



Earnings Release  
Inversiones Aguas Metropolitanas  
Fiscal year ended December 31, 2021



## 1. Summary of the exercise

**Aguas Andinas is focused on the management and mitigation of climate change impacts.**

- 💧 The climate in the world has changed and in Chile we are experiencing one of the most severe droughts in our history, which has been going on for more than 12 years and has deepened in the last 3 years. This climate crisis has strongly affected the central area of the country, being 2021 the fifth driest year since records have been kept, with a precipitation deficit of close to 70%. This has strongly affected the flow of the rivers that supply the city, the Maipo and Mapocho Rivers, which have seen their flows reduced by 60% compared to historical averages. Both rivers maintain the condition of Shortage Decree granted by the regulatory authority.
- 💧 In this context, the Company has continued to manage water scarcity by prioritizing water transfer agreements with other users, which has allowed it to maintain the security level of the El Yeso reservoir. At the end of 2021, the volume stored is 158.2 hm<sup>3</sup>, which represents a 13% increase compared to the 140.1 hm<sup>3</sup> volume stored at December 31, 2020.
- 💧 A major action plan to address water scarcity and the effects of climate change has been deployed during the year 2021:
  - Signing of a historic collaboration agreement with the Irrigation Associations of the First Section of the Maipo River that establishes a series of measures to lay the foundations for a solution that reinforces the supply of water to the population and, at the same time, the use necessary to sustain the agri-food industry, improving the water efficiency of the basin.
  - High level of progress of the new Lo Mena - Cerro Negro water well system, which will provide a flow of 1,500 l/s to supply 400,000 customers.
  - Modernization of the Padre Hurtado potable water plant, which supplies more than one million people.
  - Expansion of the Agua Potable Quilicura plant to increase water availability in the northern sector of the capital.
  - Modernization of the Vizcachitas plant, generating greater efficiency in water consumption due to the implementation of new filters.
  - New ponds in San Antonio, San Enrique, Talagante and Parque Bicentenario.
  - Water efficiency plan, with deployment of all available technologies for water recovery
- 💧 In order to face this emergency, the Company has maintained its investment efforts, executing an investment plan that reached \$154,239 million at year-end 2021.

### **Positive Pandemic Management:**

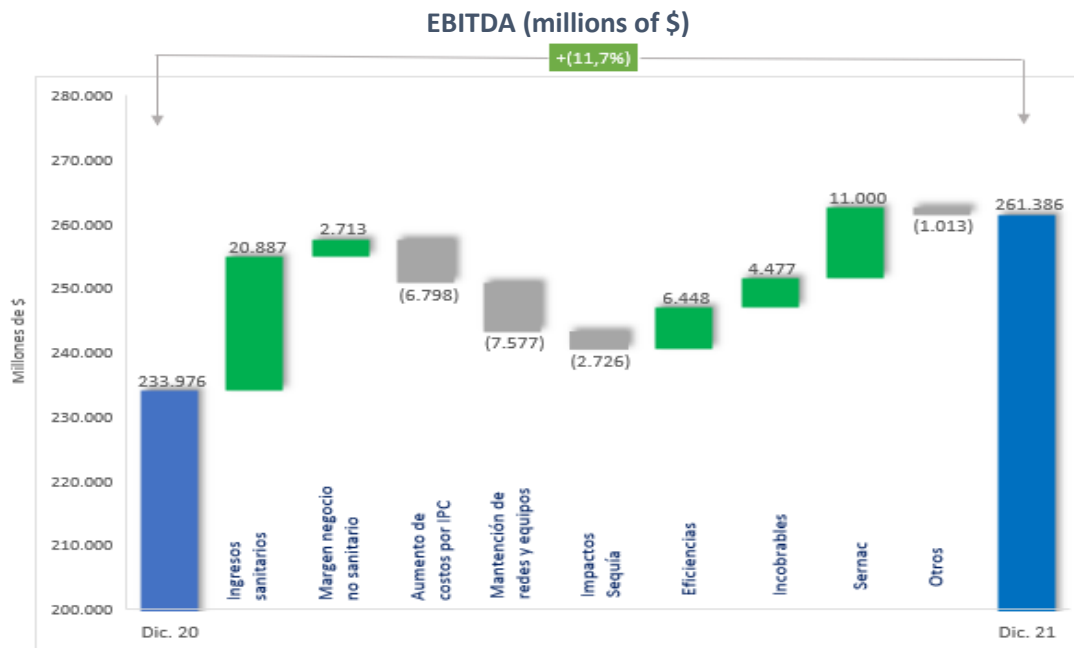
- 💧 At year-end 2021, we continued to experience the direct and indirect impacts resulting from the exceptional situation due to Covid-19.
- 💧 This situation requires us to continue making a great effort to adapt in order to supply citizens with a resource essential for life, water, for which we continue to deploy an intense preventive strategy. In view of this, at Aguas Andinas we continue to have all the economic, technical and human resources available to ensure the continuity of the operation, ensuring a safe supply at a crucial time, together with protecting the health of our workers, their families and the community.

