Earnings Release

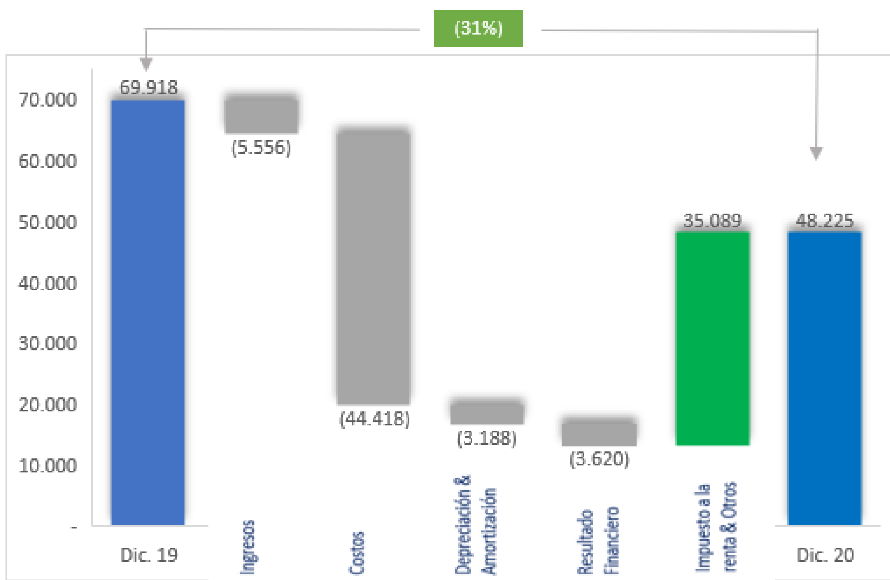
Inversiones Aguas Metropolitanas S.A.

Period ended December 31, 2020

1. Summary of the period

- **Net income as of December 31, 2020 was $48,225 million.** The main changes from the same period last year are shown in the following chart:

Net income (Million $)



- **The EBITDA as of December 31, 2020 was $233,976 million,** decreasing 17.7% regarding the same period of previous year, strongly influenced by impacts derived of Coronavirus contingency, expenses and compensation to customers due to massive cuts from 2016-2017 and higher costs for the Mega-drought. These effects are presented below:

- **Situation of Covid-19.** The Company has developed an action plan to ensure service continuity in the regions it operates, implementing various measures to manage the exceptional situation resulting from the Coronavirus Pandemic.

  As of December 31, 2020, a global impact of $36,949 million is estimated due to the direct and indirect effects presumably derived from the exceptional situation by Covid-19, which are explained below:

  - A decrease in sales volumes of $16,759 million, associated with lower sales to Residential customers by 0.3% and to non-Residential customers by 13.4%.
  - A lower collection of regulated customers accounts that increased the age of the accounts receivable balance, having to recognize an amount of $20,172 million as a provision for bad debts, generating a higher bad debt expense of $16,151 million with respect to the same period of the previous year.

  The bad debt recognition policy used by the Company is based on collection statistics according to the age of the invoice. In this sense, the debt of customers with more than 8 balances is 100% provisioned. Additionally, debts for consumption transformed into payment agreements are provisioned at 100% of the agreed balance.

  The evolution of gross debt as of December 31, 2020 is shown below:

Age of gross debt (in million of $)	Dec. 20	Dec. 19 *	2020 / 2019
less than three months	80,768	108,705	(27,937)
between three and six months	3,975	5,047	(1,072)
between six and eight months	2,186	1,705	481
more than eight months	18,736	13,852	4,884
Agreements	19,729	23,156	(3,427)
Total	**125,395**	**152,465**	**(27,070)**

* 2019 contains the effect of uncollectibles of ESSAL company for $6,152 million.

  - There were direct costs of $6,557 million associated with containment plans, personnel transportation, hygiene supplies, teleworking, safety measures, worker health monitoring program, logistics and communications.
  - A decrease in activity associated with unregulated income of $1,146 million, mainly due to home and engineering services, with a decrease in business volume of nearly 32%.
  - The lower expenses of $3,665 million are mainly associated with services to customers for reduced cut-off and replenishment services, meter reading, savings on printing commercial documents, together with reduced corporate activities and administration expenses.

- **Mega-drought.** Due to the fact that the region is going through the greatest drought the biggest drought since records began and the one that has been going on for more than a decade, the Company has recorded higher costs by a total of $6,274 million associated to raw water purchase and an increase in electric energy consumption mainly related to higher potable water lift and higher average rate. It should be noted that the Company has invested and several projects are underway to strengthen supply security in the face of this extreme drought scenario.

- Revenues were lower by $5,556 million (1.1%), mainly associated with lower regulated consumption, which is partially offset by higher unregulated revenues together with higher resulting average rates associated to the tariff indexation for security works in Pirque Tanks, VII Tariff Process and the tariff indexation due to inflation in the period, the latest being January 2020 for Aguas Andinas, March 2020 for Aguas Cordillera and May 2020 for Aguas Manquehue.

- At the non-operating level, the financial result presented a loss of $3,620 million with respect to the same previous period, mainly associated with higher interest on financial debt as a result of the greater volume of debt obtained to finance the company's investment plan and to strengthen the position of cash to face the Coronavirus situation.

- **Generation and Position of Cash.** During the fourth quarter of 2020, the balance of cash and cash equivalent decreased by $5,063 million regarding end of September, reaching $183,028 million. This figure is in turn 2.4 times higher than the $73,057 million held by the Company as of December 2019. The decrease in the balance of cash and cash equivalent in the fourth quarter is mainly explained by the dividends distribution, loans reimbursement and lower operating cash flow, which are partially offset by the revenues from the sale of ESSAL. The levels of cash and cash equivalents allow the company to have a margin to face the uncertainties of the current environment.

- On October 13, 2020, **Aguas Andinas completed the sale of the subsidiary ESSAL** to Eco Acquisitionco SpA, a company incorporated in Chile and controlled by the Canadian company Algonquin Power & Utilities Corp. As a result of this operation and in accordance with IFRS 5, the item "Discontinued operations" reflects the after-tax results of the sale of the subsidiaries Iberaguas Ltda. and ESSAL S.A. together with the accumulated results as of December 2020 and 2019 of these companies. It should also be noted that in the balance sheet as of December 31, 2019 Iberaguas and ESSAL are contained in assets and liabilities.

