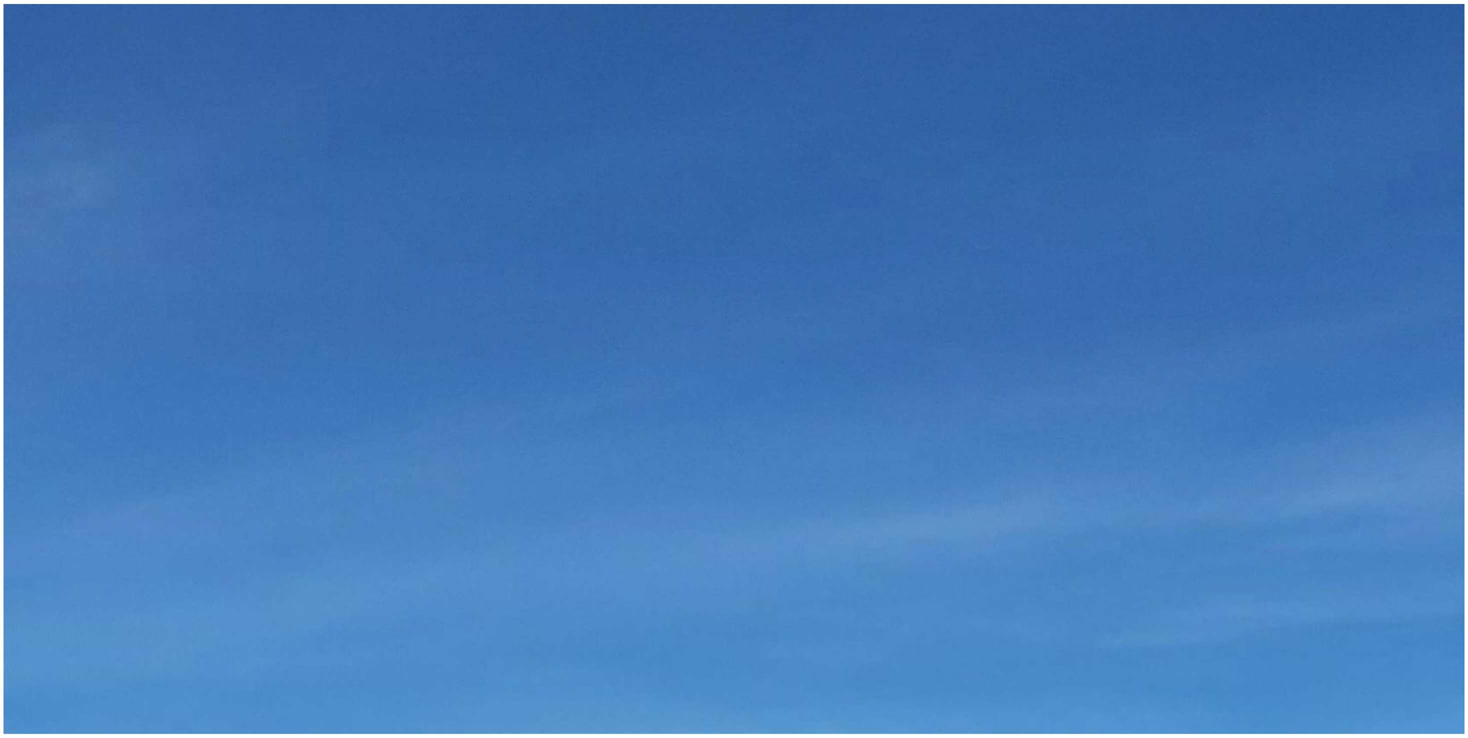


# Inversiones Aguas Metropolitanas S.A. Earning Realease

Period ended June 30, 2023

## 1. Summary of the first semester

**Aguas Andinas continues to strengthen its resilience, management and investment plans to face the effects of climate change, such as profound water scarcity.**

- The Company continues to face the challenge of climate change. During the last days of June, the city of Santiago experienced heavy rains equivalent to more than 250 mm fallen in the foothills, a scenario not seen in the last 20 years, which meant extreme levels of turbidity in the Maipo and Mapocho riverbeds, so the normal production of drinking water had to be paralyzed, forcing the use of emergency infrastructure consisting of the Mega Ponds of Pirque and the Cerro Negro - Lo Mena Wells.

  On Friday, June 23, it was announced to the Metropolitan Region that during the following day there would be a cut in service since the reserves for the autonomy of the service had been reduced by 50% and continued to decrease. Even so, and thanks to the water resilience plan in the face of drought and turbidity events in which the Company has been working for more than 10 years, in a period of 24 hours it was possible to communicate to the citizens that the cut in service would not take place.

  It should be noted that the Company has a service autonomy of 37 hours, which was transformed into an operational continuity of 45 hours thanks to the extraordinary efforts applied during this last event.

- In addition to the above, during the summer there were several episodes of turbidity in the Maipo and Mapocho rivers, generated by convective rains and high temperatures, altering the normal operation of the drinking water production plants. However, the supply in the city operated without major impacts, thanks to the activation of the operational continuity plan and using the operational backup infrastructure deployed under its resilience plan.

- In this context, water scarcity has continued to be managed by prioritizing water transfer agreements with the different stakeholders in the Maipo river basin, which has allowed covering one third of the demand of Santiago and maintaining an adequate level of security reserves in the El Yeso reservoir, which as of June 2023 reached a level of 176.8 $hm^3$, in line with the Company's objective.

- At the same time, we have continued to invest in new sanitation infrastructure to expand and diversify the availability of supply sources, which at the end of the second quarter of 2023 totaled $60,596 million.

**Inversiones Aguas Metropolitana's consolidated results at the end of the first half of 2023 are in line with the Company's forecasts, confirming the consolidation of the trend initiated in 2022.**

- Inversiones Aguas Metropolitana maintains a sustained growth of EBITDA, reaching $167,025 million as of June 30, 2023, which represents an increase of 12.5% compared the same period of the previous year. Likewise, it continues with a solid cash flow generation in the period, which has allowed keeping indebtedness aligned with the Company's objectives.

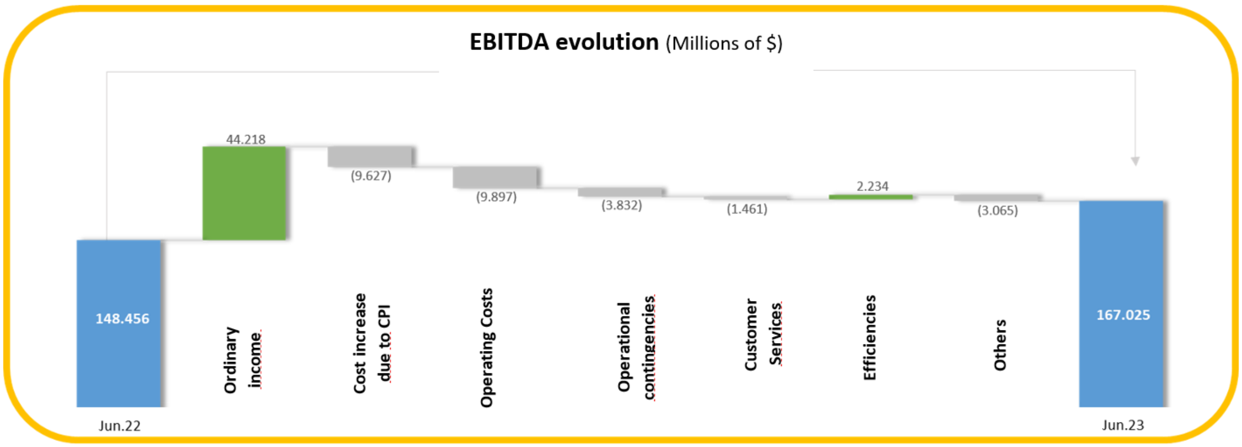
**The moderation in inflation growth in the first semester of 2023 has positively impacted the Company's financial results**

- The accumulated inflation in Chile as of June 30, 2023 was 2.1% versus 7.1% as of the same date in 2022, which has a positive impact on the readjustment of the financial debt in Unidad de Fomento (UF), resulting in a lower expense of $32,473 million.