- Complementing the above, we estimate an overall impact of \$28,189 million for the direct and indirect effects derived from the exceptional situation due to Covid compared to a normal year without pandemic, mainly associated with lower non-residential consumption (20 hm3), higher uncollectible expenses (% uncollectible over revenues 3.1% vs. 0.8% in the pre-pandemic period) and direct preventive expenses.

#### Global context and operational costs:

- In the current context of extreme drought, generalized increase in the costs of raw materials, labor and transportation, the Company has experienced higher operating costs at year-end 2021, mainly associated with the purchase of water due to the effects of the drought, and maintenance of networks and operating equipment as a result of the significant increase in customer requirements and workload, together with higher prices due to the increase in labor and construction material costs.
- In addition, the significant increase in the CPI of 7.2% had a negative impact on our financial costs associated with the readjustment of the UF debt.
- Transformation Project:**
- 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.

- EBITDA as of December 31, 2021 amounted to \$262,818 million**, an increase of 11.7% compared to the previous year. The main variations are shown in the following chart:



- Higher sanitary revenues of \$20,887 million, mainly associated with higher average tariffs of \$18,314 million due to the latest tariff indexations by polynomial and the entry into operation of new investment projects (Pirque Ponds, La Farfana Nitrates and Aguas Cordillera safety ponds). In addition, higher sales volumes were recorded for \$1,755 million, mainly explained by an increase in sales to residential customers by 0.7% and non-residential customers by 0.9%.

- Higher non-sanitary business margin of \$2,713 million, mainly due to higher activity in agreements with developers, home services to customers, technical advisory services for rural potable water and higher activity in non-sanitary subsidiaries, partially offset by non-recurring effects.
- Higher network and operating equipment maintenance costs of \$7,577 million were generated due to the significant increase in customer requirements and work volume, together with higher prices due to the increase in labor and construction material costs.
- Higher raw water and electric power purchase costs of \$2,726 million necessary to continue facing the extreme drought situation that the region has been experiencing for the last 13 years.
- It is important to note that the volume stored in the El Yeso Reservoir as of December 2020 was 140.1 hm<sup>3</sup> vs. 158.2 hm<sup>3</sup> as of December 2021. Also, in August a historic collaboration agreement was signed with the Irrigation Associations of the First Section of the Maipo River, which includes commitments to develop a Master Plan for the Management of the Maipo River Basin, and will allow promoting new investments to provide additional resources to the system, such as the reuse of treated water from the Biofactories for exchange with raw water.

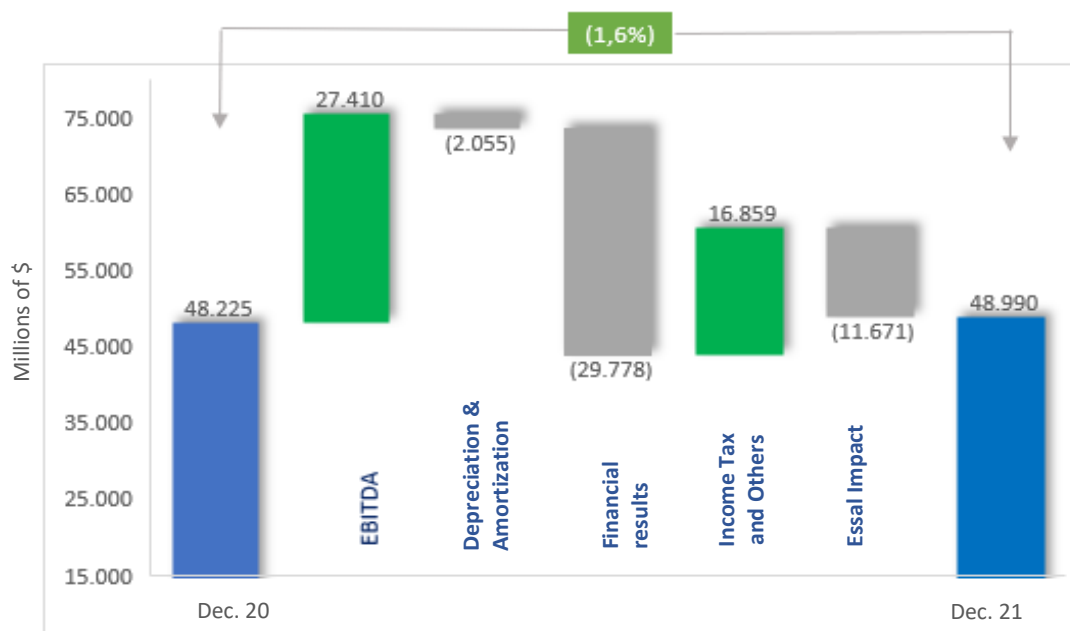
The agreement has also established an update in the price of transfers, making it consistent with the value of raw water from the Maipo River used in the tariff processes. In addition, it includes thresholds that define high and low demand prices based on the river's water scarcity.