- In the last quarter of 2020, following settlements signed by **SERNAC, Conadecus and Aguas Andinas**, the company must compensate customers who were affected by the massive cuts of 2016 and 2017. The payment of compensation will be credited to customers' accounts in the billing, within 30 days from the date the settlement is approved by the respective court.

Investments

- As of December 31, 2020, investments of $124,620 million were executed. The main projects developed were:

  - Renewal of Wastewater and Potable Water networks
  - Drilling and reinforcement of potable water supply systems
  - Nitrate Treatment at La Farfana and Mapocho-Trebal Biofactories
  - Asset Replacement at La Farfana and Mapocho-Trebal Biofactories
  - Construction of Pirque Tanks
  - Starters and meters
  - Expansion of Padre Hurtado Potable Water Treatment Plant
  - Expansion of Quilicura Arsenic Treatment Plant

- The **Pirque Tanks** project is in operation since February 2020. This project allows to increase the autonomy of the capital city from 11 to 34 hours of potable water, to cope with the effects of climate change, and thereby minimize the potable water cuts caused by increased levels of turbidity caused by rainfall in the high mountain range.

- To face the effects of the **Mega-drought,** the Company has carried out investment works such as the Hydraulic Efficiency Plan to be able to reduce the losses of potable water in the network and the new Operational Control Center for the constant monitoring of the networks. In addition, a plan of future investments has been contemplated to ensure consumption by the inhabitants, such as new drillings in wells and reinforcements in the potable water supply system such as the expansion of the Padre Hurtado Potable Water Treatment Plant.

- In addition, works to face extreme turbidity events for up to 48 hours are considered, as well as Aguas Andinas has committed new fundamental works to address drought and climate change, which will be incorporated into the Company's updated Development Plan, prior approval by the SISS, highlighting the following:

(i) Works to reuse 3 m^3/s of wastewater

(ii) Drilling in the central aquifer by 1.8 m^3/s

KEY FACTS

- **Aguas Andinas concretes sale of ESSAL** - On October 13, 2020, Aguas Andinas concluded the sale and assignment to Eco Acquisitionco SpA, a company established in Chile and controlled by the Canadian company Algonquin Power & Utilities Corp., from 100% of its direct and indirect participation in Inversiones Iberaguas Ltda., which in turn owns 488,712,657 Series A shares of Empresa de Servicios Sanitarios de Los Lagos S.A. ("ESSAL"), representing approximately 51% of the total shares issued by the latter, at a price of US$ 87,975,000, which was received on this same date.

  Additionally and in the context of this operation, Aguas Andinas S.A., participated in the public offer for the acquisition of ESSAL shares ("OPA") announced by Eco Acquisitionco SpA on September 24, 2020, accepting the sale of Aguas Andinas S.A.'s direct participation in ESSAL, amounting to 24,018,816 Series A shares, equivalent to 2.51% of the total shares issued by said company, at the total price of US$ 4,323,717, amount that will be received in the terms, time and conditions offered in the OPA.

  Thus, as a result of this operation and in accordance with the provisions of the contract signed with Algonquin Power & Utilities Corp on September 11, 2020, Aguas Andinas S.A. will receive the total amount of US$ 92,298,717 from the sale of its entire direct and indirect participation in ESSAL, which will generate an expected impact on the company's net results, after-tax, of approximately $7,325 million.

- **Revaluation of Assets.** From September 30, 2020, Aguas Group decided to use the revaluation model for the "Lands" asset class classified within the property, plant and equipment grouping. In this way, the value of this asset class will be periodically updated according to its market value. The prospective application of this policy resulted in an increase in value of the property, plant, and equipment grouping of $225,965 million.

- **Results VII Tariff Process.** As of December 31, 2020, the new tariff decree for Aguas Andinas, for the period 2020-2025, is published, after the agreement with the Superintendence of Sanitary Services. For

Aguas Cordillera and Aguas Manquehue the tariff decrees are in are in the process of being published in the official gazette.

In the case of Aguas Andinas, a reduction in the tariff for potable water and wastewater treatment of -3% was determined. Within this new tariff framework, the execution of various investments that will progressively increase the autonomy of the capital before episodes of extreme turbidity up to 48 hours, and new fundamental works to address the drought and climate change. The result of the tariff process for the companies Aguas Cordillera and Aguas Manquehue, considered a decrease of -1.5% compared to the tariffs agreed for the previous five-year period. The agreement also included works to ensure quality and continuity of service in the context of climate change and water scarcity, in order to extend the companies' operational autonomy.

