURITIZED PORTFOLIO				Totals
	Non-renegotiated portfolio N° of clients	Non-renegotiated portfolio ThCLP\$	Renegotiated portfolio N° of clients	Renegotiated portfolio ThCLP\$	Non-renegotiated portfolio N° of clients	Non-renegotiated portfolio ThCLP\$	Renegotiated portfolio N° of clients	Renegotiated portfolio ThCLP\$	
Al día	795	4,974,141	-	-	-	-	-	-	4,974,141
1 -30	522	1,042,915	-	-	-	-	-	-	1,042,915
31-60	444	227,733	-	-	-	-	-	-	227,733
61-90	315	78,408	-	-	-	-	-	-	78,408
91-120	265	59,805	-	-	-	-	-	-	59,805
121-150	370	79,195	-	-	-	-	-	-	79,195
151-180	307	106,996	-	-	-	-	-	-	106,996
181-210	291	81,389	-	-	-	-	-	-	81,389
211-250	310	66,454	-	-	-	-	-	-	66,454
> 250	15,301	3,206,907	-	-	-	-	-	-	3,206,907
Totals	18,920	9,923,943	-	-	-	-	-	-	9,923,943

	NON-SECURITIZED PORTFOLIO		SECURITIZED PORTFOLIO	
	N° of clients	ThCLP\$	N° of clients	ThCLP\$
Protested documents				
Amounts in judicial collection	267	954,638	-	-

Impairment of value		Accounts receivable written-off	Accounts receivable recovered
NOT SECURITIZED PORTFOLIO	SECURITIZED PORTFOLIO		
2,126,498			

As of December 31, 2022:

Days past due	NON-SECURITIZED PORTFOLIO				SECURITIZED PORTFOLIO				Totals
	Non-renegotiated portfolio N° of clients	Non-renegotiated portfolio ThCLP\$	Renegotiated portfolio N° of clients	Renegotiated portfolio ThCLP\$	Non-renegotiated portfolio N° of clients	Non-renegotiated portfolio ThCLP\$	Renegotiated portfolio N° of clients	Renegotiated portfolio ThCLP\$	
Al día	990	1,705,640	-	-	-	-	-	-	1,705,640
1 -30	850	2,398,664	-	-	-	-	-	-	2,398,664
31-60	840	32,579	-	-	-	-	-	-	32,579
61-90	645	265,195	-	-	-	-	-	-	265,195
91-120	649	126,939	-	-	-	-	-	-	126,939
121-150	831	76,069	-	-	-	-	-	-	76,069
151-180	619	57,152	-	-	-	-	-	-	57,152
181-210	491	47,137	-	-	-	-	-	-	47,137
211-250	594	92,614	-	-	-	-	-	-	92,614
> 250	19,808	2,212,867	-	-	-	-	-	-	2,212,867
Totals	26,317	7,014,856	-	-	-	-	-	-	7,014,856

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	NON-SECURITIZED PORTFOLIO		SECURITIZED PORTFOLIO	
	N° of clients	ThCLP\$	N° of clients	ThCLP\$
Amounts in judicial collection	267	954,638	-	-

Impairment of value		Accounts receivable written-off	Accounts receivable recovered
NOT SECURITIZED PORTFOLIO	SECURITIZED PORTFOLIO		
1,310,545			

As of December 31, 2023 and 2022, changes in the impairment provision are detailed as follows:

	Impairment ThCLP\$		Impairment ThCLP\$
Balance as of 12.31.2022	(1,310,545)	Balance as of 12.31.2021	(1,329,300)
Annual variation	(815,953)	Annual variation	18,755
Balance as of 12.31.2023	(2,126,498)	Balance as of 12.31.2022	(1,310,545)

10. Balances and transactions with related parties

a) As of December 31, 2023 and 2022, accounts receivable from related parties are detailed as follows:

Current:

Company	Country of Taxpayer origin	Nature of the relationship	Origin of the transaction	Currency	12.31.2023 ThCLP\$	12.31.2022 ThCLP\$
State of Chile	Chile	Owner (1)	Transfers	Chilean peso	62,982,876	121,778,766
Ministry of Transport (EFE Valparaiso)	Chile	Com. Of the Statement (3)	Fee for students	Chilean peso	6,290,634	3,932,489
Ministry of Transport	Chile	Com. Of the Statement (3)	EFE Central allowance	Chilean peso	731,555	731,555
Ministry of Transport (EFE Sur)	Chile	Com. Of the Statement (2)	Colonel allowance	Chilean peso	3,114,442	2,850,249
Ministry of Transport (EFE Valparaiso)	Chile	Com. Of the Statement (2)	8 Automobiles	Chilean peso	1,674,649	1,529,425
Ministry of Transport (EFE Central)	Chile	Com. Of the Statement (2)	4 Automobiles	Chilean peso	856,044	816,990
Inmobiliaria Paseo Estación S.A.	Chile	Dividends Receivable s/ Shareholders Agreement (provision)		Chilean peso	537,277	537,472
Current totals					76,187,477	132,176,946

Non-current:

Company	Country of Taxpayer origin	Nature of the relationship	Origin of the transaction	Currency	12.31.2023 ThCLP\$	12.31.2022 ThCLP\$
State of Chile	Chile	Owner (1)	Transfers	Chilean peso	-	66,145,787
Ministry of Transport (EFE Sur)	Chile	Com. Of the Statement (2)	Colonel allowance	Chilean peso	223,760,311	213,828,090
State of Chile	Chile	Owner (4)	Future compensation rights	Chilean peso	35,042,598	36,402,764
Ministry of Transport (EFE Valparaiso)	Chile	Com. Of the Statement (2)	8 Automobiles	Chilean peso	18,903,793	19,639,626
Ministry of Transport (EFE Central)	Chile	Com. Of the Statement (2)	4 Automobiles	Chilean peso	10,073,331	10,430,762
Non-current totals					287,780,033	346,447,029

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- (1) In 2023, accounts receivable from the State of Chile represent balances of Government contributions committed for the year 2023.
- (2) Accounts receivable from the Ministry of Transport represent contributions of funds committed by that Ministry for a total of twenty annual installments for the following projects:
- Bío-Bío Coronel Railroad expansion for UF 1,753,990.23
 - Merval rolling stock and purchase of infrastructure for UF 919,544.95
 - Additional rolling stock for the Rancagua Express service for UF 493,684.28
- (3) This balance includes reimbursements made by the Ministry of Transport and Telecommunications for EFE Valparaíso S.A.' fees reduction.
- (4) In the years 2020 and 2021, during the Covid-19 pandemic, the State of Chile did not directly transfer subsidy resources, rather, it authorized the issue of International bonds to meet EFE's obligations. Since the Bonds will be paid by the State of Chile, EFE recognized a non-current account receivable from the Chilean State with a credit to Financial Expenses, Infrastructure Maintenance, and deferred income to be used in PP&E additions in accordance with IAS-20 Government Aid.

Transfer 2023 - Budget Law	2023 Budget Law		Receivable Ley 2024 M\$	Balance December 31, 2023 ThCLP\$
	Committed 2023 ThCLP\$	Received 2022 ThCLP\$		
Infrastructure Maintenance	23,259,503	23,259,503	-	23,259,503
Rehabilitation and maintenance of Arica - La Paz railway	531,500	531,500	-	531,500
Debt Service (amortizations)	6,123,677	6,123,677	-	6,014,911
Debt Interest	91,972,852	91,972,852	62,982,876	91,972,852
Totals current	121,887,532	121,887,532	62,982,876	121,778,766
Investments Triennial Plans 2021-2023	44,777,021	44,777,021	-	44,885,787
Investments in existing Infrastructure	21,260,000	21,260,000	-	21,260,000
Non-current total	66,037,021	66,037,021	-	66,145,787
Totals	187,924,553	187,924,553	62,982,876	187,924,553

- b) As of December 31, 2023 and 2022, accounts payable to related parties to are detailed as follows:

Accounts current payable to	Country of origin	Nature or the relationship	Origin of the transaction	Currency	12-31-2023 THCLP\$	12-31-2022 THCLP\$
Ministry of Transport	Chile	Com. Of the Statement	Funds to render (EFE Valparaíso - energy projects)	CLP	2,747,923	2,747,923
Ministry of Transport	Chile	Com. Of the Statement	Funds to render (EFE SUR - Electromobility project)	CLP	1,239,155	1,231,250
Ministry of Transport	Chile	Com. Of the Statement	Funds to render (Valparaíso - cat walk project)	CLP	206,356	206,357
Ministry of Transport	Chile	Com. Of the Statement	Funds to render (ValparaísoEFE Central)	CLP	11,822,520	11,280
Accounts current payable to related entities					4,205,258	4,196,810
Ministry of Transport	Chile	Com. Of the Statement	Funds to render (EFE SUR - Electromobility project)	CLP	6,600,000	6,600,000
Accounts payable to related entities, non-current					6,600,000	6,600,000

- c) The company's personnel are distributed as follows:

Staff consolidated information	12.31.2023	12.31.2022
Managers and chief executives	73	72
Professionals and Technicians	1,042	958
Other	990	840
Totals	2,105	1,870

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d) Board of Directors' remuneration

DFL No. 24 establishes the Executives' remuneration: attendance fees for a monthly payment between 6 UTM, and 12 UTM (Monthly Taxable Units), and a fixed monthly remuneration of 7 UTM.