- **Covid situation:** since March 2020, the Company has maintained an action plan to ensure continuity of service, implementing various measures to manage the exceptional situation resulting from the Coronavirus pandemic.

It should be noted that at the end of December 2021, an allowance for doubtful accounts of \$15,695 million was recorded, generating a lower bad debt expense of \$4,477 million with respect to 2020.

- In the last quarter of 2020, the settlements signed by **SERNAC, Conadecus and Aguas Andinas** were recognized in the amount of \$11,000 million, in which the Company compensated customers who were affected by the massive outages of 2016 and 2017.

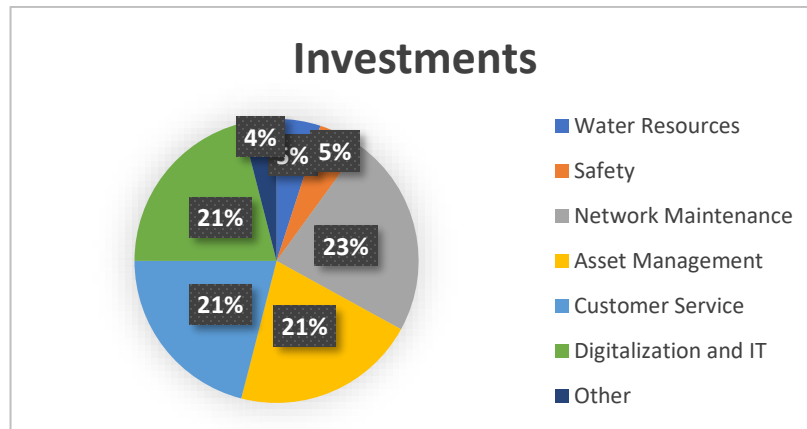
💧 **Net income as of December 31, 2021 amounted to \$100,645million**, representing an increase of 2.0% compared to the previous year. The main variations are presented in the following chart:



- At the non-operating level, there is a lower financial result of \$29,778 million compared to the previous year, mainly associated with a higher revaluation of the financial debt due to the variation of the Unidad de Fomento (6.6% in 2021 versus 2.7% in 2020).
- Income tax and other presented a higher result of \$16,859 million, mainly explained by the monetary correction effect of the Tax Equity, which was partially offset by non-recurring costs associated with the Transformation Plan being implemented by the Company.
- The Essal impacts correspond mainly to the net result from the sale of this company in 2020 for Ch\$7,325 million, together with the profit of Ch\$4,346 million. The above is partially offset by the reversal of the provision associated with the termination of the expiration process of the Osorno concession (Ch\$7,848 million after taxes of Ch\$7,346 million).
- Cash Generation and Cash Position** at the end of 2021, the balance of cash and cash equivalents decreased by \$13,406 million compared to the end of December 2021, reaching \$164,559 million. The decrease in this item is mainly explained by the payment of investments together with the payment of dividends made in the months of May and November, which was partially offset by the higher operating cash flow. The cash balances allow the Company to have a buffer to face the uncertainties of the current environment.