2. Earnings for the period

2.1. Accumulated earnings

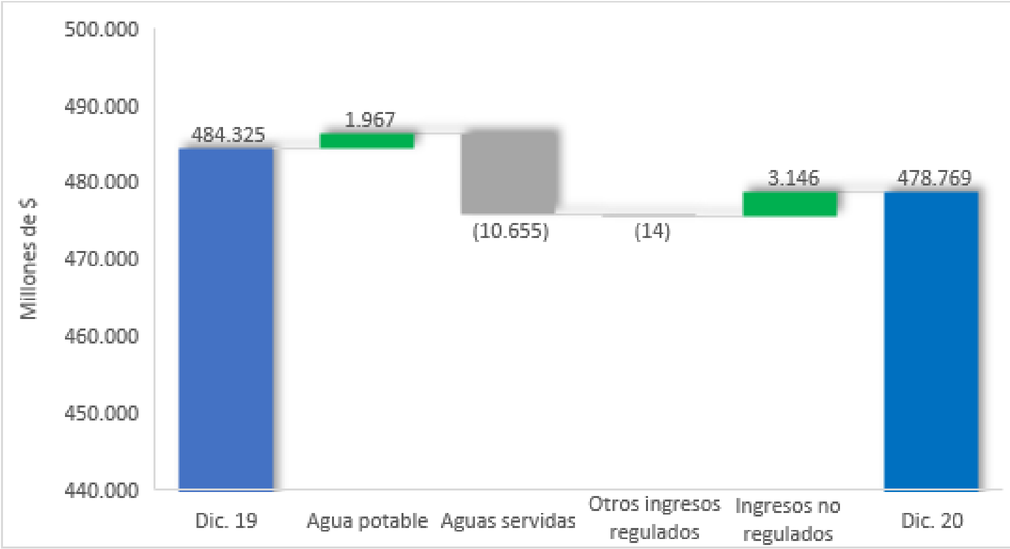
Income Statement (Th$)	**Dec. 20**	**Dec. 19**	**% Var.**	**2020 / 2019**
Ordinary Revenues	478,769,061	484,324,712	(1.1%)	(5,555,651)
Operational Costs and Expenses	(244,793,070)	(199,975,460)	22.4%	(44,817,610)
EBITDA	**233,975,991**	**284,349,252**	**(17.7%)**	**(50,373,261)**
Depreciation and Amortization	(67,150,111)	(63,961,850)	5.0%	(3,188,261)
Income From Operations	**166,825,880**	**220,387,402**	**(24.3%)**	**(53,561,522)**
Other Earnings	(3,967,292)	14,280,922	(127.8%)	(18,248,214)
Impairment losses	(1,404,946)	-	>200%	(1,404,946)
Financial Result*	(47,163,392)	(43,543,539)	8.3%	(3,619,853)
Tax expense	(26,817,906)	(49,499,396)	(45.8%)	22,681,490
Discontinued operations	11,671,443	(2,970,428)	<(200%)	14,641,871
Net earnings	**48,225,127**	**69,918,238**	**(31.0%)**	**(21,693,111)**

** Includes financial income, financial costs, exchange rate differences and results by readjustment units*

2.2. Revenue analysis

Revenues present a decrease of 3.3% regarding previous year, according the following:

	Dec. 20		**Dec. 19**	
	Sales Th$	**Participation**	**Sales Th$**	**Participation**
Potable Water	195,787,729	40.9%	193,820,931	40.0%
Wastewater	219,123,955	45.8%	229,778,955	47.4%
Other Regulated Income	13,004,110	2.7%	13,017,906	2.7%
Non-Regulated Income	50,853,267	10.6%	47,706,920	9.9%
Total	**478,769,061**	**100.0%**	**484,324,712**	**100.0%**



Sales Volume (Thousands of m³ accrued)	Dec. 20	Dec. 19	% Var.	Difference
Potable Water	533,881	559,408	(4.6%)	(25,527)
Wastewater Collection	511,267	535,956	(4.6%)	(24,689)
Wastewater Treatment and Disposal	440,582	461,803	(4.6%)	(21,221)
Interconnections*	124,710	128,799	(3.2%)	(4,089)

Customers	Dec. 20	Dec. 19	% Var.	Difference
Potable Water	2,169,426	2,132,607	1.7%	36,819
Wastewater Collection	2,125,918	2,089,505	1.7%	36,413

** Interconnections include the Treatment and Disposal of Wastewater from other Water Utility Companies*

Regulated Businesses

a) Potable water

Potable water income at the end of 2020 reached Th$195,787,729, which meant an increase of Th$1,966,798, mainly due to a tariff indexation for Security Works in Pirque Tanks together with inflation indexations applied, the last being in January 2020 for Aguas Andinas, March 2020 for Aguas Cordillera and May for Aguas Manquehue. The above is partially offset by the lower consumption registered in the period and for the recognition of the VII Tariff Process results in Aguas Andinas, Aguas Cordillera and Aguas Manquehue.

b) Wastewater

c) As of December 31, 2020 the wastewater income reached Th$219,123,955, which represented a decrease of 4.6%, mainly due to lower volume registered together with the tariffs reduction related to the last tariff process, which was partially offset with the indexations applied during 2020.

d) Other regulated income

This line item presented a decrease of Th$13,796, mainly due to lower incomes for cutting and replacement of services, which is partially offset with the customer growth of the period.

Unregulated Income

a) Sanitary services

Includes the income of US$10 million associated to the agreement for the Alto Maipo project, since that company exercised its option to extension, established in the contract signed between the parties. The above is partially offset by lower activity in home services to customers and technical advice on rural potable water, which finally results in an increase of Th$3,362,229.

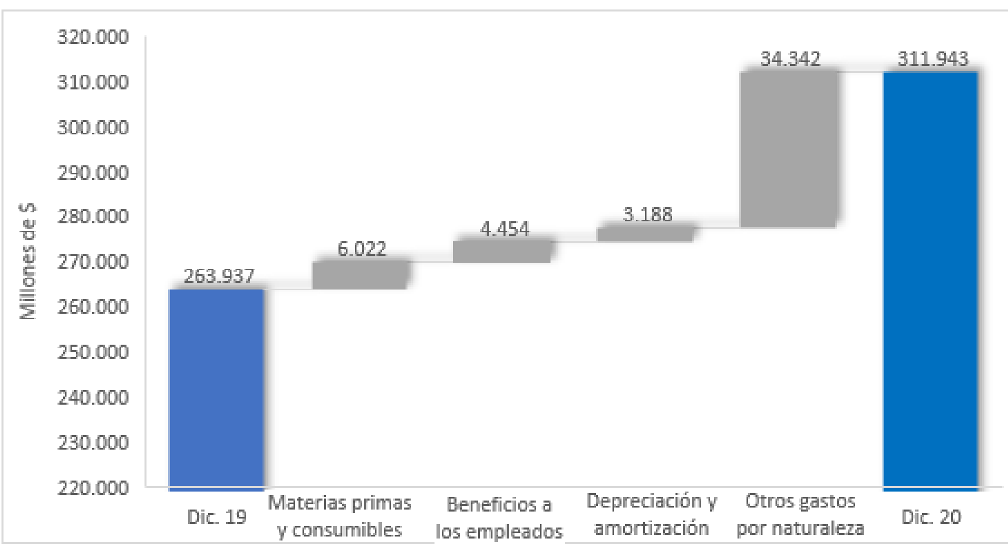
b) Non-sanitary services

A decrease of Th$215,882 was mainly explained by lower material sales in Gestión y Servicios, which is offset by higher plant operating revenues in EcoRiles and higher potable water analysis and sampling in Anam.