**The Company has continued to drive its efficiency program based on the Transformation plan and, additionally, commercial actions to improve uncollectibility and debt recovery have yielded positive results**

- The Company is implementing a Transformation plan, with a vision of a new sustainable business model focused on mitigating risks, capturing efficiencies, prioritizing investments and incorporating technology, supported by a new organizational culture. In line with the above, initiatives have been developed to improve processes and digital transformation that have generated Efficiencies of $2,234 million at the end of the first semester of 2023.
- In addition, **commercial actions to recover debt have allowed to reduce bad debt expense** from a ratio of 2.6% of revenues in 2022 to 2.5% at the end of the first semester of 2023.

- **EBITDA as of June 30, 2023 amounted to $167,026 million**, an increase of 12.5% compared to the same period of the previous year. The main variations are shown in the following chart:




  - Higher sanitation revenues of $44,218 million, mainly associated with higher average tariffs of $38,570 million due to the latest tariff indexations by polynomial and the entry into operation of new investment projects as Trebal-Mapocho Nitrogens removal Biofactory and Cerro Negro – Lo Mena Wells. Also, higher sales volumes were recorded for $4,576 million (+1.8%), mainly explained by higher consumption of non-Residential customers by +4.8%, which is partially offset by lower sales to Residential customers by +0.3%.

  - In addition, there was an increase in other income of $7,685 million, mainly associated with higher sales of materials and non-sanitation subsidiaries of $2,930 million, modifications to sanitation infrastructure of $2,563 million and home services to customers of $2,001 million

  - The Company's costs have been increased by the **inflation effect** of $9,627 million, mainly due to higher labor costs, construction materials, service contracts in UF and compensation adjustments. As of June 2023, the index accumulated an increase of 7.6% in twelve moving months. Additionally, operating costs for the entry into operation of new facilities and assets are considered, as well as the cost of sales associated with the growth of non-sanitation revenues.

  - **Increase in operating costs** of $9,897 million, mainly associated with electricity (due to higher average tariff and consumption associated with subway water sources), maintenance and repair of networks and increased detection of drinking water leaks, chemical inputs due to turbidity events, increased maintenance of operating equipment and higher real estate tax payment rate.

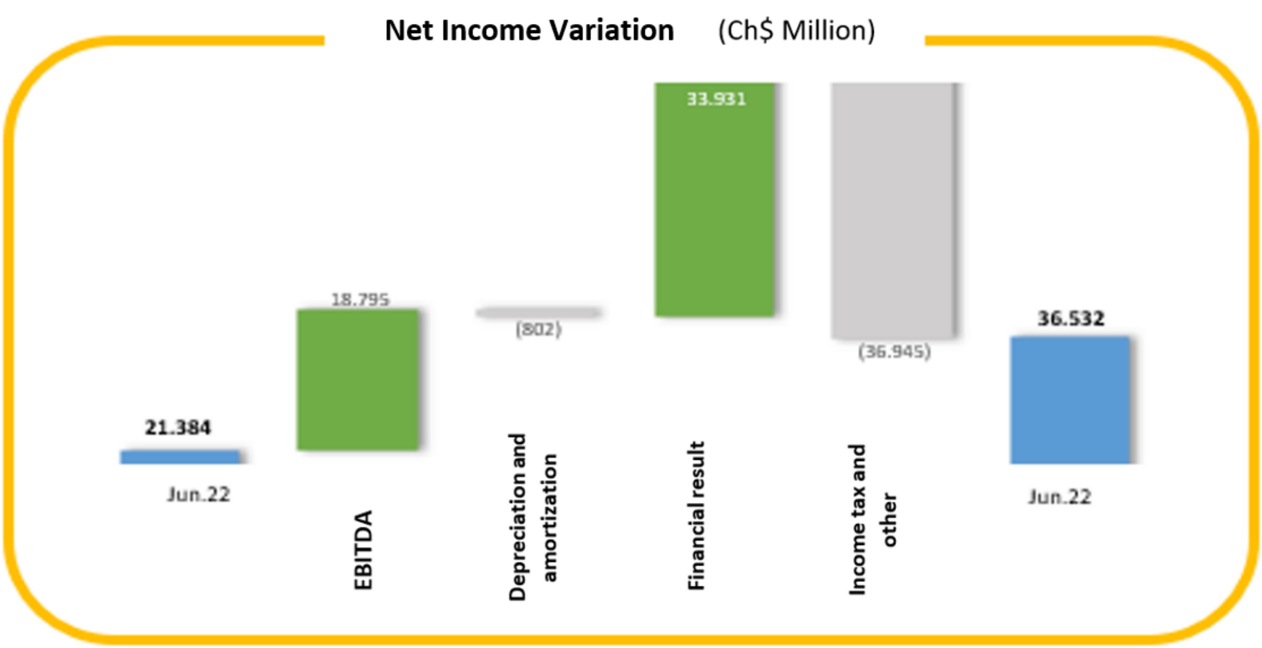
- During the first semester of 2023. There were **3 extraordinary operating contingencies** (siltation of the independent intake, breakage of the Recoleta matrix and heavy rains during June), whose corrective costs amounted to $3,832 million approximately.

  It should be considered that the event in the independent intake is due to an external cause associated with the weather conditions, which during the summer season 2023, it manifested with an unusual combination of high amount of sediments and low flow of the Maipo River, a situation that has prevented the normal evacuation of sediments.

- Within the framework of the Transformation plan that the Company is implementing, initiatives have been developed to improve processes and digital transformation that have allowed us to generate **Efficiencies** for $2,234 million as of June 30, 2023**.**

  In this regard, initiatives aimed at improving metering management, detecting leaks in networks, purchasing efficiencies, and **commercial actions for debt recovery have been deployed, which have allowed to reduce bad debt expenses**, from a ratio of 2.6% of revenues as of June 2022 to 2.5% at the end of the first semester of 2023.

- **Net income as of June 30, 2023 amounted to $36,532 million.** The main variations are shown in the following chart:




- At the non-operating level, there is a higher financial result of $33,875 million regarding the same semester of the previous year, mainly associated with a lower revaluation of the financial debt due to the variation of the Unidad de Fomento (2.8% in 2023 versus 6.8% in 2022). It should be noted that the price-level restatement of the UF is an accounting impact with no significant effect on the Company's cash flow.

- As of June 30, 2023, income tax was higher than the previous year of $20,461 million, mainly due to a higher result in income before taxes added to the inflationary effect of deductible permanent differences, the main difference being the price-level restatement of tax equity.