Remunerations paid to the Board of Directors of Empresa de los Ferrocarriles del Estado during the nine-month periods ended December 31, 2023 and 2022 are as follows:

Remuneration paid to the Board of Directors		12-31-2023 ThCLP\$	12-31-2022 ThCLP\$
CEO, Vice chairman and Directors		Incorporation	
Eric Martín González- Presidente	26-05-2022	20,905	15,827
Rafael Epstein Numhauser	26-05-2022	10,455	7,203
Loreto Wahr Rivas	26-05-2022	-	7,913
Fidel Miranda Bravo	26-05-2022	11,953	7,913
Mabel Leva Henríquez	26-05-2022	11,953	7,913
Juan Antonio Carrasco Montagna	26-05-2022	11,953	7,913
Beatriz Bonifetti Miranda	26-05-2022	11,953	7,913
Juan Jiménez Vásquez (Workers' representative)	01-09-2022	11,567	4,239
Former Directors		Term	
Pedro Pablo Errázuriz Domínguez - CEO	25-05-2022	-	10,538
Isabel Margarita Romero Muñoz	25-05-2022	-	5,268
Cristián Solís de Ovando Lavín - Vice chairman	25-05-2022	-	5,268
Adriana Brancoli Poblete	25-05-2022	-	5,268
María Eugenia Torres Henríquez	25-05-2022	-	4,615
Víctor Jorge Lobos del Fierro	25-05-2022	-	5,268
Luis Enrique Arqueros Wood	25-05-2022	-	5,268
María Eugenia Rebolledo Sandoval (Workers' representative)	01-09-2022	-	8,237

e) Senior Management remuneration

Remunerations paid by the Group to the Senior Management are as follows:

Senior Management remuneration consolidated information	12-31-2023 ThCLP\$	12-31-2022 ThCLP\$
Remuneration	2,883,925	2,583,504
Other benefits	390,561	432,824
Totals	3,274,486	3,016,328

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11. Inventories

As of December 31, 2023 and 2022, this item is detailed as follows:

Inventories	12.31.2023 ThCLP\$	12.31.2022 ThCLP\$
PVC Passenger cards	901,358	523,422
Totals	901,358	523,422

Inventories correspond to PVC contactless cards which are sold to users of EFE Valparaíso and EFE Central. PVC contactless cards are durable, high- turnover items. Cards presenting technical problems are replaced by the provider. Spare parts for computer and electromechanical equipment, e.g. the toll system (turnstiles), are also included in this item. There is no obsolescence of these inventories, or any provision for net realizable value.

As of December 31, 2023 and December 31, 2022, there are no inventories pledged as collateral to meet financial obligations.

12. Investment accounted for using the equity method

For the periods ended December 31, 2023 and 2022, this item is detailed as follows:

Inmobiliaria Paseo Estación S.A. - IPESA, (Taxpayer No. 96,547,010-7)

The corporate purpose of IPESA is to carry out marketing and other activities such as acquisition, disposal, lease or sublease of real estate and personal property.. IPESA, in turn, has an equity interest in Plaza Estación S.A., Administradora de Comercio Ltda. and Terminal San Borja S.A.

EFE exercises significant influence on this company through its right to appoint a Director, and participates in policy setting processes, including making decisions on dividends and other profit distributions. There are significant transactions between EFE and IPESA.

As of December 31, 2023, and 2022, EFE's share in this related company corresponds to 17%; the remaining 83% belongs to Parque Arauco S.A.

As of the closing date of these consolidated financial statements, this investment, accounted for under the equity method, amounts to ThCLP\$ \$15,097,740 (ThCLP\$ 16,393,049 as of December 31, 2022). The Company's share in IPESA's profit for the 2023 year amounted to ThCL\$496,087 (ThCLP\$ 2,056,818 as of December 31, 2022).

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Dividends received from this investment in 2023 amounts to ThCLP\$1,791,591 (ThCLP\$1,158,214 as of December 31, 2022)

Balance as of 01.01.2023	Profit (loss) share	Dividends Received	Others	Balance as of 12.31.2023
ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
16,393,049	496,087	(1,791,591)	195	15,097,740
16,393,049	496,087	(1,791,591)	195	15,097,740

a) Desarrollo Inmobiliario San Bernardo S.A. - DIBSA, (Taxpayer No. 96,794,010-0)

The corporate purpose of DIBSA is the commercial use of Maestranza Central San Bernardo for the development, management, operation and sale of real estate projects. As of December 31, 2023, this investment amounts to ThCLP\$ 35,657.

EFE's equity share in DIBSA corresponds to 35%. DIBSA is not currently in operations.

b) Transporte Suburbano de Pasajeros S.A. – TRANSUB (Taxpayer No. 96,850,680-3)

TRANSUB's corporate purpose is to provide suburban passenger transportation services and complementary activities or services. TRANSUB was incorporated in 1998, alongside with Metro S.A., and has not carried out any commercial activities ever since.

As of December 31, 2023 and 2022, EFE's share in this company equals to 33.33%, which implies a negative equity of ThCLP\$31,936.

During the year ended December 31, 2023, there were no changes in ownership of these equity-accounted entities.

Summary of financial information of equity-accounted related companies:

	% of ownership	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Equity	Revenues	Expenses revenue	Income 12.31.2023	Investments	Proportional value 12.31.2023
		ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
DIBSA	35.00	19,723	90,811	8,656	-	101,878	-	-	-	35,657	-
IPESA	17.00	13,831,195	98,201,355	5,805,279	17,417,040	88,810,231	16,798,175	(13,880,018)	2,918,157	15,097,740	496,087
TRANSUB	33.33	3,983	-	-	35,919	(31,936)	-	-	-	-	-
Totals										15,133,397	496,087

	% of ownership	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Equity	Revenues	Expenses revenue	Income 12.31.2022	Investments	Proportional value 12.31.2022
		ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
DIBSA	35.00	19,723	90,811	8,656	-	101,878	-	-	-	35,657	-
IPESA	17.00	18,284,767	106,857,879	9,953,754	18,759,193	96,429,699	15,947,361	(3,848,434)	12,098,927	16,393,049	2,056,818
TRANSUB	33.33	3,983	-	-	35,919	(31,936)	-	-	-	-	-
Totals										16,428,706	2,056,818

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13. Intangible assets other than goodwill

This item includes computer software licenses of the SAP system and the long-haul ticketing system, for which a finite useful life has been defined. Management amortize these intangibles using the straight-line method over a 5-year period. This criterion has also been adopted for the Group's commercial brands.

a) As of December 31, 2023 and 2022, intangible assets are detailed as follows:

Concept	Balances as of December 31, 2023			Balances as of December 31, 2022		
	Historical cost ThCLP\$	Accumulated amortization ThCLP\$	Carryng value ThCLP\$	Historical cost ThCLP\$	Accumulated amortization ThCLP\$	Carryng value ThCLP\$
Trademarks	205.153	(204.920)	233	205.153	(204.920)	233
Software licenses	9.895.219	(5.164.379)	4.730.840	8.752.765	(4.741.650)	4.011.115
Totals	10.100.372	(5.369.299)	4.731.073	8.957.918	(4.946.570)	4.011.348

b) As of December 31, 2023 and 2022, movements of intangible assets are detailed as follows:

Movements	Trademarks	Software licenses	Carrying value
	ThCLP\$	ThCLP\$	ThCLP\$
Balances as of December 31, 2021	233	2,823,844	2,824,077
Additions	-	1,595,415	1,595,415
Amortization	-	(408,144)	(408,144)
Balances as of December 31, 2022	233	4,011,115	4,011,348
Additions	-	1,855,125	1,855,125
Disposals	-	(712,671)	(712,671)
Amortization	-	(422,729)	(422,729)
Balances as of December 31, 2023	233	4,730,840	4,731,073

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14. Property, plant, and equipment

As of December 31, 2023 and 2022, Property, plant, and equipment are detailed as follows:

a) Property, plant, and equipment

Types of property, plant and equipment, net	Gross value 12.31.2023 ThCLP\$	Gross value 12.31.2022 ThCLP\$	Accumulated depreciation 12.31.2023 ThCLP\$	Accumulated depreciation 12.31.2022 ThCLP\$	Net value 12.31.2023 ThCLP\$	Net value 12.31.2022 ThCLP\$
1. Land	112,163,935	112,641,485	-	-	112,163,935	112,641,485
2. Buildings	148,273,771	144,797,635	(30,783,790)	(28,661,870)	117,489,981	116,135,765
3. Civil works of railway infrastructure	891,616,664	866,725,748	(204,748,732)	(193,448,359)	686,867,932	673,277,389
4. Signal, electrical, substation and communications equipment	197,187,277	203,345,305	(93,990,556)	(94,619,087)	103,196,721	108,726,218
5. Rolling material	313,543,688	316,111,525	(109,279,677)	(103,044,021)	204,264,011	213,067,504
6. Machinery and tools	7,209,960	5,845,999	(2,301,759)	(1,949,151)	4,908,201	3,896,848
7. Others	8,698,711	9,294,371	(6,138,889)	(4,792,827)	2,559,822	4,501,544
8. Work in progress	714,738,601	533,099,106	-	-	714,738,601	533,099,106
9. Right-of-use assets (IFRS 16)	2,889,666	4,508,760	(2,070,807)	(2,312,505)	818,859	2,196,255
10. Materials and spare parts	6,557,896	6,923,461	-	-	6,557,896	6,923,461
Totales	2,402,880,169	2,203,293,395	(449,314,210)	(428,827,820)	1,953,565,959	1,774,465,575