(Th$)	Dec. 20	Dec. 19	% Var.
EcoRiles S.A.	16,172,407	14,394,635	12.4%
Gestión y Servicios S.A.	6,257,482	8,359,396	(25.1%)
Anam S.A.	5,480,489	4,640,649	18.1%
Aguas del Maipo S.A.	339,931	1,071,511	(68.3%)
Non-sanitary non-regulated products	**28,250,309**	**28,466,191**	**-0.8%**

2.3. Expense analysis

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



a) Raw materials and consumables

As of December 31, 2020, the costs of raw materials and consumables reached Th$43,542,356, Th$ 6,021,931 higher than the one obtained in 2019. The increase was mainly due to purchase of raw water by Th$3,932,239, to increase the security of supply of our customers due to the low flow in the Maipo river basin, and to higher costs in electric power by Th$2,341,499, associated to higher potable water lift and higher average rate. Additionally, a higher cost of chemical inputs by Th$1,365,828, due to the increase in the dollar exchange rate, and costs of hygiene supplies and personal security for contingency Covid-19 by Th$419,095 million. The above is offset with lower material sale of subsidiary Gestión y Servicios by Th$1,678,817 million.

b) Employee benefits

At the end of 2020, employee benefit expenses reached Th$55,510,75, which was Th$4,454,136 higher than the one obtained in the previous year. This increase is mainly related to higher costs associated to confinement plans by Covid-19, CPI adjustments and increased provision for accrued vacation.

c) Depreciation and amortization

As of December 31, 2020, depreciation and amortization amounted to Th$67,150,111, Th$3,188,261 higher than the one obtained in the previous year. This was due to the depreciations related to new incorporated assets in the period, as the Pirque tanks.

d) Other expenses by nature

At the end of 2020, these expenses amounted to Th$145,739,999, which was Th$34,341,543 higher mainly due to higher level of uncollectibility in Th$16,151,172, contingency for massive cuts for 2016-2017 by $11,000,000, following agreements signed between Aguas Andinas, Sernac and Conadecus, and expenses for Covid-19 in Th$4,252,188, related to confinement plans, teleworking, measures of security, health, logistic and communications.

In addition, there was a higher expense in maintenance of potable water and sewage networks of Th$1,497,096, higher expenses in real estate contributions of Th$405,931 and insurances of Th$796,500. The above is offset by lower expenses in customer services of Th$2,400,242 mainly associated with lower activity in cutting and replacement of services, meter reading, savings from printing commercial documents together with lower corporate activities and administration expenses of Th$1,264,759. Finally, due to lower activity in the sale of home services, lower costs of Th$1,773,154 were generated.

2.4. Analysis of Financial revenues and others

a) Impairment losses

As of December 31, 2020, impairment losses of Th$1,404,946 were recognized, which was explained by the effect on the revaluation of the Company's lands.

b) Other gains (losses)

At the end of 2020, losses were Th$18,248,214 higher than those obtained in 2019, mainly explained by the gain on the sale of land in 2019, together with higher expenses for voluntary retirement plans.

c) Financial income

At the end of 2020, financial income amounted to Th$3,872,811, a decrease of Th$1,375,862, mainly explained by lower interest on repurchase of promissory notes for reimbursable financial contributions together with an inflation insurance from 2019 by Th$875,144.

d) Financial costs

As of December 31, 2020, financial costs amounted to Th$28,193,869, an increase of Th$1,438,450. This was mainly explained by higher interest on financial debt as a result of the higher volume of debt obtained to finance the company's investment plan and strengthen the position of cash of the Company, partially offset by higher financial activation.

e) Results by readjustment unit

At the end of 2020, the readjustment unit fees were Th$22,345,643, resulting in a higher expense of Th$791,821, due to higher level of financial debt.

f) Income Tax Expenses

Income tax expense as of December 31, 2020 was Th$26,817,906, TH$22,681,490 lower, mainly explained by lower before taxes income.

g) Discontinued operations

As of December 31, 2020, discontinued operations reached a higher profit of Th$14,641,871 regarding previous year, due to profit on sale of ESSAL together with ESSAL's higher profit of 2020 regarding 2019, due to previous year presented losses by expenses derived from the Osorno contingency.

h) Earnings

Net income as of December 31, 2020 amounted to Th$48,225,127, Th$21,693,111 lower than the one obtained in the previous year, representing a decrease of 31%.

2.5. Results by segment

a) Accumulated income, Water segment

Income Statement (Th$)	Dec. 20	Dec. 19	% Var.	2020 - 2019
External Revenue	450,436,685	455,752,043	(1.2%)	(5,315,358)
Revenues Segments	910,103	1,086,210	(16.2%)	(176,107)
Operating Costs and Expenses	(220,762,718)	(177,496,902)	24.4%	(43,265,816)
EBITDA	**230,584,070**	**279,341,351**	**(17.5%)**	**(48,757,281)**
Depreciation and Amortization	(65,335,155)	(62,245,336)	5.0%	(3,089,819)
Income from Operations	**165,248,915**	**217,096,015**	**(23.9%)**	**(51,847,100)**
Other Earnings (Losses)	(3,599,552)	14,565,857	(124.7%)	(18,165,409)
Impairment losses	(1,404,946)	-	>200%	(1,404,946)
Financial Results*	(46,979,769)	(43,024,089)	9.2%	(3,955,680)
Tax Expense	(26,020,405)	(48,385,103)	(46.2%)	22,364,698
Discontinued operations	11,671,443	(2,970,428)	<(200%)	14,641,871
Net earnings	**97,241,858**	**139,269,068**	**(30.2%)**	**-42,027,210**

** Includes financial income, financial costs, exchange rate differences and results by readjustment units*

The results of this segment showed a decrease of 30.2%, mainly due to:

- A decrease in external income, mainly associated with lower regulated income due to a lower sale volumes registered in the period. In terms of tariffs, the results of the VII tariff process are recognized for Aguas Andinas, Aguas Cordillera, and Aguas Manquehue, together with the tariff indexation for Security Works in Pirque Tanks and the indexation applied for inflation, the latest being January 2020 for Aguas Andinas, March 2020 for Aguas Cordillera, and May 2020 for Aguas Manquehue.