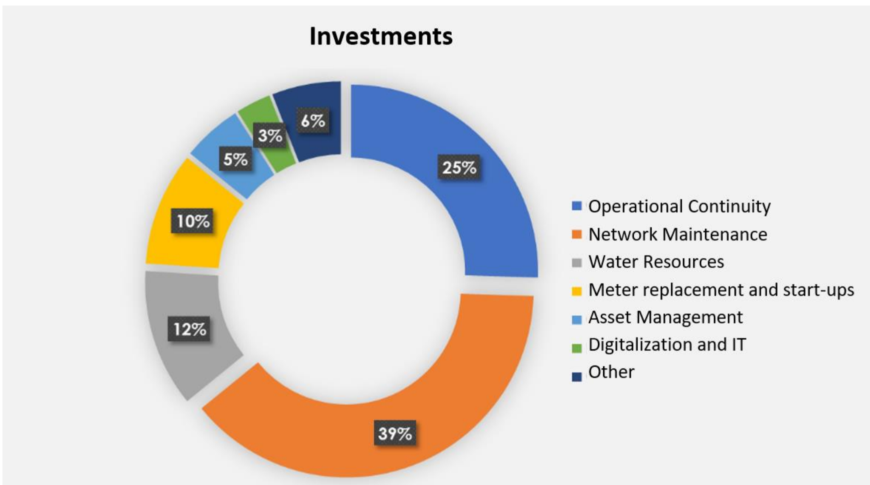
- **Cash Generation and Position,** At the end of the first semester of 2023, the balance of cash and cash equivalents was $167,186 million, decreasing by $18,743 million with respect to June 2022. The decrease in this item is mainly explained for the payment of dividends made in April, which is partially offset by the payment of investments and debt repayments.

  The company continues to maintain a robust cash position at the end of the second quarter of fiscal year 2023, which will allow to ensure the development of the investment plan foreseen for this fiscal year.

## INVESTMENTS

- To face the effects of the prolonged drought, which has lasted more than 14 years, the Company is developing a robust investment plan to ensure the security of supply standards committed for Santiago under climate change conditions.

- As of June 30, 2023, investments of $60,596 million were executed, according to the following composition:




- The main projects developed at the end of the first semester of 2023 were as follows:

  - Renovation of potable water and wastewater networks
  - Renewal of starters and meters
  - Replenishment of assets of La Farfana-Trebal Biofactories
  - Water efficiency plan
  - Vizcachitas - Tagle filter renewal
  - Boreholes and reinforcement of water supply system
  - Advanced well management
  - Paine Wastewater Treatment Plant Expansion

- In the medium and long term, Inversiones Aguas Andinas has an ambitious plan of new fundamental works to address the impacts of climate change and a scenario of structural scarcity, infrastructure aimed at increasing the service standards currently committed and that require an agreement with the SISS regarding its financing and execution deadlines, among the works currently in the study stages. The following stand out:

    i) Project of sustainable return of treated water in the Maipo-Mapocho Basin.

    ii) Antonio Varas Bajo well batteries.

    iii) Construction of works for resilience to extreme turbidity (48 hours).

**OTHER KEY FACTS**

- **New Chief Executive Officer of the Company.** As of May 2, 2023, Mr. **Daniel Tugues Andrés** is the new Chief Executive Officer of Aguas Andinas, replacing Marta Colet, who will undertake new challenges within the Veolia Group in Spain. This was agreed at the Board of Directors' meeting held on February 28, 2023. Daniel holds a degree in Civil Engineering of Highways and Ports of the Polytechnic University of Catalonia, an MBA from IESE Business School and a Master in Integrated Water Management (Agbar-UPC). He has more than 15 years of experience in the environmental infrastructure sector, both in water and sanitation, as well as recycling and waste recovery.

- **Distribution of dividends,** At the Company's Ordinary Shareholders' Meeting held on April 20, 2023, and ratifying Inversiones Aguas Metropolitana´s commitment to its shareholders in a volatile and challenging macroeconomic context, it was agreed to distribute 98,67% of the recurring profit for the year 2022, excluding the interim dividend paid in December 2022 by an amount of $17,535 million. Therefore, the amount to be distributed was set at $23,238 million, which means a final dividend of $23,24 per share, payable as of May 4, 2023.

- **Claim associated with the sale and transfer transaction of "ESSAL",** On August 25, 2022. The Company was notified of several claims for damages in the amount of $65,222,222,367 filed in an arbitration lawsuit initiated against it by Eco Acquisitionco SpA, for alleged breaches in the sale and transfer transaction of the Company's direct and indirect participation in Empresa de Servicios Sanitarios de Los Lagos S.A. (ESSAL).

  Within the framework of the aforementioned arbitration, on April 27, 2023. The parties signed a settlement agreement putting an end to said litigation and cautioning for any eventual litigation regarding the sale of ESSAL. The transaction expressly recognizes that in the process and in the sale of ESSAL, both Aguas Andinas and the other parties involved acted in good faith, fulfilling all their obligations with the diligence and care required by law.

  Likewise. The company, as a reciprocal concession and against the dismissal of all claims filed and the total termination of the sales contract, paid a compensation equivalent to $10,249,330,833.

  In addition. The agreement contemplates that the Company will assume control and the results of a limited group of litigation pending before the Civil Courts to which ESSAL S.A. is party, arising from events that occurred while the Company was still the controlling company of the latter.

Finally, by virtue of the reciprocal concessions above mentioned. The parties involved and third parties related to the “Transaction Agreement” have fully and completely terminated this agreement.

- In April 2023, Fitch Ratings ratified the solvency rating and public debt issuance of Aguas Andinas at **AA+ with a stable outlook**, based on the Company's solid business profile, revenue growth, investments in production and autonomy to strengthen supply, and a conservative and stable credit profile over time, with an operating cash flow that allows it to finance the distribution to its shareholders and a large part of its investments.

## 2. Results for the period

### *2.1 Accumulated result*

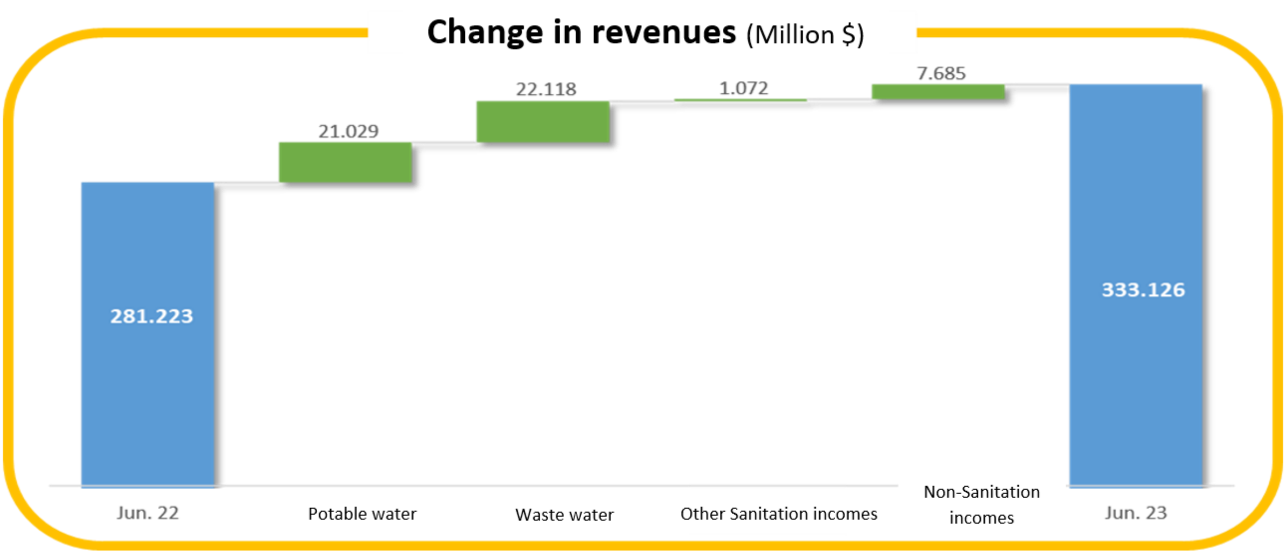
| Income Statement (Th$) | Jun, 23 | Jun, 22 | % Var | 2023 / 2022 |
|---|---|---|---|---|
| Ordinary Revenues | 333,126,274 | 281,222,606 | 18.5% | 51,903,668 |
| Operational Costs and Expenses | (166,100,471) | (132,766,489) | 25.1% | (33,333,982) |
| **EBITDA** | **167,025,803** | **148,456,117** | **12.5%** | **18,569,686** |
| Depreciation and Amortization | (37,307,746) | (36,505,882) | 2.2% | (801,864) |
| **Income From Operations** | **129,718,057** | **111,950,235** | **15.9%** | **17,767,822** |
| Other earnings (losses) | (1,891,317) | (1,188,593) | 59.1% | (702,724) |
| Financial Result* | (36,192,835) | (70,067,603) | (48.3%) | 33,874,768 |
| Tax expense | (17,965,177) | 2,496,350 | (819.7%) | (20,461,527) |
| Minority interest | 37,136,410 | 21,806,313 | 70.3% | 15,330,097 |
| **Net earnings** | **36,532,318** | **21,384,076** | **70.8%** | **15,148,242** |