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b) For the years ended December 31, 2023 and 2022, movements of property, plant and equipment are detailed as follows:

The composition of this item as of December 31, 2023 and 2022 is detailed as follow

Movements for the period ended 12.31.2023		Work in progress	Land	Buildings	Civil Works of Railway Infrastructure	Signal equipment, electrical, SS.EE and communications	Rolling material	Machinery and tools	Materials and spare parts	Right of use assets	Others	Property, Plant and Equipment, Net	
		ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
Balance net as of January 1, 2023		112,634,129	116,135,765	673,277,389	108,726,218	213,067,504	3,896,848	4,508,900	533,099,106	2,196,255	6,923,461	1,774,465,575	
Movements	Purchases	199,780	361,524	-	941,981	623,616	329,575	1,349,866	227,879,595	118,976	208,179	232,013,092	
	Transfers	-	4,251,338	32,424,168	1,557,761	6,655,007	1,042,772	284,774	(46,215,820)	-	-	-	
	Disposals	(669,974)	(12,912)	(73,373)	-	(6,779,973)	(14,512)	(2,870,330)	(24,280)	-	(460,446)	(10,905,800)	
	IFRS 16 amortization	-	-	-	-	-	-	-	-	(1,496,372)	-	(1,496,372)	
	Depreciation expense	-	(3,261,516)	(18,760,580)	(8,022,744)	(9,675,187)	(361,019)	(583,574)	-	-	-	(40,664,620)	
	Accumulated Depreciation (disposals)	-	-	327	-	-	14,512	139,245	-	-	-	-	154,084
	Impairment of non-financial assets	-	-	-	-	-	-	-	-	-	-	-	-
Total movements		(470,194)	1,338,434	13,590,542	(5,523,002)	(9,176,537)	1,011,328	(1,680,019)	181,639,495	(1,377,396)	(252,267)	179,100,384	
Balance net as of December 31, 2023		112,163,935	117,474,199	686,867,931	103,203,216	203,890,967	4,908,176	2,828,881	714,738,601	818,859	6,671,194	1,953,565,959	

Movements for the period ended 12.31.2022		Work in progress	Land	Buildings	Civil Works of Railway Infrastructure	Signal equipment, electrical, SS.EE and communications	Rolling material	Machinery and tools	Materials and spare parts	Right of use assets	Others	Property, Plant and Equipment, Net	
		ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
Balance net as of January 1, 2022		398,226,800	110,798,523	107,614,401	685,984,121	116,035,281	177,852,660	2,859,237	6,750,732	117,495	4,339,525	1,610,578,775	
Movements	Purchases	202,736,185	-	695,366	26,992	227,060	162,170	157,100	626,534	3,504,214	522,855	208,658,476	
	Transfers	(67,116,791)	1,842,962	10,279,613	5,602,223	1,095,241	47,115,843	993,094	(23,202)	-	211,017	-	
	Disposals	(747,088)	-	(6,918)	(57,494)	(11,464)	(86,493)	-	(430,603)	-	(213,451)	(1,553,511)	
	IFRS 16 amortization	-	-	-	-	-	-	-	-	(1,425,454)	-	(1,425,454)	
	Depreciation expense	-	-	(3,028,395)	(18,306,353)	(8,003,097)	(12,026,368)	(179,062)	-	-	(443,653)	(41,986,928)	
	Accumulated Depreciation (disposals)	-	-	581,698	27,900	(616,803)	49,692	66,479	-	-	-	85,251	194,217
	Impairment of non-financial assets	-	-	-	-	-	-	-	-	-	-	-	-
Total movements		134,872,306	1,842,962	8,521,364	(12,706,732)	(7,309,063)	35,214,844	1,037,611	172,729	2,078,760	162,019	163,886,800	
Balance net as of December 31, 2022		533,099,106	112,641,485	116,135,765	673,277,389	108,726,218	213,067,504	3,896,848	6,923,461	2,196,255	4,501,544	1,774,465,575	

EFE has no obligation to dismantle PP&E assets; accordingly, no provisions have been established for this item.

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- c) The Company has not fully depreciated motor vehicles that are still in use.
- d) As of December 31, 2023 and 2022, the Company's main works in progress are as follows:

Project	Works in Progress as of 12/31/2023 (ThCLP\$)	Works in Progress as of 12/31/2022 (ThCLP\$)
Santiago to Melipilla train project	176,488,071	140,731,631
Construction of the new Bío Bío Bridge	77,063,405	44,765,543
Acquisition of Rolling Stock for Passenger Services Chillán, Melipilla, and Batauco	76,234,450	32,295,561
Rehabilitation of Tracks in San Pedro Ventanas; Ramal Talca Constitución; Rucapequén Nueva Aldea; Laja Hualqui; Victoria Temuco; Renaico Puerto Montt and Alameda Barrancas cargo corridor	66,381,494	55,312,930
Acquisition of Railway Switches for Alameda Nos; Alameda Rancagua; Rancagua Chillán; Puerto Limache; Concepción Tracks and Maneuver Yards	58,717,551	39,426,076
Reconstruction and Rehabilitation of North, Central, and South Zone Bridges	39,570,495	34,021,929
Catenary Rehabilitation in Laja Hualqui; New Train Earth Radiocommunications System and New Virtual Signaling Control System	38,819,789	22,810,741
Reconstruction of Stations, Construction of New Platforms, Construction of Valencia Station, Workshops, and Enclosure	23,840,794	8,000,056
Emergency Temporary Repair June 23	20,860,382	-
Purchase of Concrete Sleepers and Rails	18,816,670	8,446,836
Construction of Grade-Separated Vehicle Crossings	18,072,637	47,854,584
Passenger Rail Service Project Santiago Batauco	16,113,600	9,162,425
Construction of New Tracks Quillota Barrancas, San Antonio, and Port Accesses	13,965,243	13,475,896
Current Bío Bío Bridge Repair	12,907,248	-
Supply and Installation of Automated Level Crossings and Pavements on Pedestrian Crossings on the Railway Network	11,614,980	25,985,206
Major Maintenance of Tracks in North, Central, and South Zones	10,870,809	22,898,077
Supply of SEC Materials and Major Maintenance of SEC Systems	10,071,790	3,442,324
Rehabilitation of Lo Espejo Substation, El Belloto Substation, and Villa Alemana Substation	9,497,775	7,944,665
Rehabilitation of Tren Nos Power Supply System and Payment System	5,799,599	4,925,259
Other Projects	4,667,834	7,791,720
Hazardous Waste Standardization EFE	3,928,001	3,807,647
Metrotrén Araucanía Passenger Service Expansion	435,984	-
Grand Total	714,738,601	533,099,106

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15. Investment property

As of December 31, 2023, and 2022, the composition of this item is presented below:

Investment Properties	Gross Value 12.31.2023 ThCLP\$	Gross Value 12.31.2022 ThCLP\$	Accumulated Depreciation 12.31.2023 ThCLP\$	Accumulated Depreciation 12.31.2022 ThCLP\$	Net Value 12.31.2023 ThCLP\$	Net Value 12.31.2022 ThCLP\$
Land	31,754,388	31,951,893	-	-	31,754,388	31,951,893
Buildings	604,439	604,439	(526,112)	(432,754)	78,327	171,685
Totals	32,358,827	32,556,332	(526,112)	(432,754)	31,832,715	32,123,578

Investment property

For the years ended December 31, 2023 and 2022, movements in investment property are detailed as follows:

Investment property		Land	Buildings	Total
		ThCLP\$	ThCLP\$	ThCLP\$
Balance net as of January 1, 2023		31,951,893	171,685	32,123,578
Movements	Purchases	-	-	-
	Disposals	(197,505)	-	(197,505)
	Depreciation expense	-	(93,358)	(93,358)
	Accumulated Depreciation (disposals)	-	-	-
	Total movements	(197,505)	(93,358)	(290,863)
Net balance as of december 31, 2023		31,754,388	78,327	31,832,715

Investment property		Land	Buildings	Total
		ThCLP\$	ThCLP\$	ThCLP\$
Balance net as of January 1, 2022		31,951,893	200,638	32,152,531
Movements	Purchases	-	7,772	7,772
	Disposals	-	-	-
	Depreciation expense	-	(36,725)	(36,725)
	Accumulated Depreciation (disposals)	-	-	-
	Total movements	-	(28,952)	(28,952)
Net balance as of december 31, 2022		31,951,893	171,685	32,123,578

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16. Income taxes

Taxes Assets	12.31.2023 ThCLP\$	12.31.2022 ThCLP\$
Recoverable taxes	41,020,931	18,344,054
Current tax assets	213,087	146,826
Total taxes assets	41,234,018	18,490,880

- **General information**

In the normal course of its operations, EFE is regulated and supervised by the SII (Chilean Internal Revenue Service) As a result, differences may arise regarding the application of criteria when determining taxes.

As of December 31, 2023 and 2022, no provision for income tax has been recorded.

- **VAT 27 Bis**

Under article 27 bis of the VAT Law, recoverable taxes classified in this item correspond to Recoverable Value Added Tax from purchases of PP&E assets.