- In non-regulated income, there was less activity in home services to customers and technical advice on rural potable water.

- Costs increased mainly due to higher uncollectibility in Th$16,065,498, contingency for massive cuts for 2016-2017 by $11,000,000, following agreements signed between Aguas Andinas, Sernac and Conadecus and expenses for Covid-19 in Th$5,992,390, related to confinement plans, personnel costs, hygiene supplies, teleworking, measures of security, health, logistic and communications. In addition, due to the extreme drought affecting the central area of the country, there have been increases in water purchase expenses of Th$3,932,239 due to the low flow in the Maipo river basin and higher electricity costs of Th$2,341,499, mainly associated with higher potable water lift and higher average rate.

- Depreciation was Th$3,089,819 higher than that obtained previous year. This was the result of the depreciation associated with the new assets incorporated in the period, such as the Pirque tanks.

- In Other gains (losses), there was a lower result of Th$18,165,409 compared to that obtained in 2019, mainly explained by the gain on the sale of land in 2019, together with a higher expense for voluntary retirement plans.

- As of December 31, 2020, impairment losses of Th$1,404,946 were recognized, which was explained by the effect on the revaluation of the Company's lands.

- The financial result presented a higher expense by Th$3,955,680 regarding 2019, mainly associated with higher interest on financial debt as a result of the higher volume of debt obtained to finance the company's investment plan.

- Income tax expense as of December 31, 2020 was Th$26,020,405, Th$22,364,698 lower, mainly explained by lower before taxes income.

- At the end of 2020, discontinued operations reached a higher profit of Th$14,671,871 compared to the same period of the previous year, due to profit on sale of ESSAL together with ESSAL's higher profit of 2020 regarding 2019, due to previous year presented losses by expenses derived from the Osorno contingency.

b) Accumulated income, Non-Water segment

Income Statement (Th$)	**Dec. 20**	**Dec. 19**	**% Var.**	**2020 - 2019**
External Revenue	28,336,877	28,577,041	(0.8%)	(240,164)
Revenues Segments	3,398,711	4,709,044	(27.8%)	(1,310,333)
Operating Costs and Expenses	(26,958,633)	(27,183,218)	(0.8%)	224,585
EBITDA	**4,776,955**	**6,102,867**	**(21.7%)**	**(1,325,912)**
Depreciation and Amortization	(1,828,695)	(1,869,315)	(2.2%)	40,620
Income from Operations	**2,948,260**	**4,233,552**	**(30.4%)**	**(1,285,292)**
Other Earnings (Losses)	(367,740)	(257,230)	43.0%	(110,510)
Financial Results*	(163,530)	(541,277)	(69.8%)	377,747
Tax Expense	(967,181)	(966,925)	0.0%	(256)
Net Earnings	**1,449,809**	**2,468,120**	**(1.3%)**	**(1,018,311)**

** Includes financial income, financial costs, exchange rate differences and results by readjustment units*

The results of the Non-Water segment showed a decrease of Th$1,018,311 in relation to the previous year, mainly due to:

- A decrease of material sales in Gestión y Servicios, which is partially offset by higher plant operating revenues in Ecoriles, together with higher water analysis and samples in Anam.

- The decrease in costs by 0.8% is mainly associated with the lower activity in the sale of materials of the company Gestión y Servicios, partially offset by the cost associated with the operation of plants of the company EcoRiles, together with an increase in personnel expenses due to a higher endowment of the company Anam.

- The financial result presented a higher expense regarding previous year by Th$377,747, mainly associated to exchange rate differences.

3. Quarterly results

Income Statement (M$)	4Q20	4Q19	% Var.	4Q20 - 4Q19
Ordinary Revenues	129,720,051	123,371,039	5.1%	6,349,012
Operational Costs and Expenses	(77,549,887)	(52,141,150)	48.7%	(25,408,737)
EBITDA	**52,170,164**	**71,229,889**	**(26.8%)**	**(19,059,725)**
Depreciation and Amortization	(17,424,640)	(17,080,572)	2.0%	(344,068)
Income From Operations	**34,745,524**	**54,149,317**	**(35.8%)**	**(19,403,793)**
Other (Losses) Earnings	(2,093,189)	16,044,377	(113.0%)	(18,137,566)
Financial Result*	(14,946,088)	(13,554,591)	10.3%	(1,391,497)
Impairment losses	(34,520)	-	>200%	(34,520)
Tax expense	(2,526,026)	(14,717,628)	(82.8%)	12,191,602
Discontinued operations	7,324,842	(1,216,493)	(702.1%)	8,541,335
Net earnings	**11,079,567**	**20,523,510**	**(46.0%)**	**(9,443,943)**

** Includes financial income, financial costs, exchange rate differences and results by readjustment units*

3.1. Income analysis

a) Operating income

Ordinary revenues for the fourth quarter of 2020 amounted to Th$129,720,051, which is higher by Th$6,349,012 than that obtained in the same quarter of the previous year, mainly due to tariff indexation for Security Works in Pirque Tanks together with an increase in registered consumption. In addition, the results of the VII Tariff Process of Aguas Andinas, Aguas Cordillera and Aguas Manquehue are recognized in tariffs, together with the tariff indexations, the latest being in January 2020 for Aguas Andinas, March 2020 for Aguas Cordillera and May 2020 for Aguas Manquehue.