** Includes financial income, financial costs, exchange differences and results from readjustment unit*

### *2.2 Revenue analysis*

Revenues increased by 18.5% with respect to the same period of previous year, as follows:

| | Jun, 23 | | Jun, 22 | |
|---|---|---|---|---|
| | Sales Thousands $ | Participation | Sales Thousands $ | Participation |
| Potable Water | 139,716,979 | 42.0% | 118,688,210 | 42.2% |
| Wastewater | 150,038,990 | 45.0% | 127,921,380 | 45.5% |
| Other Sanitation Income | 8,692,554 | 2.6% | 7,620,525 | 2.7% |
| Non-Sanitation Income | 34,677,751 | 10.4% | 26,992,491 | 9.6% |
| **Total** | **333,126,274** | **100.0%** | **281,222,606** | **100.0%** |



| Sales Volume (Thousands of m³ accrued) | Jun, 23 | Jun, 22 | % Var, | Difference |
|---|---|---|---|---|
| Potable Water | 273,075 | 268,207 | 1,8% | 4,868 |
| Wastewater Collection | 260,530 | 255,687 | 1,9% | 4,843 |
| Wastewater Treatment and Disposal | 221,708 | 218,225 | 1,6% | 3,483 |
| Interconnections* | 66,220 | 64,353 | 2,9% | 1,867 |

| Customers | Jun, 23 | Jun, 22 | % Var, | Difference |
|---|---|---|---|---|
| Potable Water | 2,283,675 | 2,228,212 | 2,5% | 55,463 |
| Wastewater Collection | 2,238,870 | 2,183,592 | 2,5% | 55,278 |

** Interconnections include the treatment and disposal of Sewage from other sanitation companies*

## Sanitation income

### a) Potable Water

Potable water revenues at the first semester of 2023 amounted to ThCh$139,716,979, which represents an increase of 17,7% regarding the same quarter of the previous year, due to polynomial indexing applied during 2023 and 2022 and tariff associated with the investment of Lo Mena - Cerro Negro wells, together with higher volume supplied (Residential customers in +0,3% and non-residential customers in +4,8%).

### b) Wastewater

Revenues from wastewater as of June 30, 2023, amounted to ThCh$150,038,990, an increase of ThCh$22,117,609 (+17,3%) compared to the previous year. This is mainly due to higher average rate associated to the latest polynomial tariff indexing and tariff associated with nitrogen treatments at Trebal-Mapocho Biofactories, together with higher sales volume.

### c) Other sanitation income

This item increased by ThCh$1,072,029, which was due to higher activity in services not associated with sales volume.

## Non-Sanitation income

### a) Services

An increase of ThCh$5,193,228 was reflected, mainly due to higher activity for home services to customers, sanitation infrastructure modifications and the sale of materials.

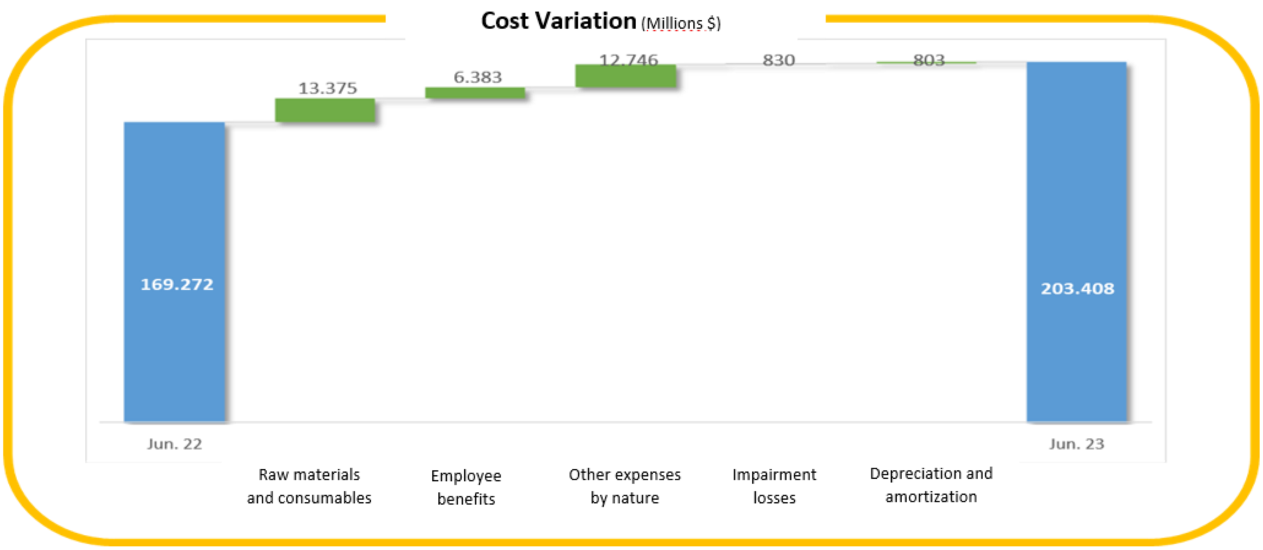
### b) Non-sanitation subsidiaries

The increase in income of ThCh$2,492,032 was mainly explained by higher activity and new projects of company EcoRiles, together with increased analysis and sampling of potable water in Análisis Ambientales.

| (ThCh$) | Jun, 23 | Jun, 22 | % Var, |
|---|---|---|---|
| EcoRiles S.A. | 11,030,639 | 9,667,375 | 14.1% |
| Análisis Ambientales S.A. | 2,198,270 | 2,401,667 | (8.5%) |
| Hidrogística S.A. | 4,323,253 | 3,591,266 | 20.4% |
| Aguas del Maipo S.A. | 1,262,922 | 662,744 | 90.6% |
| **Non-regulated non-sanitation products** | **18,815,084** | **16,323,052** | **15.3%** |

## *2.3 Expense analysis*

The variation in expenses with respect to the same period of the previous year is shown in the following graph:




** Impairment losses correspond to allowance for doubtful accounts receivable.*

### a) Raw materials and consumables

As of June 30, 2023, raw materials and consumables costs amounted to ThCh$48,244,002, an increase of ThCh$13,374,885 compared to the same period of the previous year. The main variations are explained by higher electricity costs due to an increase in the average tariff and consumption associated with the use of subway water sources, higher cost of sale of materials and increased spending on chemical inputs. Additionally, as of April 1, 2022, costs resulting from the internalization of Biofactories are included.