<u>For the period</u>	12-31-2023 ThCLPS	<u>For the period</u>	12.31.2022 ThCLPS
November 2021 to September 2022	15,655,908	January 2022	1,645,402
October 2022 to July 2023	14,638,297	April 2022	1,174,913
August 2023 to November 2023	5,578,376	May 2022	3,200,612
December 2023	5,148,350	June 2022	925,188
Totals	41,020,931	July 2022	3,526,041
		August 2022	1,168,630
		September 2022	1,404,478
		October 2022	2,256,276
		November 2022	1,156,324
		December 2022	1,886,190
		Totals	18,344,054

- **Current tax assets**

As of December 31, 2023 and 2022, current tax assets amount to ThCLP\$213,087 and ThCLP\$146,826, respectively. These tax assets arise from Tax Credits from Training and Provisional Monthly Payments.

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17. Other current and non-current financial liabilities

As of December 31, 2023, and 2022, Other current and non-current financial liabilities include bank loans and bonds, which have been recognized using the effective interest rate method:

As of December 31, 2023		Maturity		Total current	Maturity			Total Non-current
		Until 90 days	90 days to 1 year		1 to 3 years	3 to 5 years	More than 5 years	
Nature	Currency	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
Bank debt	UF	-	3,367,985	3,367,985	6,735,970	6,735,970	52,595,269	66,067,209
Bonds	UF	1,720,880	20,099,394	21,820,274	48,392,192	49,458,280	1,725,138,939	1,822,989,411
Bonds	USD	-	30,251,870	30,251,870	60,503,738	60,503,738	735,068,893	856,076,369
Totals		1,720,880	53,719,249	55,440,129	115,631,900	116,697,988	2,512,803,101	2,745,132,989

As of December 31, 2022		Maturity		Total current	Maturity			Total Non-current
		Until 90 days	90 days to 1 year		1 to 3 years	3 to 5 years	More than 5 years	
Nature	Currency	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
Bank debt	UF	-	3,436,627	3,436,627	6,873,254	6,873,254	54,246,496	67,993,004
Bonds	UF	1,504,199	12,391,493	13,895,692	37,185,817	35,603,313	1,685,643,489	1,758,432,619
Bonds	USD	-	26,257,785	26,257,785	52,515,570	52,515,570	734,247,701	839,278,841
Totals		1,504,199	42,085,905	43,590,104	96,574,641	94,992,137	2,474,137,686	2,665,704,464

The latest local bonds issued and placed by the Company are detailed as follows:

Series	Amount UF	Amount USD	Date of placement	Term years	Nominal rate	Placement rate
V	7,800,000	-	06.12.2012	21	3.70%	3.69%
X	1,895,000	-	09.04.2013	26	3.70%	3.54%
Z	2,900,000	-	20.12.2013	29.5	3.60%	3.23%
AB	3,000,000	-	24.06.2015	29.5	3.60%	3.19%
AC (1)	2,850,000	-	04.01.2017	29.5	3.00%	2.15%
AD (2)	3,600,000	-	10.04.2019	30	2.65%	1.90%
AF (3)	3,870,000	-	10.06.2020	30	1.50%	1.02%
Internacional (4)	-	500,000,000	11.08.2020	30	3.07%	3.08%
Internacional (5)	-	500,000,000	07.09.2021	40	3.83%	3.84%

- (1) On January 19, 2017, all of Empresa de los Ferrocarriles del Estado's AC Series Bonds, recorded on January 4, 2017 in the Financial Market Commission registry under the number 852, were auctioned on the Santiago stock exchange, for a total amount of UF 2,850,000 and an interest rate of 2.15% per annum. The aforementioned Series AC Bonds are guaranteed by the Chilean State. The funds raised with these bonds will be used to finance the Rancagua Express project.
- (2) On April 10, 2019, all of Empresa de los Ferrocarriles del Estado's AD Series Bonds were auctioned on the Santiago stock exchange, for a total amount of UF 3,600,000 and an interest rate of 1.9% per annum. The aforementioned AD Series Bonds are guaranteed by the Chilean State.

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- (3) On September 10, 2020, all of Empresa de los Ferrocarriles del Estado's AF Series Bonds were auctioned on the Santiago stock exchange, for a total amount of UF 3,870,000 and an interest rate of 1.02% per annum. The aforementioned AF Series Bonds are guaranteed by the Chilean State.
- (4) On August 10, 2020, the Company successfully placed bonds in the international market for a total amount of US\$500,000,000 with an annual interest rate of 3.08%, which mature in 30 years.
- (5) On September 7, 2021, the Company successfully placed bonds in the international market, for a total amount of US\$500,000,000 with an annual interest rate of 3.84%, which mature in 40 years.

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Other current and non-current financial liabilities are as follows:

a) As of December 31, 2023 and 2022, long-term bank borrowings and their short-term portion are detailed as follows:

As of December 31, 2023

Creditor's taxpayer ID No.	Bank or Financial Entity	Currency	Principal balance in Denominated Currency	Rate		Current		Non-current					
				Effective	Stated	Maturity		Total Current ThCLP\$	Maturity			Total Non-current ThCLP\$	
						until 90 days ThCLP\$	90 days to 1 year ThCLP\$		1 to 3 years ThCLP\$	3 to 5 years ThCLP\$	More than 5 years ThCLP\$		
UF Fixed Rate Credits			2,034,396			-	3,313,805	3,313,805	6,627,610	6,627,610	59,556,433	72,811,653	
	BCO CHILE SINDICADO	UF	1,117,556	4.8016%	4.50%	-	1,820,375	1,820,375	3,640,750	3,640,750	32,716,186	39,997,686	
		UF	916,839	4.7387%	4.50%	-	1,493,430	1,493,430	2,986,860	2,986,860	26,840,246	32,813,966	
						Total bank credit	-	3,367,985	3,367,985	6,735,970	6,735,970	52,595,269	66,067,209

As of December 31, 2022

Creditor's taxpayer ID No.	Bank or Financial Entity	Currency	Principal balance in Denominated Currency	Rate		Current		Non-current					
				Effective	Stated	Maturity		Total Current ThCLP\$	Maturity			Total Non-current ThCLP\$	
						until 90 days ThCLP\$	90 days to 1 year ThCLP\$		1 to 3 years ThCLP\$	3 to 5 years ThCLP\$	More than 5 years ThCLP\$		
UF Fixed Rate Credits			2,034,396			-	3,436,627	3,436,627	6,873,254	6,873,254	54,246,496	67,993,004	
	BCO CHILE SINDICADO	UF	1,117,556	4.8016%	4.50%	-	1,887,845	1,887,845	3,775,690	3,775,690	29,799,274	37,350,654	
		UF	916,839	4.7387%	4.50%	-	1,548,782	1,548,782	3,097,564	3,097,564	24,447,222	30,642,350	
						Total bank credit	-	3,436,627	3,436,627	6,873,254	6,873,254	54,246,496	67,993,004

There are no covenants associated with obligations with banking institutions.

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b) As of December 31, 2023 and 2022, long-term bonds and their short-term portion are detailed as follows:

December 31, 2023

Class	Currency	Type of Amortization	Effective rate	Nominal rate	Fair Value	Maturity	Current			Non current			
							Maturity		Total Current to 12-31-2023 ThCLP\$	Maturity		Total non Current 12-31-2023 ThCLP\$	
							Until 90 days ThCLP\$	90 days to 1 year ThCLP\$		1 to 3 years ThCLP\$	3 to 5 years ThCLP\$		5 years and more ThCLP\$
Series G bond	UF	Biannual	6.37%	6.50%	1,280,000	2025	-	2,608,625	2,608,625	3,907,400	-	-	3,907,400
Series H bond	UF	To maturity	6.44%	6.50%	660,000	2027	-	2,471,147	2,471,147	4,938,641	2,467,335	-	7,405,976
Series I bond	UF	To maturity	7.26%	6.80%	350,000	2028	-	1,289,873	1,289,873	2,482,211	1,395,276	665,343	4,542,830
Series J bond	UF	To maturity	6.53%	6.00%	340,000	2029	-	739,571	739,571	4,275,129	5,109,907	2,572,545	11,957,581
Series K bond	UF	To maturity	5.94%	6.40%	720,000	2030	834,482	834,482	1,668,964	3,337,928	3,337,928	19,275,583	25,951,439
Series L bond	UF	To maturity	5.52%	5.50%	765,000	2031	-	1,527,195	1,527,195	4,581,583	1,527,194	20,850,167	26,958,944
Series M bond	UF	To maturity	5.29%	6.00%	815,000	2030	886,398	886,398	1,772,796	3,545,592	3,545,592	23,072,348	30,163,532
Series N bond	UF	To maturity	5.05%	5.70%	2,000,000	2033	-	4,135,868	4,135,868	8,271,735	8,271,735	57,656,119	74,199,589
Series O bond	UF	To maturity	5.03%	5.70%	1,860,000	2033	-	282,289	282,289	607,896	670,595	71,836,896	73,115,387
Series P bond	UF	To maturity	4.54%	5.70%	2,400,000	2033	-	648,250	648,250	1,386,119	1,514,824	95,207,309	98,108,252
Series Q bond	UF	To maturity	4.81%	5.70%	2,750,000	2034	-	549,031	549,031	1,178,549	1,294,640	109,095,326	109,095,326
Series R bond	UF	To maturity	3.74%	5.20%	3,500,000	2034	-	1,242,393	1,242,393	2,625,809	2,825,731	141,902,994	147,354,534
Series S bond	UF	To maturity	3.10%	4.00%	2,600,000	2035	-	607,266	607,266	1,271,528	1,351,492	101,391,931	104,014,951
Series T bond	UF	To maturity	3.90%	4.40%	2,400,000	2036	-	278,470	278,470	589,907	636,765	92,870,179	94,096,851
Series V bond	UF	To maturity	3.69%	3.70%	7,800,000	2037	-	19,891	19,891	42,010	45,166	288,943,640	289,030,816
Series X bond	UF	To maturity	3.58%	3.70%	1,895,000	2039	-	50,098	50,098	1,383,666	11,346,543	58,771,143	71,501,353
Series Z bond	UF	To maturity	3.19%	3.60%	2,900,000	2043	-	234,327	234,327	491,348	523,238	112,489,867	113,504,452
Series AB bond	UF	To maturity	2.98%	3.00%	3,000,000	2044	-	13,983	13,983	29,227	30,993	110,963,931	111,024,151
Series AC bond	UF	To maturity	2.15%	2.95%	2,850,000	2046	-	508,797	508,797	1,050,701	1,096,443	117,321,380	119,468,524
Series AD bond	UF	To maturity	1.91%	2.65%	3,600,000	2048	-	613,689	613,689	1,262,706	1,311,318	149,514,713	152,088,737
Series AF bond	UF	To maturity	1.02%	1.50%	3,870,000	2045	-	557,751	557,751	1,132,507	1,155,565	153,210,714	155,498,786
Intenational Bond	USD	To maturity	3.08%	3.07%	500,000,000	2050	-	13,455,021	13,455,021	26,910,042	26,910,042	375,700,881	429,520,965
Intenational Bond	USD	To maturity	3.84%	3.83%	500,000,000	2061	-	16,796,849	16,796,849	33,593,696	33,593,696	359,368,012	426,555,404
Totals							1,720,880	50,351,264	52,072,144	108,895,930	109,962,018	2,460,207,832	2,679,065,780