3.2. Expenses analysis

a) Raw materials and consumables

During the fourth quarter of 2020, the costs of raw materials and consumables amounted to Th$10,784,784, Th$86,416 lower than the one obtained in the same quarter of 2019, mainly associated with lower purchase of water for Th$991,591, which is partially offset by lower cost of productive energy by Th$745,517.

b) Employee benefits

Employee benefit expenses for the fourth quarter of 2020 reached Th$14,420,222, which was Th$704,145 higher than the one obtained in the previous year. This increase is mainly related to higher costs associated to confinement plans by Covid-19, CPI adjustments and increased provision for accrued vacation.

c) Depreciation and amortization

During the fourth quarter of 2020, depreciation and amortization amounted to Th$17,424,640, Th$344,068 higher than the one obtained in 2019, due to the depreciations related to new incorporated assets in the period, as the Pirque tanks.

d) Other expenses

In the fourth quarter of 2020, the other expenses amounted to Th$52,344,881, Th$24,791,008 higher than the one obtained in 2019, mainly explained by higher uncollectibility in Th$7,025,751, contingency for massive cuts for 2016-2017 by $11,000,000, following agreements signed between Aguas Andinas, Sernac and Conadecus, expenses for Covid-19 in Th$1,714,882, related to confinement plans, teleworking, measures of security, health, logistic and communications, maintenance of networks and enclosures by Th$1,190,141 and higher costs of sale of home services and sanitary infrastructure modifications by Th$539,258.

3.3. Financial result analysis and others

a) Other gains (losses)

During the fourth quarter of 2020, losses of Th$18,137,566 were higher than those obtained in the same quarter of 2019, mainly explained by the gain on the sale of land in 2019 together with higher expenses for voluntary retirement plans.

b) Impairment losses

In the fourth quarter, impairment losses of Th$34,520 were recognized, which was explained by the effect on the revaluation of the Company's lands.

c) Financial income

The financial result for the fourth quarter of 2020 losses of Th$14,946,088 were obtained, which increased by Th$1,391,497 compared to the same quarter of 2019, mainly explained by higher debt revaluation due to the higher variation of the Unidad de Fomento (1.26% in 2020 versus 0.93% in 2019).

d) Income Tax Expenses

Income tax expense in the fourth quarter of 2020 was Th$2,526,026, Th$12,191,602 lower regarding the same quarter of the previous year, mainly explained by lower before taxes income.

e) Discontinued operations

In the fourth quarter of 2020, discontinued operations reached a higher profit of Th$8,541,335 compared to the same quarter of the previous year, due to profit on sale of ESSAL together with ESSAL's higher profit of 2020 regarding 2019, due to previous year presented losses by expenses derived from the Osorno contingency.

f) Earnings

Net income of the fourth quarter of 2020 amounted to Th$11,079,567, Th$9,443,943 lower than the one obtained in the same quarter of 2019.

4. Statement of Financial Position

	Dec. 20 Th$	Dec. 19 Th$	% Var.
Assets			
Current Assets	301,642,955	198,693,178	51.8%
Non-Current Assets	2,113,551,778	2,075,152,748	1.9%
Assets held for sale	3,836,023	0	>200%
Total assets	**2,419,030,756**	**2,273,845,926**	**6.4%**
Liabilities and Equity			
Current Liabilities	245,462,938	242,608,281	1.2%
Non- Current Liabilities	1,059,920,436	1,072,110,134	(1.1%)
Total liabilities	**1,305,383,374**	**1,314,718,415**	**(0.7%)**
Shareholders' Equity	694,120,607	594,540,262	16.7%
Minority Interest	419,526,775	364,587,249	15.1%
Total Shareholders' Equity	**1,113,647,382**	**959,127,511**	**16.11%**
Total Liabilities and Shareholders' Equity	**2,419,030,756**	**2,273,845,926**	**6.4%**

*The information as of December 31, 2020 contains ESSAL and Inversiones Iberaguas Ltda.

4.1. *Assets analysis*

The total assets of Inversiones Aguas Metropolitanas S.A. at consolidated level on December 31, 2020 showed an increase of 6.4% with respect to December 31, 2019, equivalent to Th$145,184,830.

Current assets increased by Th$106,785,800 mainly due to an increase in cash and cash equivalents of Th$104,907,735, as a result of bank loans managed during the year and higher tax assets by Th$24,058,700. The above is partially offset by lower commercial debtors and other receivables of Th$28,468,846 mainly explained by the effect of the sale of the company ESSAL.

Non-current assets increased by Th$38,399,030 mainly explained by revaluation of Lands and to the investments made in the year, which is partially offset by the effect of the sale of ESSAL. The main investment works of the period are:

Investments (Th$)	Dec. 20
Pirque Tank Construction	37,146,728
Renovation of potable water networks	10,569,961
Renovation of wastewater networks	9,722,736
Asset replenishment La Farfana and Mapocho-Trebal Biofactories	7,205,771
Treatment of nitrates La Farfana and Mapocho-Trebal Biofactories	5,587,198
Starter and meters	5,265,336
Cogeneration of Mapocho-Trebal Biofactory	4,552,515

4.2. Liabilities and equity analysis

Liabilities payable as of December 2020 decreased by Th$9,335,041 compared to December 2019.

Current liabilities increased by Th$2,854,657. This variation was mainly due to new bank loans and reimbursable financial contributions, partially offset by a decrease in accounts payable associated with investments and the distribution of interim dividends during the first and last quarters of 2020.

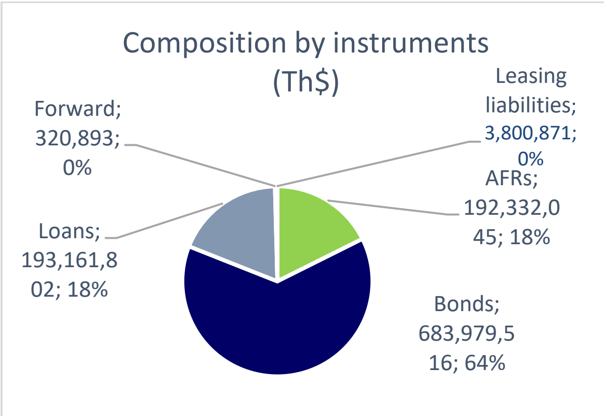
Non-current liabilities presented a decrease of Th$12,189,698 (1.1%). This variation corresponds mainly to a decrease in deferred taxes of Th$8,446,483 together with Other financial liabilities of Th$4,225,431 associated with the effect of the sale of the company ESSAL and lower refundable financial contributions, which is partially offset by an increase in bank loans.