### b) Employee benefits

At the end of the first semester of 2023, employee benefit expenses amounted to ThCh$36,880,860, which was ThCh$6,382,681 higher than the one obtained in the first semester of the previous year. The increase is mainly associated with CPI adjustments and personnel expenses incurred by the Company as a result of the internalization of Biofactories.

**c) Other expenses by nature**

At the end of June 30, 2023. These expenses amounted to ThCh$72,788,835, which increased by ThCh$12,746,067 compared to the previous year, mainly due to higher expenses readjustments for CPI, higher costs of sales of home services and modifications of sanitation infrastructure, together with higher operating expenses for maintenance and repair of networks and equipment, general expenses and customer services. The above is partially offset by lower costs resulting from the internalization of Biofactories together with efficiencies.

**d) Impairment losses**

At the end of the first semester of 2023, the provision for bad debts was ThCh$8,186,340, which is ThCh$829,961 lower than the one obtained the same quarter of the previous year. The percentage of bad debts over total revenues was 2,5% as of March 2023 compared to 2,6% as of June 2022.

**e) Depreciation and amortization**

As of June 30, 2023, depreciation and amortization amounted to ThCh$37,304,527, ThCh$803,217 higher than the one obtained the same period of the previous year, result of depreciation associated with the new assets incorporated in the period.

## *2.4 Analysis of financial results and others*

**a) Other gains (losses)**

As of June 30, 2023. The Company obtained a lower result than the previous year by ThCh$702,724, mainly due to restructuring plans that were partially offset by land sales.

**b) Financial income**

At the end of the first semester of 2023, financial income amounted to ThCh$14,335,154, which meant an increase of ThCh$7,368,44 compared to the previous year, mainly explained by higher investment income from cash surpluses and higher interest rate.

**c) Financial costs**

As of June 30, 2023, financial costs amounted to ThCh$24,267,762, which meant an increase of ThCh$8,290,059 compared to the same period of 2022, mainly due to higher interest on financial debt, together with higher activation of financial expenses.

**d) Results per readjustment unit**

At the end of the first semester of 2023. The adjustment unit charge was ThCh$26,761,561, resulting in a lower expense of ThCh$32,472,966, mainly due to the lower revaluation of the debt as a result of the variation of the Unidad de Fomento (2,8% in 2023 versus 6,8% in 2022).

**e) Income tax expense**

The income tax expense as of March 31, 2023 was higher than the previous year by ThCh$20,461,527, mainly due to a higher result in income before taxes added to the inflationary effect of deductible permanent differences. The main difference being the price-level restatement of tax equity.

### f) Earnings

Net income as of June 30, 2023 amounted to ThCh$36,532,318, ThCh$15,148,242 higher than that obtained in the previous year.

## *2.5 Results by segment*

### a) Accumulated results Water segment

| Income Statement (Th$) | Jun, 23 | Jun, 22 | % Var, | 2023 / 2022 |
|---|---|---|---|---|
| External Revenue | 314,193,531 | 264,897,469 | 18.6% | 49,296,062 |
| Revenues Segments | 815,808 | 525,438 | 55.3% | 290,370 |
| Operating Costs and Expenses | (151,297,637) | (119,478,211) | 26.6% | (31,819,426) |
| **EBITDA** | **163,711,702** | **145,944,696** | **12.2%** | **17,767,006** |
| Depreciation and Amortization | (36,161,136) | (35,523,379) | 1.8% | (637,757) |
| **Income from Operations** | **127,550,566** | **110,421,317** | **15.5%** | **17,129,249** |
| Other Earnings (Losses) | (1,665,207) | (1,013,919) | (200.0%) | (651,288) |
| Financial Results* | (35,850,733) | (70,040,011) | (48.8%) | 34,189,278 |
| Tax Expense | (17,513,050) | 2,612,849 | (770.3%) | (20,125,899) |
| Minority interest | (1,183) | (1,179) | 0.3% | (4) |
| **Net earnings** | **72,520,393** | **41,979,057** | **72.8%** | **30,541,336** |

** Includes financial income, financial costs, exchange differences and results from readjustment units.*

The net result of this segment showed an increase of 72.8%, mainly due to:

- Increase in external revenues, mainly associated with sanitation revenues due to higher average tariffs associated with the latest indexations and tariff associated with the investment of Lo Mena - Cerro Negro wells, together with a higher volume supplied.

- Costs increased mainly due to higher CPI expenses, operating costs and costs associated with sales of home services to customers, sanitation infrastructure modifications and materials. This is partially offset by lower bad debt expense together with higher efficiencies.

- Depreciation was ThCh$637,757 higher than the one obtained in the previous year, as a result of the depreciation associated with the new assets incorporated in the period.

- The financial result presented a net expense of ThCh$35,850,733, lower by ThCh$34,189,278 compared to the same period of the previous year, mainly due to the lower revaluation of the debt as a result of the variation of the Unidad de Fomento (2,8% in 2023 versus 6,8% in 2022).

- Income tax expense as of June 30, 2023 was higher than the previous year by ThCh$20,125,899 mainly due to a higher income before taxes added to the inflationary effect of deductible permanent differences. The main difference being the price-level restatement of tax equity.

## b) Accumulated results of the Non-Water segment

| Income Statement (Th$) | Jun, 23 | Jun, 22 | % Var, | 2023 / 2022 |
|---|---|---|---|---|
| External Revenue | 18,932,743 | 16,325,136 | 16,0% | 2,607,607 |
| Revenues Segments | 4,909,373 | 2,162,081 | 127,1% | 2,747,292 |
| Operating Costs and Expenses | (19,700,110) | (15,373,524) | 28,1% | (4,326,586) |
| **EBITDA** | **4,142,006** | **3,113,693** | **33,0%** | **1,028,313** |
| Depreciation and Amortization | (1,142,530) | (1,000,066) | 14,2% | (142,464) |
| **Income from Operations** | **2,999,476** | **2,113,627** | **41,9%** | **885,849** |
| Other Earnings (Losses) | (226,109) | (152,539) | 48,2% | (73,570) |
| Financial Results* | (339,449) | (80,863) | >200,0% | (258,577) |
| Tax Expense | (531,529) | (159,566) | >200,0% | (371,963) |
| **Net earnings** | 1,902,389 | 1,720,654 | 10,6% | 181,739 |

** Includes financial income, financial costs, exchange differences and results from readjustment units.*

The results of the Non-Water segment showed a increase of ThCh$181,739 compared to the previous year, mainly due to:

- The higher revenues were mainly explained by higher activity and new projects of the company EcoRiles together with increased analysis and sampling of potable water at Análisis Ambientales.

- The increase in costs of 28,1% is mainly associated with higher sales activity together with higher CPI expenses.

- The income tax expense as of June 30, 2023 was higher than the previous year by ThCh$371,963, mainly due to a higher income before taxes added to the inflationary effect of deductible permanent differences, the main difference being the price-level restatement of tax equity.