December 31, 2022

Class	Currency	Type of Amortization	Effective rate	Nominal rate	Fair Value	Maturity	Current			Non current			
							Maturity		Total Current to 12-31-2022 ThCLP\$	Maturity		Total non Current 12-31-2022 ThCLP\$	
							Until 90 days ThCLP\$	90 days to 1 year ThCLP\$		1 to 3 years ThCLP\$	3 to 5 years ThCLP\$		5 years and more ThCLP\$
Series G bond	UF	Biannual	6.37%	6.50%	1,280,000	2025	-	2,492,237	2,492,237	4,976,443	-	1,242,312	6,218,755
Series H bond	UF	To maturity	6.44%	6.50%	660,000	2027	452,714	1,906,765	2,359,479	4,715,682	3,515,107	1,195,726	9,426,515
Series I bond	UF	To maturity	7.26%	6.80%	350,000	2028	1,051,485	175,605	1,227,090	2,259,100	2,683,544	623,962	5,566,606
Series J bond	UF	To maturity	6.53%	6.00%	340,000	2029	-	705,831	705,831	1,609,680	4,855,991	4,898,938	11,364,609
Series K bond	UF	To maturity	5.94%	6.40%	720,000	2030	-	76,190	76,190	3,185,648	39,122	23,135,553	26,360,323
Series L bond	UF	To maturity	5.52%	5.50%	765,000	2031	-	1,457,522	1,457,522	4,372,565	1,457,522	19,895,382	25,725,469
Series M bond	UF	To maturity	5.29%	6.00%	815,000	2030	-	125,009	125,009	3,383,836	66,253	27,029,261	30,479,350
Series N bond	UF	To maturity	5.05%	5.70%	2,000,000	2033	-	271,934	271,934	585,777	646,458	73,529,454	74,761,689
Series O bond	UF	To maturity	5.03%	5.70%	1,860,000	2033	-	256,507	256,507	552,375	609,348	68,887,453	70,049,176
Series P bond	UF	To maturity	4.54%	5.70%	2,400,000	2033	-	591,810	591,810	1,265,437	1,382,936	91,602,725	94,251,098
Series Q bond	UF	To maturity	4.81%	5.70%	2,750,000	2034	-	499,939	499,939	1,073,168	1,178,878	102,390,188	104,642,234
Series R bond	UF	To maturity	3.74%	5.20%	3,500,000	2034	-	1,142,999	1,142,999	2,415,738	2,599,667	136,802,330	141,817,735
Series S bond	UF	To maturity	3.10%	4.00%	2,600,000	2035	-	562,155	562,155	1,177,070	1,251,095	97,421,046	99,849,211
Series T bond	UF	To maturity	3.90%	4.40%	2,400,000	2036	-	255,800	255,800	541,884	584,927	88,942,980	90,069,791
Series V bond	UF	To maturity	3.69%	3.70%	7,800,000	2037	-	18,305	18,305	38,667	41,572	275,783,586	275,863,825
Series X bond	UF	To maturity	3.58%	3.70%	1,895,000	2039	-	46,162	46,162	1,317,061	10,834,030	56,136,087	68,287,178
Series Z bond	UF	To maturity	3.19%	3.60%	2,900,000	2043	-	216,715	216,715	454,417	483,911	107,611,537	108,549,865
Series AB bond	UF	To maturity	2.98%	3.00%	3,000,000	2044	-	12,959	12,959	27,088	28,724	105,916,614	105,972,426
Series AC bond	UF	To maturity	2.15%	2.95%	2,850,000	2046	-	475,348	475,348	981,627	1,024,362	112,497,806	114,503,795
Series AD bond	UF	To maturity	1.91%	2.65%	3,600,000	2048	-	574,733	574,733	1,182,551	1,228,078	143,325,307	145,735,936
Series AF bond	UF	To maturity	1.02%	1.50%	3,870,000	2045	-	526,968	526,968	1,070,003	1,091,788	146,775,242	148,937,033
Intenational Bond	USD	To maturity	3.08%	3.07%	500,000,000	2050	-	13,128,892	13,128,892	26,257,785	26,257,785	366,930,945	419,446,515
Intenational Bond	USD	To maturity	3.84%	3.83%	500,000,000	2061	-	13,128,893	13,128,893	26,257,785	26,257,785	367,316,756	419,832,326
Totals							1,504,199	38,649,278	40,153,477	89,701,387	88,118,883	2,419,891,190	2,597,711,460

All of Empresa de los Ferrocarriles del Estado's bonds are 100% guaranteed by the Chilean State, either directly or indirectly.

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- c) The following table describes changes in liabilities arising from EFE and subsidiaries' financing activities, including cash flows and non-cash flows changes as of December 31, 2023 and 2022. Liabilities arising from financing activities are those which were, or will be, classified in the Statement of cash flows under the item Cash flows from financing activities.

Liabilities arising from financing activities	Balance as of 01.01.2023 (1) ThCLP\$	Financing cash flows			Changes that do not represent cash flows			Balance as of 12.31.2023(1) ThCLP\$
		From ThCLP\$	Used ThCLP\$	Total ThCLP\$	Direct payments by the state ThCLP\$	Exchange rate difference ThCLP\$	Other changes (2) ThCLP\$	
Amounts/cash inflows from government grants	-	187,924,553	-	187,924,553	-	-	-	-
Bank borrowings	71,429,631	-	-	-	(8,776,912)	5,729,261	1,053,214	69,435,194
State guaranteed bond obligations in UF	1,776,656,813	-	(73,857,369)	(73,857,369)	-	83,864,704	57,531,022	1,844,195,170
State guaranteed bond obligations in USD	865,859,324	-	(29,452,850)	(29,452,850)	-	21,534,347	29,001,933	886,942,754
Totals	2,713,945,768	187,924,553	(103,310,219)	84,614,334	(8,776,912)	111,128,312	87,586,169	2,800,573,118

Liabilities arising from financing activities	Balance as of 01.01.2022 (1) ThCLP\$	Financing cash flows			Changes that do not represent cash flows			Balance as of 12.31.2022 (1) ThCLP\$
		From ThCLP\$	Used ThCLP\$	Total ThCLP\$	Direct payments by the state ThCLP\$	Exchange rate difference ThCLP\$	Other changes (2) ThCLP\$	
Amounts/cash inflows from government grants	-	157,619,393	-	157,619,393	-	-	-	-
Bank borrowings	67,436,631	-	-	-	(8,368,436)	8,924,808	3,436,628	71,429,631
State guaranteed bond obligations in UF	1,574,545,581	-	(68,593,097)	(68,593,097)	-	208,844,805	61,859,524	1,776,656,813
State guaranteed bond obligations in USD	853,485,739	-	(29,009,720)	(29,009,720)	-	11,318,154	30,065,151	865,859,324
Totals	2,495,467,951	-	(97,602,817)	(97,602,817)	(8,368,436)	229,087,767	95,361,303	2,713,945,768

- (1) This balance corresponds to the current and non-current portion
(2) This balance corresponds to interest accrued.