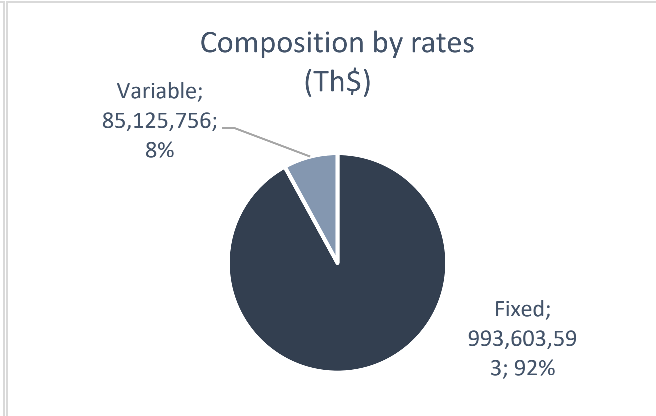
Total equity increased by Th$154,519,871 and net shareholders' equity attributable to the owners of the parent company increased by Th$99,580,345, mainly explained by the revaluation of Lands and the profit for the year, which is partially offset with the fourth quarter earnings distribution.

The maturity profile of the financial debt as of December 31, 2020 is as follows:

Financial Debt Th$	Currency	Total	12 months	1 to 3 years	3 to 5 years	More than 5 years
AFRs	$	**192,332,045**	20,182,473	51,169,685	34,103,965	86,875,922
Bonds	$	**683,979,516**	18,566,508	32,659,116	16,298,677	616,455,215
Loans	$	**193,161,802**	31,994,420	116,020,353	45,147,029	-
Forward	USD	**320,893**	320,893			
Total other financial liabilities		**1,069,794,256**	**71,064,294**	**199,849,154**	**95,549,671**	**703,331,137**
Leasing liabilities	$	**3,800,871**	1,420,568	1,435,195	435,473	509,635
Total leasing liabilities		**3,800,871**	**1,420,568**	**1,435,195**	**435,473**	**509,635**
Total		**1,073,595,127**	**72,484,862**	**201,284,349**	**95,985,144**	**703,840,772**

4.3. Structure of financial liabilities





5. Cash flow statements

Cash Flow Statement (Th$)	Dec. 20	Dec. 19	% Var.
Operating Activities	183,718,776	219,600,315	(16.3%)
Investment Activities	(78,371,570)	(109,694,362)	(28.6%)
Financing Activities	(439,471)	(77,936,112)	(99.4%)
Net Cash Flow for the Period	**104,907,735**	**31,969,841**	**228.1%**
Final Cash Balance	**177,964,853**	**73,057,118**	**143.6%**

Cash flow from operating activities decreased by Th$35,881,539, when compared to December 2020 and December 2019.

The main variations were the following:

- Decrease in collections from the sale of goods and provision of services for Th$29,900,153, as a result of lower collections from regulated customer accounts due to the situation of COVID-19, since there are no cut-off instances, only collections through virtual platforms are made, which increased the age of the debt between three and over eight months.
- Increase in payments to suppliers of Th$7,469,958, mainly associated with infrastructure suppliers.
- Increase in payments to and on behalf of employees of $2,830,163, this increase is mainly associated with higher costs associated with the Covid-19 confinement plans, CPI adjustments and higher accrued vacation provision.
- Increase in interest paid by Th$3,265,090, mainly related to higher financial debt interests due to the higher volume of debt obtained.

These variations were partially offset by the following concepts:

- Decrease in payments for premiums and benefits, annuities and other obligations arising from policies subscribed for Th$2,456,892, associated with the payment of corporate all-risk insurance on physical goods for 18 months and the renewal of liability insurance also for 18 months.

- Increase in other charges for operating activities derived from the policies signed for Th$7,795,123, mainly associated with the Alto Maipo project agreement, since AES GENER exercised its option to extend the contract term.

- Decrease in other payments for operating activities for $1,838,207, due to lower sales received in 2020 due to the COVID-19 situation.

Disbursements for investment activities decreased by Th$31,322,792, mainly due to the fact that in October 2020, Aguas Andinas completed the sale of its direct and indirect participation in ESSAL, for which the company received an amount of Th$73,499,770. Additionally, in 2019, further investments and reinforcements were made in the potable water supply system and the construction of the Pirque tanks, which has been operational since February 2020.

The financing activities made a net cash flow (decrease) of Th$77,496,641, which is mainly explained by a lower payment of bank loans and reimbursable financial contributions, together with a lower payment of dividends made during 2020.

6. Financial ratios

		Dec. 20	Dec. 19
Liquidity			
Current liquidity	times	1.24	0.82
Acid Test Ratio	times	0.73	0.30
Leverage			
Total Leverage	times	1.17	1.37
Current Leverage	times	0.19	0.18
Non-Current Leverage	times	0.81	0.82
Annualized Financial Expenses Coverage	times	5.05	8.14
Profitability			
Annualized equity profitability attributable to the controller’s property owners	%	7.48	11.79
Annualized asset profitability	%	2.06	3.14
Annualized earnings per share	$	48.23	69.92
Dividend yield (*)	%	8.86	7.99

Current liquidity: *current assets/current liabilities*
Acid test ratio: *cash and cash equivalents/current liabilities*
Total indebtedness: *total liabilities / total shareholders' equity.*
Current debt: *current liabilities / total liabilities*
Non-current debt: *non-current liabilities / current liabilities*
Financial expense coverage: *annualized profit before tax and interest / annualized financial expense.*
Equity profitability: *annualized profit for the year/annualized average total equity for the year.*
Asset profitability*: annualized profit for the year / average total assets for the year annualized.*
Earnings per share: *annualized profit for the year/ number of shares subscribed and paid.*
Dividend yield: *dividends paid per share / share price.*

(*) The share price as of December 2020 amounts to $589.67, while as of December 2019 it amounts to $819.92.

As of December 2020, current liquidity increased by 51.2%, due to the increase in current assets of Th$ 106,785,800, mainly explained by higher cash and cash equivalents, resulting from bank loans arranged during the year and the proceeds from the sale of the direct and indirect participation in ESSAL.

The indebtedness ratio decreased by 14.6%, mainly due to an increase in total equity of Th$154,519,871, mainly explained by the revaluation of Lands and the earnings of the period, offset with the dividends payment made in the fourth quarter of 2020. On the other hand, the current liabilities decreased by Th$9,335,041 due to a decrease of deferred taxes and the other financial liabilities, associated to the effect of sale of company ESSAL.