## 3. Quarterly results

| Income Statement (Th$) | Jun, 23 | Jun, 22 | % Var, | 2023 / 2022 |
|---|---|---|---|---|
| External Revenue | 153,443,847 | 130,883,929 | 17.2% | 22,559,918 |
| Revenues Segments | (86,417,801) | (66,601,167) | 29.8% | (19,816,634) |
| Operating Costs and Expenses | **67,026,046** | **64,282,762** | **4.3%** | **2,743,284** |
| **EBITDA** | (18,480,782) | (18,978,198) | (2.6%) | 497,416 |
| Depreciation and Amortization | **48,545,264** | **45,304,564** | **7.2%** | **3,240,700** |
| **Income from Operations** | (1,279,921) | (954,770) | 34.1% | (325,151) |
| Other Earnings (Losses) | (18,250,163) | (43,420,055) | (58.0%) | 25,169,892 |
| Financial Results* | (3,853,023) | 8,759,753 | (144.0%) | (12,612,776) |
| Tax Expense | 12,729,588 | 4,965,438 | 156.4% | 7,764,150 |
| **Net earnings** | **12,432,569** | **4,724,054** | **163.2%** | **7,708,515** |

** Includes financial income, financial costs, exchange differences and results from readjustment units.*

## 3.1. *Income analysis*

### a) Operating income

Ordinary revenues for the second quarter of 2023 amounted to ThCh$153,443,847, ThCh$22,559,919 higher than in the same quarter of the previous year, mainly due to sanitation revenues of ThCh$ 19,114,252, mainly explained by higher average tariffs associated with the latest indexations recorded, together with higher non-sanitation revenues due to higher sales of materials, modifications of sanitation infrastructure and non-health subsidiaries.

## 3.2. *Expense analysis*

### a) Raw materials and consumables used

During the second quarter of 2023, raw materials and consumables costs amounted to ThCh$22,937,295, ThCh$3,620,352 higher than in the same quarter of 2022, mainly associated with higher cost of sales of materials together with costs of chemical inputs and electric power.

### b) Employee benefits

Employee benefit expenses for the second quarter of 2023 amounted to ThCh$20,131,108, ThCh$3,132,403 higher than in 2022. This increase is mainly due to CPI adjustments, training expenses and other contractually agreed benefits.

### c) Depreciation and amortization

During the second quarter of 2023, depreciation and amortization amounted to ThCh$ 18,480,782, ThCh$ 497,416 lower than in 2022, mainly due to lower depreciation associated with machinery and software.

### d) Other expenses

In the second quarter of 2023, other expenses amounted to ThCh$38,282,319, ThCh$10,272,506 higher than in 2022, mainly explained by the readjustment of expenses for CPI, higher expenses in maintenance of networks and operating equipment, increase in payment of real estate contributions and expenses associated with operating contingencies.

## 3.3. *Analysis of financial results and others*

### a) Financial result

The financial result for the second quarter of 2023 was a loss of ThCh$18,250,165, which improved by ThCh$25,169,892 compared to 2022, explained by a lower revaluation of debt due to a lower variation of the Unidad de Fomento (1,4% in 2023 versus 4,2% in 2022) compared to the same quarter of 2022.

### b) Income tax expense

The income tax expense at the end of the second quarter of 2023 was higher than the previous year by ThCh$12,612,776, mainly explained by a better result before tax added to the inflationary effect of the deductible permanent differences. The main difference being the price-level restatement of tax equity.

### c) Profit

Net income for the second quarter of 2023 amounted to ThCh$12,432,569, ThCh$7,708,515 higher than in the same quarter of 2022.

## 4. Statement of financial position

| Assets | Jun, 23 | Dic, 22 | % Var, |
|---|---|---|---|
| Current Assets | 300,673,170 | 326,058,264 | (7,8%) |
| Non-Current Assets | 2,354,761,640 | 2,325,871,931 | 1,2% |
| **Total assets** | **2,655,434,810** | **2,651,930,195** | **0,1%** |
| **Liabilities and equity** | | | |
| Current Liabilities | 291,304,225 | 266,626,154 | 9,3% |
| Non- Current Liabilities | 1,225,033,707 | 1,274,907,748 | (3,9%) |
| **Total liabilities** | **1,516,337,932** | **1,541,533,902** | **(1,6%)** |
| Shareholders' Equity | 706,763,430 | 691,794,448 | 2,2% |
| Minority Interest | 432,333,448 | 418,601,845 | 3,3% |
| **Total Shareholders' Equity** | **1,139,096,878** | **1,110,396,293** | **2,6%** |
| **Total Liabilities and Shareholders' Equity** | **2,655,434,810** | **2,651,930,195** | **0,1%** |

### *4.1. Asset analysis*

The total assets of Inversiones Aguas Metropolitana at the consolidated level as of June 30, 2023 presented an increase of ThCh$3,504,615 regarding December 31, 2022.

Current assets decreased by ThCh$25385,094, mainly due to a lower balance of cash and cash equivalents by ThCh$13,359,768. The decrease of trade debtors and other accounts receivable of ThCh$11,230,792, mainly explained by the seasonal nature of the sales cycle.

Non-current assets increased by ThCh$28,889,709, mainly explained by higher property, plant and equipment and intangible assets of ThCh$25,047,714, associated with investments made during the period, together with higher deferred taxes of ThCh$2,528,855.

The main investment works are reflected in the following table:

| Investments (ThCh$) | Jun, 23 |
|---|---|
| Renovation of wastewater networks | 18,075,406 |
| Renewal of starters and meters | 5,942,311 |
| Renovation of potable water networks | 5,338,754 |
| Replenishment of assets of La Farfana-Trebal Biofactories | 2,971,000 |
| Water efficiency plan | 2,395,189 |
| Filter renovation Vizcachitas - Tagle | 1,494,773 |
| Drilling and reinforcement of water supply system Advanced well management | 1,350,874 |
| Paine Wastewater Treatment Plant Expansion | 1,190,868 |
| Renovation of wastewater networks | 1,050,399 |

## *4,2, Analysis of liabilities and equity*

Liabilities payable as of June 2023 decreased by ThCh$25,195,970 regarding December 2022.

Current liabilities increased by ThCh$ 24,678,071. This variation was mainly due to the reclassification of financial liabilities associated with bank loans from long-term to short-term since they have a maturity of less than twelve months. This is partially offset by lower tax liabilities and a decrease in provisions for the agreed payment in the lawsuit associated with the purchase and sale of ESSAL.

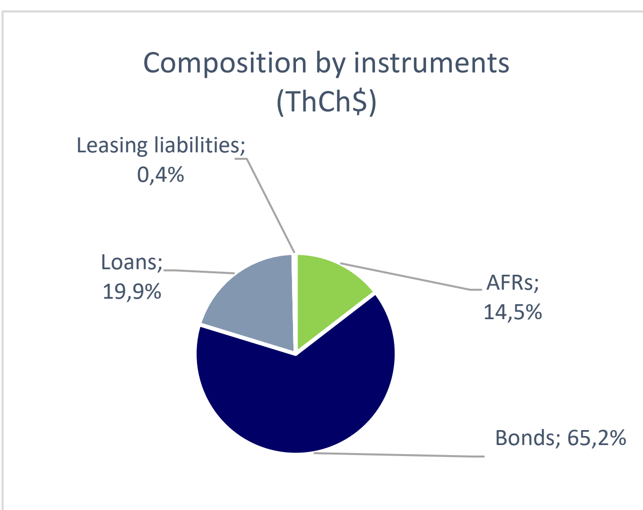
Non-current liabilities decreased by ThCh$49,874,041. This variation corresponds almost entirely to lower financial liabilities of ThCh$49,643,850 mainly associated with non-current bank loans that were transferred to current financial liabilities because they have a maturity date of less than twelve months.