18. Trade and other accounts payable.

As of December 31, 2023 and 2022, this item is detailed as follows:

Trade and other payables	12.31.2023 ThCLP\$	12.31.2022 ThCLP\$
Advance to Suppliers	(3,956,964)	(1,504,076)
Personnel Accounts	1,192,061	1,238,212
Accounts Payable	69,006,378	41,278,517
Funds to Be	79,046	79,045
Taxes and Whithholdings payable	62,599	600,142
Other Accounts Payable	1,157,962	1,228,718
Lease payables	818,859	2,196,255
Expenses and Investment Provisions	39,062,468	30,691,897
Totals	107,422,409	75,808,710

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Purchase and service bills are paid within 30 days after completing all authorization and control procedures by contract managers and internal payment control officers.

As of December 31, 2023

Due payables								
Type of Suppliers	Amounts according to payment terms ThCLP\$						Totals ThCLP\$	Average payment periods (days)
	up to 30 days	31-60	61-90	91-120	121-365	366 -		
Products	95,247,900	6,608	46,447	146,628	3,199,167	-	98,646,750	33
Services	5,672,478	-	1,165	16	-	-	5,673,659	21
Totals	100,920,378	6,608	47,612	146,644	3,199,167	-	104,320,409	27

Past due payables							
Type of Suppliers	Amounts according to days past due						Totals
	up to 30 days	31-60	61-90	91-120	121-180	181 -	
Products	-	-	-	-	-	-	-
Services	-	-	-	186,000	190,000	2,726,000	3,102,000
Totals	-	-	-	186,000	190,000	2,726,000	3,102,000

Totals	107,422,409
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As of December 31, 2022

Due payables								
Type of Suppliers	Amounts according to payment terms ThCLP\$						Totals ThCLP\$	Average payment periods (days)
	up to 30 days	31-60	61-90	91-120	121-365	366 -		
Products	74,267,937	3,386	-	-	-	-	74,271,323	33
Services	1,483,450	6,575	-	-	-	-	1,490,025	21
Totals	75,751,387	9,961	-	-	-	-	75,761,348	18

Past due payables							
Type of Suppliers	Amounts according to days past due						Totals
	up to 30 days	31-60	61-90	91-120	121-180	181 -	
Services	-	39,015	4,864	1,652	1,813	18	47,362
Totals	-	39,015	4,864	1,652	7,090	18	47,362

Totals	75,808,710
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19. Other Provisions

As of December 31, 2023, and 2022, this item is detailed as follows:

Other Provisions	12-31-2023 ThCLP\$	12.31.2022 ThCLP\$
Provision for lawsuits / legal contingencies	2,511,708	2,749,440
Provision for Decommissioning Costs	10,908,827	-
Totals	13,420,535	2,749,440

- (1) The Company has established provisions for potential contingencies arising from certain lawsuits related to fines, accidents, and labor issues.
- (2) The Company has provisioned for removal and disposal of equipment containing Polychlorinated Biphenyls (PCBs) in order to comply with the Ministry of Foreign Affairs' Decree 38/2005, which "Adopts the Stockholm Convention on Persistent Organic Pollutants and its annexes" (See Note 29).

20. Employee benefits

As of December 31, 2023 and 2022, EFE maintains a provision for employee accrued vacations under the item "Current provisions for employee benefits", for ThCLP\$7,658,595 and ThC7,276,899, respectively.

Provisions for employee benefits are detailed below:

Details	2023 ThCLP\$	2022 ThCLP\$
Management Bonus	3,195,800	3,092,429
Employee vacations	4,462,795	4,184,470
Totals	7,658,595	7,276,899

- (1) The Company has defined a Management Performance Bonus System, based on the annual fulfillment of certain established objectives. These obligations they are paid at the end of the first quarter of each year.

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Movements in Provisions for employee benefits are as follows:

	Employee Vacations ThCLP\$	Management Bonus ThCLP\$
Balance as of 01.01.2022	3,521,967	3,043,833
Increase (decrease)	662,503	48,596
Balance as of 12.31.2022	<u>4,184,470</u>	<u>3,092,429</u>
Balance as of 01.01.2023	4,184,470	3,092,429
Increase (decrease)	278,325	103,371
Balance as of 12.31.2023	<u>4,462,795</u>	<u>3,195,800</u>

- a) As of December 31, 2023, and 2022, the severance payment provision is presented under the item “Non-current provisions for employee benefits”, for ThCLP\$4,169,311 and ThCLP\$4,313,001, respectively.

The contractually agreed severance payment is valued based on the simplified actuarial method. The resulting total balance is transferred to the provisions for employee benefits.

Any changes in the actuarial value are recognized in equity. The Actuarial parameters are as follows:

- The discount rate used is determined by a vector which uses the interest rates for the 2, 5, 10 and 15-year BCP (Central Bank of Chile’s Bonds issued in Chilean pesos) as a reference, plus a spread of one percentage point.
- An incremental table is used for the calculation of salary increases based on the quarterly projections of inflation, established by the Central Bank of Chile in its “Monetary Policy Report.”
- The staff turnover rates are determined using a table including parameters such as age and years of service in EFE, based on the Company’s historic data.
- To do this, the M-95 mortality table, issued by the Financial Market Commission according to Circular Letter No. 1476 of 2000, is used.
- Other significant actuarial assumptions are: retirement age by gender (65 years old for men and 60 years old for women).

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The values of the parameters determined according to the aforementioned criteria are as follows:

Hypotheses used in determining the severance payment provision:

	December 2023	December 2022
Discount interest rate	5.30%	5.34%
M-95 mortality table (mortality margin on table)	100.00%	100.00%
Employee turnover rate	13.65%	6.68%
Actual salary increase rate	2.00%	2.00%

As of December 31, 2023 and 2022, the movements of the severance payment provision are detailed as follows:

Severance provision	December 31, 2023 ThCLP\$	December 31, 2022 ThCLP\$
Present value of the obligations at the beginning of the year	4,313,001	2,767,213
Service cost for the current period (service cost)	1,622,880	1,417,789
Interest cost	228,589	147,769
Benefits paid in the current period	(1,355,696)	(680,305)
Actuarial loss	(137,023)	660,535
Cost of Past Service (Effect of Reversed Benefits)	-	-
Total obligation at the end of the period	4,671,751	4,313,001

A qualified external actuary has developed the severance payment calculation model. Such model uses variables and market estimates in accordance with the methodology established by IAS 19.

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21. Other current and non-current non-financial liabilities

As of December 31, 2023 and 2022, this item is detailed as follows:

	Taxpayer No	Country origin	Nature of the relationship	Origin of the transaction	Currency	12.31.2023 ThCLP\$	12.31.2022 ThCLP\$
Inmobiliaria Paseo Estación S.A. (1)	96.547.010-7	Chile	Investee	Deferred lease	CLP	641,269	612,014
Deferred income from leases, Crossing and electric lines running parallel to rails		Chile		Deferred lease	CLP	2,751,445	2,825,983
Advance income from the Sale of Tickets and Cards		Chile		Passengers Services	CLP	3,222,452	2,415,062
Deferred income from IAS 20 (4)		Chile		Investments with state contribution	CLP	64,684,768	93,502,277
Total non-financial liabilities, current						71,299,934	99,355,336
Inmobiliaria Paseo Estación S.A. (1)	96.547.010-7	Chile	Investee	Deferred lease	CLP	8,336,503	8,568,194
Deferred income from leases, Crossing and electric lines running parallel to rails		Chile		Deferred lease	CLP	1,213,173	2,319,198
Deferred income from IAS 20 (4)		Chile		Investments with state contribution	CLP	488,718,378	541,415,568
Deferred income from Ministry of Transport Fesub Coronel (5)		Chile		Investments with state contribution	CLP	32,294,683	33,600,880
Deferred income from Ministry of Transport Merval Automotores (5)		Chile		Investments with state contribution	CLP	18,146,651	21,169,051
Deferred income from Ministry of Transport Metropolitan Trains Motoriz		Chile		Investments with state contribution	CLP	8,533,042	8,870,972
Other non-financial liabilities		Chile		Investments with state contribution	CLP	433,082	1,576,763
Total non-financial liabilities, non current						557,675,512	617,520,626

- (1) This item includes, deferred revenues from lease of real estate to the related entity Inmobiliaria Paseo Estación S.A. under the lease contract in force until December 31, 2037, which were classified as current or non-current liabilities, Inmobiliaria Paseo Estación S.A. has made all the lease payments in advance. As of December 31, 2023, the monthly amortization of 177 equal and successive installments of UF 1,452.57 is still to be recognized in profit or loss. As of December 31, 2023, a total of twelve installments were recognized in the period's profit or loss for UF17,430.84.
- (2) The amounts included in this item correspond to passenger card balances not used at the end of the year, and advertisement space leases collected in advance from cell phone companies.
- (3) These values correspond to revenues that have not yet been fully amortized. These revenues arise from Government grants approved to be transferred to EFE during 2022, as well as outstanding balances from grants transferred in 2021 and prior years. These transfers were primarily made to finance investments in PP&E assets.
- (4) These amounts correspond to deferred income that should be amortized, and represent transfers from the Ministry of Transport for the expansion of the Bio Tren to Coronel and the purchase of trains for EFE Valparaíso and EFE Central.

22. Equity

As of December 31, 2023 and 2022, the Company and Subsidiaries' consolidated equity amounts to ThCLP\$(847,924,478 and ThCLP\$ (744,513,933), respectively.

a) Capital

Since EFE is a 100% State-owned, public sector entity, its equity is not represented by shares. However, the Company's capital amounts to ThCLP\$410,777,044.