## Investments

- As of December 31, 2021, investments of \$154,239 million were executed, as detailed in the following chart:



- The main projects developed in 2021 were as follows:

- Drilling and reinforcement of the potable water supply system: work began on the **Cerro Negro - Lo Mena wells project**, which is more than 75% complete. This infrastructure will reinforce the potable water supply in the southern sector of the city and consists of 15 wells for the extraction of subway water, a 20,000 m3 tank, a lifting plant and a chlorination and fluoridation unit. This backup infrastructure will be activated only in case of emergencies and will have a flow of 1,500 l/s.
- Renovation of Potable Water and sewage networks
- Expansion and modernization of Potable Water treatment plant Padre Hurtado
- Replenishment of assets La Farfana and Mapocho-Trebal Biofactories
- Renewal of starters and meters
- Nitrate Treatment La Farfana and Mapocho-Trebal Biofactories
- Autonomy 12 hours Cordillera Waters (San Antonio and San Enrique Ponds)
- New Providencia Water Mains (Potable Water matrix)

- To face the effects of the prolonged Megadrought, which has lasted more than 12 years, the Company is developing an investment plan to ensure the security of supply standards committed for Greater Santiago under climate change conditions, which includes new boreholes in wells, reinforcements in the drinking water supply system, the expansion of the Padre Hurtado Potable Water Treatment Plant. Additionally, the Hydraulic Efficiency Plan is being implemented to reduce drinking water losses in the network and the new Operational Control Center for the constant monitoring of the networks.

On the other hand, projects are being developed that will allow facing extreme turbidity events, going from the current 34 hours of autonomy to 48 hours, works that include the construction of the Cerro Negro wells (showing great progress) and the Manzano-Toma Independent Connection.

In the medium and long term, 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:

- i) Infrastructure for the reuse of 3.0 m<sup>3</sup>/s of treated water in the Biofactories.
- ii) New drilling in the Central aquifer for 1.2 m<sup>3</sup>/s.
- iii) Drilling in canal strips for water exchange with canal associations under conditions of scarcity decree

## **KEY FACTS**

- 💧 On August 6, 2021, a historic collaboration agreement was signed with the Irrigation Associations of the First Section of the Maipo River, formalizing a joint work that will deepen and seek to sustainably and efficiently manage the water of the First Section of the Maipo basin. This includes important new investments by our company; an improvement to the current infrastructure based on an accurate, cooperative and professional long-term diagnosis; the reuse of the resource with purified water from the Biofactories and a more efficient master management plan so that future solutions come from different sectors.

The collaboration agreement with the Irrigation Associations is in operation, and the Board of Directors of the Junta de Vigilancia de la Primera Sección del Río Maipo (Board of Surveillance of the First Section of the Maipo River) has coordinated water transfers during the summer period, ensuring sufficient reserves in the El Yeso Reservoir to face the winter of 2022.

The agreement has also established an increase in the price of transfers, making it consistent with the value of raw water from the Maipo River used in the tariff processes. In addition, it includes thresholds that define high and low demand prices based on the river's water scarcity.

- 💧 **Dividend distribution:** On April 22, 2021, at the Ordinary Meeting of Shareholders of the Company, it was agreed to distribute the net profit for the year 2020, which amounts to \$48,225 million, excluding the result obtained from the sale of assets, which amounts to \$3,581 million. It is noted that in view of the interim dividend paid on December 18, 2020, which amounted to \$30,000 million, the profit to be distributed amounts to \$32,278 million, corresponding to \$14,645 million for the year 2020 (additional dividend) and \$17,633 million to retained earnings (eventual dividend), which meant a final dividend of \$32.278 per share, which was payable as of May 24, 2021.

- 💧 **Interim dividend distribution:** On October 22, 2021, at an extraordinary meeting No. 1/2021, the Board of Directors of the Company unanimously agreed to distribute among the shareholders the amount of \$20,041 million, as an interim dividend, on account of the profits for the year 2021. In view of the above, the Company's interim dividend number 36, amounted to the sum of \$20.041 per share and was payable as of November 11, 2021.