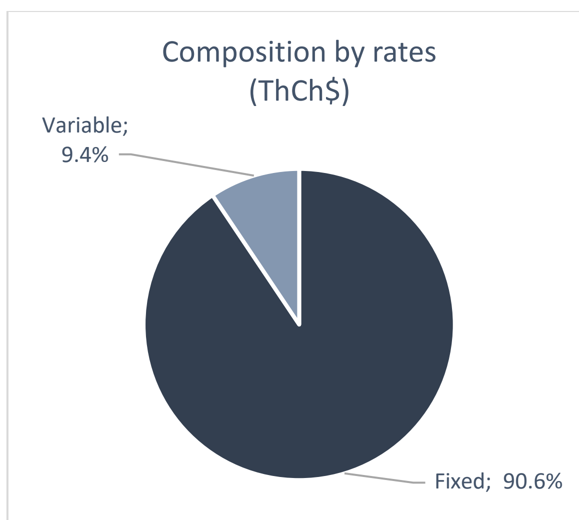
Total shareholders' equity increased by ThCh$28700,585, mainly explained by the profit for the year.

The maturity profile of the financial debt as of June 30, 2023 is as follows:

| Financial Debt Th$ | Currency | Total | 12 meses | 1 a 3 años | 3 a 5 años | más de 5 años |
|---|---|---|---|---|---|---|
| AFRs | $ | **188,886,041** | 30,071,757 | 40,480,951 | 37,557,678 | 80,775,655 |
| Bonds | $ | **846,330,354** | 20,432,434 | 13,522,246 | - | 812,375,674 |
| Loans | $ | **258,536,338** | 69,986,405 | 138,701,933 | 49,848,000 | - |
| Forward | EUR | **25,830** | 25,830 | - | - | - |
| **Total other financial liabilities** | | **1,293,778,563** | **120,516,426** | **192,705,130** | **87,405,678** | **893,151,329** |
| Leasing liabilities | $ | **4,616,260** | 1,612,169 | 1,809,492 | 1,044,658 | 149,941 |
| **Total leasing liabilities** | | **4,616,260** | **1,612,169** | **1,809,492** | **1,044,658** | **149,941** |
| **Totales** | | **1,298,394,823** | **122,128,595** | **194,514,622** | **88,450,336** | **893,301,270** |

## *4,3, Structure of financial liabilities*



## 5. Cash flow statements

| Cash Flow Statement (Th$) | Jun, 23 | Jun, 22 | % Var, |
|---|---|---|---|
| Operating Activities | 129,923,113 | 128,237,829 | 1.3% |
| Investment Activities | (39,578,786) | (77,735,020) | (49.1%) |
| Financing Activities | (103,704,094) | (66,619,091) | 55.7% |
| **Net Cash Flow for the Period** | **(13,359,767)** | **(16,116,282)** | **(17.1%)** |
| **Final Cash Balance** | **167,186,100** | **148,442,598** | **12.6%** |

Cash flows from operating activities increased by ThCh$1,685,284 when comparing June 2023 with June 2022. The main variations were as follows:

- Collections from sales of goods and provision of services generated an increase of ThCh$64,339,634, associated with higher average tariffs due to the latest tariff indexations, in addition to an increase in sales volume to non-residential customers.

- Interest received generated an increase of ThCh$5,414,211, mainly due to higher interest rates.

These variations were partially offset by the following items:

- Increase in payments to suppliers of ThCh$19,440,119, mainly associated with higher payments to suppliers of goods and services.

- Increase in the payment to and on behalf of employees of ThCh$6,069,946, mainly due to CPI adjustments and expenses of personnel incorporated to the Company as a result of the internalization of Biofactories in March 2022.

- Increase in the payment of income taxes of ThCh$18,083,845, for higher base in the determination of the calculation of the monthly provisional payments.

- Interest paid increased by ThCh$7,546,500, mainly due to higher interest rates.

- Other cash outflows generated an increase of ThCh$ 9,891,191, due to the payment of ESSAL's out-of-court settlement.

The disbursements for investment activities decreased by ThCh$38,156,234, due to lower payments for investments made during the period.

Financing activities improved compared to the previous year by ThCh$37,085,003, this is mainly explained by the fact that the final dividend for 2022 was paid in April of this year, offset by a higher payment of financial obligations of ThCh$3,124,348.

## 6. Financial ratios

| | | Jun, 23 | Dic, 22 |
|---|---|---|---|
| **Liquidity** | | | |
| Current liquidity | times | 1.03 | 1.22 |
| Acid Test Ratio | times | 0.57 | 0.68 |
| **Leverage** | | | |
| Total Leverage | times | 1.33 | 1.39 |
| Current Leverage | times | 0.19 | 0.17 |
| Non-Current Leverage | times | 0.81 | 0.83 |
| Annualized Financial Expenses Coverage | times | 3.94 | 3.22 |
| **Profitability** | | | |
| Annualized equity profitability attributable to the controller's property owners | % | 7.99 | 5.96 |
| Annualized asset profitability | % | 2.13 | 1.60 |
| Annualized earnings per share | $ | 56.47 | 41.32 |
| Dividend yield (*) | % | 6.22 | 8.00 |

***Current liquidity:** current assets/current liabilities,*
***Acid ratio:** cash and cash equivalents / current liabilities,*
***Total indebtedness:** total liabilities / total equity,*
***Current debt:** current liabilities / liabilities due,*
***Non-current debt:** non-current liabilities / liabilities payable,*
***Financial expense coverage:** annualized earnings before interest and taxes / annualized financial expenses,*
***Return on equity:** annualized income for the year/average total equity for the year,*
***Return on assets:** annualized income for the year/average total assets for the year,*
***Earnings per share:** annualized income for the year/ number of subscribed and paid-in shares,*
***Dividend yield:** dividends paid per share / share price,*
*(*) The share price as of June 2023 amounts to $655, while as of December 2022 it amounts to $475,33,*

As of June 30, 2023, current liquidity decreased by 13.4% due to an decrease in current assets of ThCh$25,385,094, the foregoing produced by an decrease in cash and cash equivalents of ThCh$13,359,768, decrease in other accounts receivable of ThCh$11,239,792. This is partially offset by a decrease in non-financial assets of ThCh$2,449,476 and a decrease in assets held for sale, due to the sale and expropriation of land. Additionally, current liabilities increased by ThCh$24,678,071, due to an increase in tax liabilities of ThCh$46,169,287 and a decrease in accounts payable related to investments and expenses of ThCh$13,279,007.

Indebtedness presented a decrease of 4.3%, due to a decrease in demandable liabilities of ThCh$25,195,970, due to revaluation of debt in UF, Meanwhile, total shareholders' equity shows an increase of ThCh$28,700,585.

The return on equity attributable to the owners of the controlling company increased by 34.1%, mainly explained by the higher annualized profit for the year of ThCh$15,148,242.

# 7. Other background information

## *7.1 Tariffs*

The most important factor that determines our results of operations and financial position are the tariffs set for our sales and regulated services. As a sanitation company, we are regulated by the S.I.S.S. and our tariffs are set in accordance with the Ley de Tarifas de los Servicios Sanitarios (Sanitation Services Tariff Law) D.F.L. No. 70 of 1988.

Our tariff levels are reviewed every five years and, during that period, are subject to readjustments linked to an indexation polynomial, if the accumulated variation since the previous adjustment is equal to or greater than plus or minus 3.0% (absolute value), as calculated based on various inflation indexes.