The management of capital (understood as net equity according to the IFRS's Conceptual Framework, paragraph 102) seeks to ensure the establishment, maintenance and operation of passenger and cargo transportation services by railway or similar systems, and supplementary transport services by other means, including all related activities necessary for the fulfillment of EFE's corporate purpose. (See Note 1.a)

EFE's balances of net assets, mainly consisting of land, railways, rolling stock and other resources detailed in note "Description of Company assets" (see Note 1.e), are annually modified based on the operating results of EFE's railway business. These operating results consist of financial losses triggered by interest accrued on the Company's debt. When the Chilean State pays the amount of the principal owed, the Company's equity increases by such amount. The idea is to reverse the Company's negative equity.

As mentioned in Note 3.21 a), transfers of funds from the Chilean Government are recorded using the income method of IAS 20. Therefore, these contributions set off the related losses recorded in the Statement of Comprehensive Income.

There are no financial restrictions from covenants that affect the Company's capital structure.

Variations in the Company's net equity are mainly due to the effect of profit or loss for the year and the Government payment of EFE's historical debt, all of which is classified in Other Reserves. These variations and contributions are presented in the "Consolidated Statements of Changes in Net Equity."

b) Cash flows hedging reserves

As of December 31, 2023, the cash flows hedging reserve amounts to ThCLP\$ 79,261. This reserve is made of an initial balance of ThCLP\$ (523,480); which arises from a derivative taken out by the subsidiary Inmobiliaria Paseo Estación.

Actuarial gains and losses

As of December 31, 2023, the actuarial gain or loss reserve amounts to ThCLP\$(5,354,416), which is made of an initial balance of ThCLP\$(5,491,439), and a movement for the year of ThCLP\$(137,023). The movement for the year 2022 amounted to ThCLP\$(660,535). This reserve arises from the actuarial calculation of the severance payment provision.

Financial assets

As of December 31, 2023, the financial asset reserve amounts to ThCLP\$1,142,293 (ThCLP\$ 558,182 in 2022).

c) Increase from other contributions.

At the end of the 2022 fiscal year, EFE's equity increased by ThCLP\$6,014,910, as a result of direct transfers of funds from the Government to amortize bond installments. As of December 2023, no increase in equity has occurred.

d) Decrease due to transfers and other changes

At the end of the 2023 fiscal year, other reserves were reduced by ThCLP\$ 934.752, as a result of:

Decommissioning cost (See Note 19)	(10,908,827)
Deferred revenue amortization	10,768,476
IFRS 2010 Migration	(2,725,821)
Others	1,931,420
Totals	(934,752)

e) Profit Distribution

The Company's profit distribution is regulated in Article 31 of EFE's Organic Constitutional Law (DFL No. 1 of 1993), which states that the annual profits obtained by the Company will be transferred to the general treasure the Nation, unless its Board of Directors, with the favorable vote of no less than five of its seven members, agrees to withhold all or part of these profits in a capital reserve.

The aforementioned agreement is subject to prior written authorization by the Ministry of Finance. On the other hand, the same Law establishes that the Company is subject to the regulations of Chilean joint-stock companies, in which case, profits will be distributed after absorbing any accumulated losses from previous fiscal years.

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23. Revenue

For the years ended December 31, 2023 and 2022, this item is detailed as follows:

- (1) This item corresponds to reimbursements of infrastructure maintenance costs t by the Chilean Government through the Annual Budget Law.

Concepts	01.01.2023 12.31.2023 ThCLP\$	01.01.2022 12.31.2022 ThCLP\$
Passengers	64,668,225	56,424,882
Public Sector Contribution (Subsidies and Reimbursements)	10,271,456	8,773,546
Ticket Sales	53,350,680	46,650,113
Card Sale	1,046,089	1,001,223
Operators	14,841,127	15,617,183
FEPASA (1)	9,957,648	10,841,350
TRANSAP	4,883,479	4,775,833
Real estate	12,877,724	12,398,014
Crossing and electric lines running parallel to the rails	9,226,326	6,713,512
Leases and other real estate	3,651,398	5,684,502
Other services provided	765,729	610,683
Provision of services and others	23,872,187	16,986,298
IAS 20 adjustment from maintenance expenses (2)	23,872,187	16,986,298
Totals	117,024,992	102,037,060

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24. Cost of sales

For the years ended December 31, 2023 and 2022, this item is detailed as follows:

Concepts	01.01.2023 12.31.2023 ThCLP\$	01.01.2022 12.31.2022 ThCLP\$
Personnel costs	37,292,354	28,839,699
Energy and fuels	6,920,096	6,307,562
Rolling material maintenance	11,048,136	9,527,279
Infrastructure maintenance	12,296,491	8,874,750
Railway electrification systems maintence	9,462,888	8,535,781
Security guard service and crosswalk guard	10,483,689	8,213,490
Outsourced services	10,989,668	7,125,391
Subtotal	98,493,322	77,423,952
Depreciation (1)	17,904,020	17,904,997
Impairment	-	-
Totals	116,397,342	95,328,949

(1) As of December 31, 2023 and 2022, the Company's depreciation expense has been reduced by ThCLP\$24,030,213 and ThCLP\$ 23,360,030 respectively, due to amortization of deferred income from the application of IAS 20.

25. Administrative expenses

For the years ended December 31, 2023 and 2022, this item is detailed as follows:

Concepts	01.01.2023 12.31.2023 ThCLP\$	01.01.2022 12.31.2022 ThCLP\$
Personnel expenses/Staff costs	11,652,911	12,359,871
Consulting services	1,657,749	2,122,076
Marketing	509,329	336,315
Utilities	1,950,315	1,634,430
IT and communication expenses	2,719,441	2,695,622
Freight and insurance	3,232,636	3,079,567
General expenses	2,188,885	1,766,285
Administrative services and taxes	785,295	618,942
Subtotal	24,696,561	24,613,108
Depreciation and amortization - administrative	2,140,931	1,373,370
Totals	26,837,492	25,986,478

As of December 31, 2023 and 2022, expenses paid to EY (EFE's financial statement auditors) for consulting and auditing services provided (amount to ThCLP\$ 248,563 and ThCLP\$ 70,617, respectively).

26. Financial income and financial cost

For the years ended December 31, 2023 and 2022, this item is detailed as follows:

Finance Income (cost)	01.01.2023 12.31.2023 ThCLP\$	01.01.2022 12.31.2022 ThCLP\$
Interest earned on time deposits	24,102,566	10,949,701
Interest income and readjustments	962,725	645,068
Total financial income	25,065,291	11,594,769
Interest on bank loans and bonds	(93,415,228)	(87,596,173)
IFRS 16 amortization	(317,477)	(566,776)
Othes financial cost	(1,956,695)	(1,981,997)
Total financial Cost	(95,689,400)	(90,144,946)

27. Other income

For the years ended December 31, 2023 and 2022, other income (losses) are detailed as follows:

Other income (losses)	01.01.2023 12.31.2023 ThCLP\$	01.01.2022 12.31.2022 ThCLP\$
Reimbursement of financial expenses by application of IAS 20 (1)	91,972,852	78,151,426
Other reimbursements	-	-
VAT expense (2)	(8,218,095)	(8,643,165)
Other Income (Expenses)	102,737	960,168
Totals	83,857,494	70,468,429

- (1) This item corresponds to the reimbursement of financial expenses by the Chilean Government through the Annual Budget Law.
- (2) This item corresponds to a provision for the Company's VAT tax credit. No recovery of this VAT tax credit is expected in the medium term.

28. Foreign exchange gains (losses) and readjustment units Gains (losses) on foreign exchange and indexed units

Exchange rate differences and profit or loss on inflation- and profit (loss) on changes in inflation-indexed units (UF)	01.01.2023 12.31.2023 ThCLP\$	01.01.2022 12.31.2022 ThCLP\$
(Loss) gain on exchange rate difference	(11.539.054)	3.298.538
Indexed unit-related loss	(78.009.303)	(206.580.347)
Totals	(89.548.357)	(203.281.809)

Debt service by the State of Chile cancels out the effects of the exchange rates on EFE's equity, provided that the Chilean Government make direct payments to EFE's creditors. The Company's exchange differences mainly arise from term deposits in US dollars.

29. Environment

EFE and subsidiaries, as the leading rail transport companies in Chile (and owners of country-wide infrastructure for the transport of cargo and passengers), acknowledge and assume their environmental responsibility of making economic and industrial activities compatible with care for the Environment, through a business strategy that incorporates environmental care into business activities.

Our Sustainability and Environmental policies guide our efforts to sustainably manage our environmental footprint, by adopting measures to address climate change and conserve natural resources and biodiversity.

Under these guidelines we commit to taking care of environment, by adopting measures to prevent environmental damage in connection with our projects and services.

Thus, we dispose of all waste from our activities properly, for instance, we have developed a plant that will dispose of all equipment containing Polychlorinated Biphenyls (PCB) by 2028, in compliance with the Ministry of Foreign Affairs' Decree 38/2005, which "Adopts the Stockholm Convention on persistent organic pollutants and their annexes". In addition, as an organization we are committed to moving towards a circular economy, in line with the "2040 Circular Chile Roadmap", which considers some of our waste as non-hazardous, and the reuse of raw materials.