## 2. Results for the year

### 2.1. Accumulated results

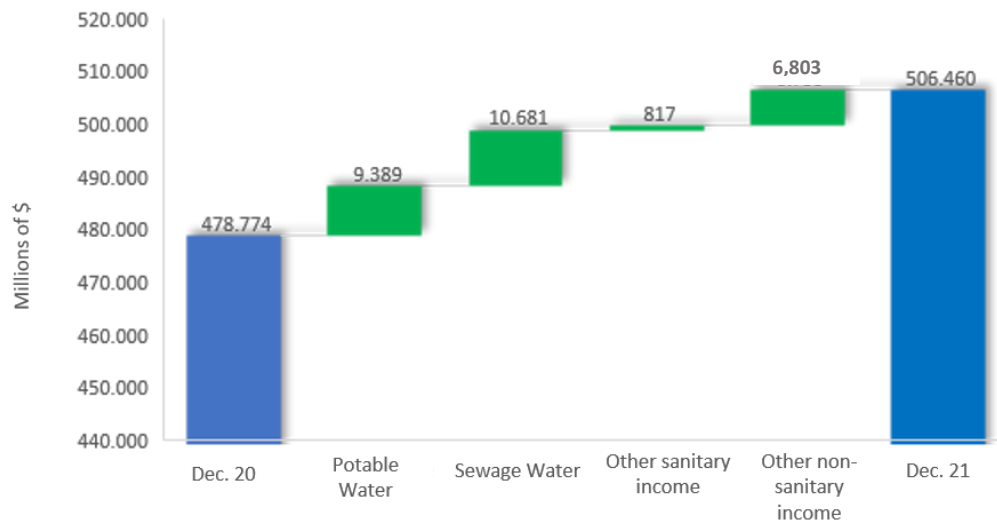
| Statement of Income (Th\$)     | Dec. 21            | Dec. 20            | % Var.       | 2021 / 2020       |
|--------------------------------|--------------------|--------------------|--------------|-------------------|
| Ordinary income                | 506,458,487        | 478,769,061        | 5.8%         | 27,689,426        |
| Operating costs and expenses   | (245,072,035)      | (244,793,070)      | 0.1%         | (278,965)         |
| <b>EBITDA</b>                  | <b>261,386,452</b> | <b>233,975,991</b> | <b>11.7%</b> | <b>27,410,461</b> |
| Depreciation and amortization  | (69,205,148)       | (67,150,111)       | 3.1%         | (2,055,037)       |
| <b>Operating income (loss)</b> | <b>192,181,304</b> | <b>166,825,880</b> | <b>15.2%</b> | <b>25,355,424</b> |
| Other gains (losses)           | 3,636,892          | (3,967,292)        | (191.7%)     | 7,604,184         |
| Impairment losses              | -                  | (1,404,946)        | (100.0%)     | 1,404,946         |
| Financial result *             | (76,941,426)       | (47,163,392)       | 63.1%        | (29,778,034)      |
| Tax expense                    | (19,665,778)       | (26,817,906)       | (26.7%)      | 7,152,128         |
| Discontinued operations        | -                  | 11,671,443         | (100.0%)     | (11,671,443)      |
| Minority interest              | (50,221,270)       | (50,918,660)       | (1.4%)       | 697,390           |
| <b>Net income</b>              | <b>48,989,722</b>  | <b>48,225,127</b>  | <b>1.6%</b>  | <b>764,595</b>    |

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

### 2.2. Revenue analysis

Revenues increased by 5.8% with respect to the previous year, as follows:

|                       | Dec. 21            |               | Dec. 20            |               |
|-----------------------|--------------------|---------------|--------------------|---------------|
|                       | Sales              |               | Sales              |               |
|                       | Thousands \$       | Participation | Thousands \$       | Participation |
| Potable Water         | 205,176,457        | 40.5%         | 195,787,729        | 40.9%         |
| Sewage water          | 229,804,561        | 45.4%         | 219,123,955        | 45.8%         |
| Other sanitary income | 13,821,438         | 2.7%          | 13,004,110         | 2.7%          |
| Non- sanitary income  | 57,656,031         | 11.4%         | 50,853,267         | 10.6%         |
| <b>Total</b>          | <b>506,458,487</b> | <b>100.0%</b> | <b>478,769,061</b> | <b>100.0%</b> |





| <b>Sales volume (thousands of m<sup>3</sup> accrued )</b> | <b>Dec. 21</b> | <b>Dec. 20</b> | <b>% Var.</b> | <b>Difference</b> |
|---|----------------|----------------|---------------|-------------------|
| Potable Water   | 535,738        | 533,881        | 0.3%          | 1,857             |
| Sewage collection   | 514,218        | 511,267        | 0.6%          | 2,951             |
| Sewage treatment and disposal                             | 443,596        | 440,582        | 0.7%          | 3,014             |
| Interconnections*   | 124,277        | 124,710        | (0.3%)        | (433)             |

| <b>Customers</b>  | <b>Dec. 21</b> | <b>Dec. 20</b> | <b>% Var.</b> | <b>Difference</b> |
|-------------------|----------------|----------------|---------------|-------------------|
| Potable Water     | 2,207,344      | 2,169,426      | 1.7%          | 37,918            |
| Sewage collection | 2,162,909      | 2,125,918      | 1.7%          | 36,991            |