Specifically, the adjustments are applied based on formulas that include the Consumer Price Index, the Manufacturing Sector Imported Goods Price Index and the Manufacturing Industry Sector Producer Price Index, all measured by the Chilean National Institute of Statistics. The latest indexations made by each Group Company were applied on the following dates:

| | |
|---|---|
| Inversiones Aguas Metropolitana S.A. | |
| Group 1 | February 2022, May 2022, July 2022, September 2022 and February 2023 |
| Group 2 | January 2022, April 2022, June 2022, September 2022 and February 2023 |
| | |
| Aguas Cordillera S.A. | March 2022, June 2022, September 2022 and March 2023 |
| | |
| Aguas Manquehue S.A. | |
| Santa María | March 2022, June 2022, September 2022 and January 2023 |
| Los Trapenses | March 2022, June 2022, August 2022, September 2022 and January 2023 |
| Chamisero | January 2022, April 2022, June 2022, August 2022, September 2022 and January 2023 |
| Chicureo | February 2022, May 2022, July 2022, September 2022 and January 2023 |
| Valle Grande 3 | January 2022, April 2022, June 2022, September 2022 and January 2023 |

Additionally, the tariffs were increased due to investment works that were approved in the respective tariff decrees. The works mentioned are as follows:

Inversiones Aguas Metropolitana S.A.

Lo Mena – Cerro Negro Wells (December 2022)
Trebal-Mapocho Nitrogen Treatment (April 2022)

The tariffs in force for the period 2020-2025 were approved by Decree No. 33 dated May 5, 2020, for Inversiones Aguas Metropolitana S.A., of the Ministry of Economy, Development and Tourism and came into effect on March 1, 2020 (published in the Official Gazette on December 2, 2020). The current tariffs of Aguas Cordillera S.A. for the five-year period 2020-2025 were approved by Decree No. 56 dated September 11, 2020 and became effective as of June 30, 2020 (published in the Official Gazette on February 24, 2021) and the current tariffs of Aguas Manquehue S.A. for the five-year period 2020- 20 2025 were approved by Decree No. 69 dated October 27, 2020 (published in the Official Gazette on March 13, 2021) and became effective as of May 19, 2020 for the Santa María and Trapenses systems, April 22, 2019 for Group 3 Chamisero, July 9, 2020 for Group 2 Chicureo and June 22, 2021 for Group 4 Valle Grande III.

## 7.2 Market risk

Our company presents a favorable situation in terms of risk, which is mainly due to the particular characteristics of the sanitation sector. Our business is seasonal and operating results may vary from quarter to quarter. The highest levels of demand and revenues are recorded during the summer months (December to March) and the lowest levels of demand and revenues during the winter months (June to September). In general, water demand is higher in the warmer months than in the milder months, mainly due to the additional water needs generated by irrigation systems and other external water uses.

Adverse weather conditions may eventually affect the optimal delivery of sanitation services, because the processes of catchment and production of Potable Water depend to a large extent on the weather conditions that develop in the watersheds. Factors such as meteorological precipitation (snow, hail, rain, and fog), temperature, humidity, sediment entrainment, river flows and turbidity determine not only the quantity, quality and continuity of raw water available at each intake, but also the possibility that it will be properly treated at the Potable Water treatment plants.

In case of drought, we have significant water reserves that we maintain in the El Yeso, Laguna Negra and Lo Encañado reservoirs, in addition to the contingency plans we have developed, which allow us to reduce the possible negative impacts that could generate adverse weather conditions for our operations. In the current period, the drought that has existed since 2010 persists, which means applying contingency plans such as the transfer of raw water, intensive use of wells, leasing and purchase of water rights, among others. All this in order to reduce the impact of the drought and provide our services normally, both in terms of quality and continuity.

## 7.3 Market analysis

The Company does not present any variation in the market in which it participates because, due to the nature of its services and the legal regulations in force, it does not have competition in its concession area.

Inversiones Aguas Metropolitana S.A. has 100% coverage in potable water, 98.9% of sewage service and 100% in sewage treatment in the Santiago basin.

Aguas Cordillera S.A. has 100% coverage in potable water, 99.0% of sewage service and 100% in sewage treatment.

Aguas Manquehue S.A. has 100% coverage in potable water, 99.5% of sewage service and 100% in sewage treatment.

## *7.4 Capital investments*

One of the variables that has the greatest impact on the results of our operations and financial situation is capital expenditures. There are two types of capital expenditures:

**Committed Investments.** We are required to agree on an investment plan with S.I.S.S., which describes the investments we are required to make during the 15 years following the date on which the related investment plan becomes effective. Specifically, the investment plan reflects a commitment on our part to carry out certain projects related to the maintenance of certain quality standards and service coverage. The aforementioned investment plan is subject to review every five years, and we may request modifications when certain relevant events occur.

Dates of approval and update of the Aguas Group's development plans:

**Inversiones Aguas Metropolitana S.A.**
Santiago: October 29, 2020
Locations: April 06, 2018, October 29, 2020, November 16, 2020, March 26, 2021, June 09, 2021 and August 19, 2021.

**Aguas Cordillera S.A.**
Aguas Cordillera and Villa Los Dominicos: October 29, 2020

**Aguas Manquehue S.A.**
Santa Maria and Los Trapenses: November 09, 2020
Chicureo, Chamisero and Valle Grande III: March 11, 2021
Alto Lampa: December 6, 2018

**Uncommitted capital expenditures.** Non-committed investments are those that are not contemplated in the investment plan and that we make voluntarily in order to ensure the quality of our services and replace obsolete assets. These are generally related to the replacement of network infrastructure and other assets, the acquisition of water rights and investments in non-sanitation businesses, among others.

In accordance with international financial reporting standards in force in Chile, in particular IAS 23, interest on equity investments in construction work in progress is capitalized. The aforementioned IAS 23 establishes that when the entity acquires debt in order to finance investments, the interest on such debt must be deducted from the financial expense and incorporated to the financed construction work, up to the total amount of such interest, applying the respective rate to the disbursements made at the date of presentation of the financial statements. Accordingly, the financing costs associated with our capital investment plan affect the amount of interest expense recorded in the statements of operations, and such financing costs are recorded together with construction in progress in "property, plant and equipment" in our statement of financial position.

## *7.5 Financial aspects*

### a) Currency risks

Our revenues are largely linked to the evolution of the currency. For this reason, the Company's main debt is issued in this same currency.

However, starting in 2022, Inversiones Aguas Metropolitana S.A acquires new debt associated with the issuance of two bonds in international markets. In order to mitigate the dangers associated with the 22 volatilities that we do not record significant risks that surround the environment and the foreign currency operations of the business, derivative instruments have been contracted, which facilitate the process of managing the matching and hedging of both accounting and financial risks to which the Company is exposed.

### b) Interest rate risk

As of March 31, 2023, the interest rate risk held by Inversiones Aguas Metropolitana S.A. is comprised of 90.6% at a fixed rate and 9.4% at a variable rate. The fixed-rate debt is composed of: short and long-term bond issues (64.4%), refundable financial contributions (14.5%), bank loans (19.9%), derivatives (0.8%) and lease liabilities (0.4%), while the variable-rate debt corresponds to loans with domestic banks.

As of December 31, 2022, the interest rate risk held by Inversiones Aguas Metropolitana S.A. is comprised of 90.3% at a fixed rate and 9.7% at a variable rate. The fixed-rate debt is composed of: short and longterm bond issues (63.9%), refundable financial contributions (15.0%), bank loans (20.2%), derivatives (0.6%) and lease liabilities (0.3%), while the variable-rate debt corresponds to loans with domestic banks.

The company maintains a policy of interest rate monitoring and management, which, in order to optimize the cost of financing, permanently evaluates the hedging instruments available in the financial market.

All this favorable situation has meant that the risk rating agencies have assigned us a solvency rating of AA+. In the case of shares: ICR assigned us a first class level 1 rating and FITCH Rating assigned us a first class level 2 rating.