We cannot fulfill these goals without the support of our customers, suppliers, contractors and subcontractors. Accordingly, EFE intends to integrate and encourage them all to comply with our environmental standards and commitments.

In addition, EFE is planning to implement an Environmental Management System in the future, which will allow us to control our activities and services that may cause some impact on the environment.

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30. Financial risk management

EFE is a 100% State-owned legal entity. Nevertheless, it is an autonomous entity and has its own assets. Consequently, EFE is responsible for managing its own capital and creating financial strategies to fulfill its corporate purpose.

The Chilean railway system operates in a competitive environment with the road transportation industry for the transportation of both cargo and passengers. In addition, EFE has a railway infrastructure whose development and maintenance require expenses which exceed the railway service income and generate a financial deficit. This deficit could only be covered with direct borrowings from the domestic and international financial market. Since 2011, the Chilean Government grants direct funds to cover operational infrastructure maintenance expenses, thus minimizing the need for external financing to cover these operational expenses. On the other hand, the Company's investment plans are presented to the Ministry of Transport and Telecommunications in order to obtain the necessary cash inflows or borrowings guaranteed by the Chilean Government.

The situation encourages Management to make a major effort in all areas, especially the effective handling of the Company's financial resources.

As of December 31, 2023 and 2022, the Company's main financial instruments are detailed as follows:

	As of December 31, 2023 ThCLP\$	As of December 31, 2022 ThCLP\$	Level	Amortized cost / fair value
Current assets				
Cash and cash equivalents	231,561,536	291,796,864	Level 1	Fair value
Other financial assets	71,760,289	158,291,300	Level 1	Fair value
Trade and other receivables	7,797,445	5,704,311	Level 3	Amortized cost
Accounts receivable from related parties	76,187,477	132,176,946	Level 1	Amortized cost
Non-current assets				
Accounts receivable from related parties	287,780,033	346,447,029	Level 1	Amortized cost
Current liabilities				
Other financial liabilities	55,440,129	43,590,104	Level 3	Amortized cost
Trade and other payables	107,422,409	75,808,710	Level 1	Amortized cost
Non-current liabilities				
Other financial liabilities	2,745,132,989	2,665,704,464	Level 1	Amortized cost

(1) Market risk

This risk is related to uncertainties associated with exchange rates and interest rates, which may affect the Company's assets and liabilities:

a) Exchange rate risk and indexed units

The Company carries out its operations in Chile, therefore, it is not directly exposed to exchange rate variations in connection with the purchase and sale of assets and services. However, the Company maintains financial commitments denominated in US\$ and UF which are exposed to "currency risks." Variations in the value of the US\$ and the UF are directly covered by the Chilean State.

As of December 31, 2023, the Company's net debt (principal without interest) and other liabilities denominated in UF, amount to UF52.033 billion 2.103 billion of which correspond to syndicated loans secured in 2014 to finance the expansion to Coronel, and the purchase of trains for the subsidiaries. These syndicated loans will be fully paid with funds from the Transantiago "Mirror Funds" Law by the Ministry of Transport and Telecommunications. The effect of increases in value of the Chilean indexed unit (UF) recognized in the consolidated statements of income for the period ended December 31, 2023 amounts to a loss of CLP\$78.009 billion. A 1% variation in the value of the UF in comparison with its value as of December 31, 2023 would give rise to a profit or loss of approximately ThCLP\$18,142, depending on the direction of that variation.

The company has assumed financial liabilities for 1 billion dollars and has a portfolio of financial instruments for US\$ 152 million. On the other hand, EFE has a balance of accounts receivable from the Chilean Government of US\$ 249 million. An exchange rate variation of US\$1 in comparison with its value as of December 31, 2023, would give rise to a profit or loss of approximately CLP\$255 million. An exchange rate variation of CLP\$1 in comparison with its value as of December 31, 2022, would result in a gain or loss of approximately CLP\$593 million, depending on the direction of that variation.

b) Interest rate risk

As of December 31, 2023, financial obligations with third parties amount to US\$3.193 billion. 100% of these loans have been secured at fixed interest rates. EFE has not entered into any interest rate swaps, as the Chilean State fully assumes the Company's loan repayment.

(2) Liquidity or financing risk

There is no liquidity risk related to the Company's ability to meet short-term obligations as these cash needs are covered by State contributions, defined in the Annual Budget Law.

December 31, 2023, EFE's financial instrument portfolio and cash amount to Cl\$303.322 billion which, added to the resources of the Annual Budget Law pending transfer, makes it possible to cover, both the Company's investment commitments and operating costs, including timely and full payment of EFE and subsidiaries' obligations with employees and suppliers.

(3) Credit risk

Credit risk, meaning the risk of financial losses resulting from a default on the part of customers or counterparties to financial instruments, primarily arises from trade and other receivables. EFE has established a specific area responsible for managing accounts receivable collection, thereby minimizing the risk of doubtful accounts. EFE's policy includes recognizing an impairment loss for all past due receivables based on historical default information.

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As of December 31, 2023 and 2022, the Company's main financial assets exposed to credit risk are detailed as follows:

Concept	As of december 31, 2023 ThCLP\$	As of december 31, 2022 ThCLP\$
Current assets		
Accounts receivable from cargo carrier clients	2,564,278	2,235,409
Other trade receivables (1)	4,662,374	2,926,281
Totals	7,226,652	5,161,690

(1) For the years ended December 31, 2023 and 2022, the amounts provisioned for impairment of trade and other receivables amount to ThCLP\$,2,196,498 and ThCLP\$1,310,545, respectively.

(4) Covid-19 risk

EFE's business, financial position and operating results have been affected by the COVID-19 pandemic during the years 2020-2022, especially in 2020 and 2021.

The effects of the pandemic on demand for transport services in future periods is uncertain.

However, the results of this period show that the number of passengers transported has recovered pre-pandemic levels and, in some cases, has exceeded historical values. That is the case of the San Fernando-Central Station services and the Biotrén service.

The consolidated financial statements as of December 31, 2023, include an account receivable from the Chilean Government for ThCL\$223,756,733, which is presented under the item Accounts receivable from related entities, and corresponds to amounts associated with infrastructure maintenance expenses and debt service.

31. Guarantees from third parties

The Company holds guarantees from third parties mainly related to Railway Infrastructure Contracts (CPIF, by its Spanish acronym).

32. Sanctions

During the year ended December 31, 2023, neither the Financial Market Commission (CMF, by its Spanish acronym) nor other regulators have applied any sanctions to Empresa de los Ferrocarriles del Estado or its subsidiaries, Directors or Executives.

33. Limitations

There are no limitations, restrictions or covenants on the Company's financial assets and cash flows arising from debt obligations.

34. Contingencies

Lawsuits

As of December 31, 2023 and 2022, the Company has made provisions for ThCLP\$2,511,708 and ThCLP\$ 2,749,440, respectively, to deal with probable contingencies and lawsuits related to fines, accidents, and labor issues.

As of this date, there are two ongoing lawsuits against EFE filed by cargo carriers. According to the Company's external legal advisors, it is not possible to foresee the outcome of these lawsuits and, consequently, it is not possible to anticipate the result of this legal contingency. Based on the above and the provisions of IAS 37, the Company has not made any provisions for this litigation.

35. Guarantees granted

1. By virtue of Law No. 19,170, dated October 3, 1994, the President of the Republic granted a Government guarantee for up to UF 7,000,000 to secure the issuance of EFE's Series D, E, F, G, H, I, J, K, L and M Bonds.
2. Another guarantee was granted in 2003 for the issuance of Series "N" and "O" Bonds for up to UF 3,860,000.
3. In 2004, new Government guarantees were granted for up to UF 5,150,000. Thus, Series "P" Bonds were placed on March 23, 2004, for UF 2,400,000, and the Series "Q" Bonds were placed on September 18, 2004, for UF 2,750,000.
4. In 2005, new Government guarantees were granted for up to UF 3,500,000. Thus, Series "R" Bonds were placed on April 8, 2005, and Series "S" Bonds were placed in September 2005, for UF 2,600,000.
5. On May 10, 2006, new Government guarantees were granted for UF 2,400,000 for the placement of Series "T" Bonds.
6. On December 6, 2012, new Government guarantees were granted for UF 7,800,000 for the placement of Series "V" Bonds.
7. On April 9, 2013, new Government guarantees were granted for UF 1,850,000 for the placement of Series "X" Bonds. And, on December 20, 2013, an UF 2,900,000 Government guarantee was granted for the placement of Series "Z" Bonds.
8. On September 24, 2015, new Government guarantees were granted for UF 3,000,000 for the placement of Series "AB" Bonds.

9. On January 19, 2017, new Government guarantees were granted for UF 2,850,000 for the placement of Series “AC” Bonds.
10. On April 10, 2019, new Government guarantees were granted for UF 3,600,000 for the placement of Series “AD” Bonds.
11. On June 10, 2020, new Government guarantees were granted for UF 3,600,000 for the placement of Series “AF” Bonds.

36. Subsequent events

Between January 1, 2024, and the date of issuance of these consolidated financial statements, no other subsequent events have occurred that could have a significant impact on the figures or the economic and financial position presented therein.

Reinaldo Neira Molina
Chief Accountant

José Solorza Estévez
General Manager