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

## Sanitary income

### **a) Potable Water**

Potable water revenues at year-end 2021 amounted to ThCh\$205,176,457, which represents an increase of 4.8% over the previous year, mainly due to higher average tariffs associated with the latest polynomial tariff indexations and the tariff associated with the Pirque Ponds, together with a 0.7% increase in the volume supplied to residential customers and 0.9% increase in the volume supplied to non-residential customers.

### **b) Sewage**

Revenues from wastewater as of December 31, 2021 amounted to ThCh\$229,804,561, an increase of ThCh\$10,680,606 compared to the previous year, due to polynomial indexations applied during 2021 and the tariff associated with nitrate treatments at La Farfana Biofactory, together with higher sales volume.

### **c) Other sanitary income**

This item increased by ThCh\$ 817,328 thousand due to higher activity in services not associated with sales volume.

## Non-Sanitary income

### **a) Services**

An increase of ThCh\$4,151,672 was reflected, mainly due to higher activity in home services to customers, agreements with developers and technical advisory services for rural potable water, partially offset by non-recurring effects.

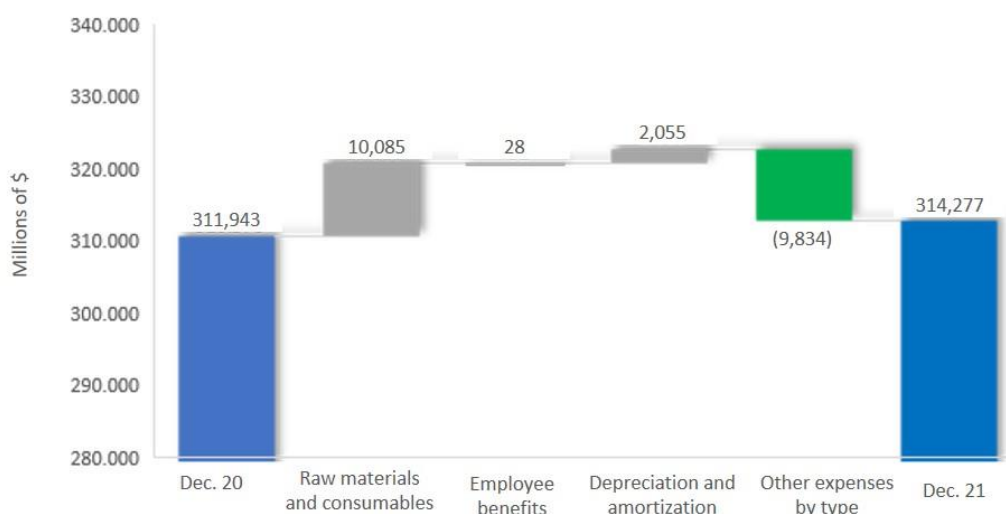
## b) Non-sanitary subsidiaries

The increase of ThCh\$ 2,647,736 was mainly explained by greater analysis and sampling of potable water in Análisis Ambientales, together with increased activity of the company EcoRiles.

| (Thousands of \$)        | Dec. 21           | Dec. 20           | % Var.      |
|--------------------------|-------------------|-------------------|-------------|
| EcoRiles S.A.            | 17,138,411        | 16,172,406        | 6.0%        |
| Anam S.A.                | 6,526,953         | 5,480,489         | 19.1%       |
| Gestión y Servicios S.A. | 6,336,097         | 6,257,482         | 1.3%        |
| Aguas del Maipo S.A.     | 896,583           | 339,931           | 163.8%      |
| <b>Total filiales</b>    | <b>30,898,043</b> | <b>28,250,309</b> | <b>9.4%</b> |

## 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, 2021, raw materials and consumables costs amounted to ThCh\$53,627,449. The main variations are explained by the increase in the purchase of water for ThCh\$ 2,236,427 to increase the security of supply to our customers due to the low flow in the Maipo River basin, higher electricity costs of ThCh\$ 490,416 associated with higher average tariffs, together with higher costs of sale of materials of the subsidiary Gestión y Servicios for ThCh\$ 786,456 and other operating materials for ThCh\$ 762,744.