The profitability of shareholders' equity attributable to the owners of the parent company decreased by 36.6% due to an increase of average equity by Th$51,223,523, due to the revaluation of Lands and a decrease in the profit for the year by Th$21,693,111.

7. Other background information

7.1. Tariffs

The most important factor determining the results of our operations and financial condition is the tariffs set for our regulated sales and services. As a water utility, we are regulated by the S.I.S.S. and our tariffs are established in accordance with the D.F.L. No. 70 of 1988 on Sanitation Service Tariffs Law.

Our tariff levels are reviewed every five years and, during that period, are subject to additional readjustments linked to an indexation polynomial, which are applied when the accumulated variation since the previous adjustment is 3.0% or higher, as calculated based on various inflation indexes. Specifically, adjustments are applied based on a formula that includes the Consumer Price Index (IPC, for its acronym in Spanish), the Price Index for Imported Goods in the Manufacturing Sector and the Manufacturing Producer Price Index, all measured by the Chilean National Institute of Statistics. The latest indexations made by each Company of the Group were applied on the following dates:

<u>Aguas Andinas S.A.</u>:

Group 1	January 2020
Group 2	January 2020
Rinconada de Maipú	May 2019 and January 2020

<u>Aguas Cordillera S.A.:</u> March 2020

<u>Aguas Manquehue S.A.:</u>

Santa María	May 2020
Los Trapenses	May 2020
Chamisero	May 2020
Chicureo	January 2020
Valle Grande 3	January 2020

In addition, the tariffs are subject to readjustment to reflect additional services previously authorized by the S.I.S.S.

The current tariffs for the period 2020-2025 for Aguas Andinas S.A., were approved by Decree No. 33 dated May 5, 2020, for Aguas Andinas, of the Ministry of Economy, Development and Reconstruction and came into force 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 2015-2020 were approved by Decree No. 152 dated October 19, 2015 and came into force on June 30, 2015 (published in the Official Gazette on November 25, 2015) and the current tariffs of Aguas Manquehue S.A. 2015-2020 were approved by Decree No. 139 dated September 16, 2015 and came into force on May 19, 2015 (published in the Official Gazette on November 25, 2015).

As of December 31, 2020, the new tariff decrees for Aguas Andinas, Aguas Cordillera and Aguas Manquehue, for the period 2020-2025, are in the process of being published, following the respective agreements with the Superintendence of Sanitary Services.

7.2. Market risk

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

Adverse climatic conditions may eventually affect the optimal delivery of water utility services, because the processes of collecting and producing drinking water depend to a large extent on the climatic conditions that develop in the river basins. Factors such as meteorological precipitation (snow, hail, rain, fog), temperature, humidity, dragging of sediments, river flows and turbidity determine not only the quantity, quality, and continuity of raw water available in each intake, but also the possibility of it being properly treated in potable water treatment plants.

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

7.3. Market analysis

The Company has no change in the market in which it participates because, due to the nature of its services and current legal regulations, it does not have competitors in its concession area.

Aguas Andinas S.A. has 100% coverage of potable water, 98.8% of sewerage services and 100% of wastewater treatment in the Santiago basin.

Aguas Cordillera S.A. has 100% coverage of potable water, 98.9% of sewerage service and 100% of wastewater treatment.

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

7.4. Capital investments

One of the variables that most affect the result of our operations and financial situation is capital investments. These are of two types:

Committed investments. We have an obligation to agree on an investment plan with the S.I.S.S., which describes the investments we must make during the 15 years following the date on which the corresponding investment plan comes into force. Specifically, the investment plan reflects a commitment on our part to carry out certain projects related to maintaining certain standards of quality and coverage of services. The aforementioned investment plan is subject to review every five years, with the possibility of requesting amendments when certain relevant facts are verified.

Approval and update dates of the Aguas Group's development plans:

Aguas Andinas S.A.
Greater Santiago: October 29, 2020.
Locations: November 17, 2015, December 12, 2016, April 6, 2018, October 29, 2020, and November 16, 2020.

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

Aguas Manquehue S.A.
Santa María and Los Trapenses: November 9, 2020.
Chicureo, Chamisero and Valle Grande III: August 10, 2016
Alto Lampa: December 6, 2018.

Uncommitted investments. Uncommitted 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 generally relate to the replacement of network infrastructure and other assets, the acquisition of water rights and investments in non-regulated businesses, among others.

In accordance with international financial reporting standards in force in Chile, in particular IAS 23, interest on capital investments in works in progress is capitalized. IAS 23 establishes that when an entity acquires debt to finance investments, interest on that debt must be deducted from interest expense and included in the financed construction work, up to the total amount of such interest, applying the respective rate to disbursements made at the date of submission of the financial statements. Accordingly, financial costs associated with our capital investment plan affect the amount of interest expense recorded in the income statement and are reported along with the work in progress under the line item "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 local currency. As a result, our debt is primarily issued in local currency so we do not have significant foreign currency risks.

b) Interest rate risks

As of December 31, 2020, the interest rate risk held by Inversiones Aguas Metropolitanas S.A. is comprised of 92.6% fixed rate and 7.4% variable rate. The fixed-rate debt is made up of: issues of short and long-term bonds (68.8%), reimbursable financial contributions (19.3%), bank loans (11.5%) and lease liabilities (0.4%), while the variable-rate debt corresponds to loans with domestic banks.

As of December 31, 2019, the interest rate risk held by Aguas Metropolitanas S.A. was 88.9% at a fixed rate and 11.1% at a variable rate. The fixed-rate debt is made up of: issues of short and long-term bonds (78.8%), reimbursable financial contributions (20.8%) and lease liabilities (0.4%), while the variable-rate debt corresponds to loans with domestic banks.

The company maintains an interest rate monitoring and management policy, 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 credit rating agencies have assigned us a risk rating of AA+ for long-term debt. In the case of shares: Feller Rate assigned us a classification of first-class level 1 and Fitch Ratings assigned us a classification of first-class level 2.