## b) Employee benefits

At the end of December 2021, employee benefit expenses amounted to ThCh\$55,077,943, which was ThCh\$32,224 (0.1%) higher than in the previous year. The increase is mainly associated with CPI adjustments, which is partially offset by lower expenses for Covid confinement plans (year 2020) together with lower average staffing.

**c) Depreciation and amortization**

As of December 31, 2021, depreciation and amortization amounted to ThCh\$69,195,160, ThCh\$2,060,351 higher than the amount obtained the previous year. This was the result of depreciation associated with the new assets incorporated during the year.

**d) Other expenses by type**

At the end of December 2021, these expenses amounted to ThCh\$135,905,388, lower by ThCh\$9,834,611 mainly due to the recognition of contingency for massive cuts (year 2020) for ThCh\$11,000,000 (cuts occurred in 2016 and 2017), lower level of uncollectibility by ThCh\$4,477.050, lower Covid contingency expense of ThCh\$1,732,972, lower customer service expenses of ThCh\$681,769 mainly associated with lower activity in services cuts and replacement, in addition to cost improvements due to the digitalization of commercial processes and lower general services and administration expenses of ThCh\$889,983.

The above is partially offset by higher expenses in potable water and sewage network maintenance of ThCh\$7,077,846, higher cost of sales associated with non-sanitary revenues of ThCh\$1,958,017, maintenance of premises and equipment of ThCh\$499,350, higher insurance policy costs of ThCh\$851,462 and real estate contributions of ThCh\$213,785.

*2.4. Analysis of financial results and others*

**a) Other gains (losses)**

As of December 31, 2021, there was a higher result than the previous year of ThCh\$7,604,184, mainly due to the reversal of the provision for contingencies (sale of Essal) of ThCh\$10,750,000. Additionally, non-recurring costs of ThCh\$ 3,099,702 associated with the integral Transformation Project that the company is carrying out to face the new global context are recognized.

**b) Impairment losses**

In 2020, impairment losses of ThCh\$ 1,404,946 were recognized, which are explained by the effect of the revaluation of the Company's land.

**c) Financial income**

At the end of 2021, financial income amounted to ThCh\$5,082,667, an increase of ThCh\$1,209,856 compared to the previous year, mainly explained by higher financial interest and higher repurchase of AFRs (refundable financial contributions), which is partially offset by lower interest on customer debt.

**d) Financial Costs**

As of December 31, 2021, financial costs amounted to ThCh\$27,866,277, which meant a decrease of ThCh\$327,592. This was mainly explained by higher financial activation, which is partially offset by higher interest on debt.

**e) Results per readjustment unit**

At the end of December 2021, the adjustment unit charge was ThCh\$54,969,179, resulting in a higher expense of ThCh\$32,623,536, mainly due to the higher revaluation of the debt as a result of the variation of the Unidad de Fomento (6.6% in 2021 versus 2.7% in 2020).

**f) Income tax expense**

The income tax expense as of December 31, 2021 was ThCh\$19,665,778, a figure lower by ThCh\$7,152,128, mainly explained by the effect of the price-level restatement of Tax Equity.

**g) Discontinued operations**

In this line, the profit from the sale of Essal is recognized together with the profit obtained by that company in 2020.

**h) Earnings**

Net income as of December 31, 2021 amounted to ThCh\$48,989,722, ThCh\$764,595 higher than in the previous year, representing an increase of 1.6%.

## 2.5. Results by segment

### a) Cumulative results Water segment

| Statement of Income (Th\$)     | Dec. 21            | Dec. 20            | % Var.        | 2021 - 2020       |
|--------------------------------|--------------------|--------------------|---------------|-------------------|
| External income                | 475,494,190        | 450,436,685        | 5.6%          | 25,057,505        |
| Segment revenues               | 606,007            | 910,103            | (33.4%)       | (304,096)         |
| Operating costs and expenses   | (219,944,218)      | (220,762,719)      | (0.4%)        | 818,501           |
| <b>EBITDA</b>                  | <b>256,155,979</b> | <b>230,584,069</b> | <b>11.1%</b>  | <b>25,571,910</b> |
| Depreciation and amortization  | (67,120,199)       | (65,335,155)       | 2.7%          | (1,785,044)       |
| <b>Operating income (loss)</b> | <b>189,035,780</b> | <b>165,248,914</b> | <b>14.4%</b>  | <b>23,786,866</b> |
| Other gains (losses)           | 3,687,752          | (3,599,552)        | <(200%)       | 7,287,304         |
| Impairment losses              | -                  | (1,404,946)        | (100.0%)      | 1,404,946         |
| Financial result               | (76,921,617)       | (46,979,769)       | 63.7%         | (29,941,848)      |
| Tax expense                    | (19,007,029)       | (26,020,405)       | (27.0%)       | 7,013,376         |
| Discontinued operations        | -                  | 11,671,443         | (100.0%)      | (11,671,443)      |
| Minority interest              | (2,005)            | (1,673,827)        | (99.9%)       | 1,671,822         |
| <b>Net income</b>              | <b>96,792,881</b>  | <b>97,241,858</b>  | <b>(0.5%)</b> | <b>(448,977)</b>  |

The results of this segment showed a decrease of 0.5%, mainly due to:

- 💧 Increase in external revenues, mainly associated with sanitary revenues due to higher average tariffs associated with the latest indexations, together with higher sales volumes recorded in the period.
- 💧 In non-sanitary revenues, there was greater activity in home services to customers, agreements with developers and technical advisory services for rural Potable Water, partially offset by non-recurring effects.
- 💧 Costs increased mainly due to higher expenses in potable water and sewage network maintenance of ThCh\$7, 077,846, higher cost of sales associated with non-sanitary revenues of ThCh\$1,958,017, maintenance of facilities and equipment of ThCh\$499,350, higher insurance policy costs of ThCh\$851,462 and real estate contributions of ThCh\$213,785.

Additionally, due to the extreme drought affecting the central zone of the country, there have been increases in raw water purchase expenses of ThCh\$2,236,427 due to the low flow in the Maipo river basin and higher cost of productive electric energy for ThCh\$490,416, mainly associated to higher average tariffs.

The above is partially offset by the recognition in 2020 of a contingency for massive outages occurred in 2016 and 2017 for ThCh\$11,000,000, a lower level of uncollectibility in ThCh\$4,477,050 and a lower Covid contingency expense.

- 💧 Depreciation was ThCh\$1,785,044 million higher than in the previous year. This was due to the depreciation associated with the new assets incorporated during the year.
- 💧 In other gains (losses), there was a higher result than the previous year, mainly due to the reversal of the provision for contingencies (sale of Essal) for ThCh\$10,750,000. Additionally, non-recurring costs of

ThCh\$3,099,702 associated with the integral Transformation Project that the company is carrying out to face the new global context were recognized.

- In 2020, impairment losses of ThCh\$1,404,946 thousand were recognized, which are explained by the effect of the revaluation of the Company's land.
- The financial result presented a net expense of ThCh\$76,921,617, higher by ThCh\$29,941,848 compared to the previous year, mainly due to the higher revaluation of the debt as a result of the variation of the Unidad de Fomento (6.6% in 2021 versus 2.7% in 2020).
- The income tax expense as of December 31, 2021 was ThCh\$19,007,029, a figure lower by ThCh\$7,013,376, mainly explained by the effect of the price-level restatement of tax equity.
- At the end of December 2021, discontinued operations reached lower profits of ThCh\$11,671,443 compared to the previous year, due to the fact that this line recognizes the profit from the sale of Essal together with the profit obtained by that company in 2020.

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

| Statement of Income (Th\$)     | Dec. 21          | Dec. 20          | % Var.        | 2021 - 2020      |
|--------------------------------|------------------|------------------|---------------|------------------|
| External income                | 30,965,443       | 28,336,877       | 9.3%          | 2,628,566        |
| Segment revenues               | 4,615,666        | 3,398,711        | 35.8%         | 1,216,955        |
| Operating costs and expenses   | (28,918,697)     | (26,958,633)     | 7.3%          | (1,960,064)      |
| <b>EBITDA</b>                  | <b>6,662,412</b> | <b>4,776,955</b> | <b>39.5%</b>  | <b>1,885,457</b> |
| Depreciation and amortization  | (2,119,231)      | (1,828,695)      | 15.9%         | (290,536)        |
| <b>Operating income (loss)</b> | <b>4,543,181</b> | <b>2,948,260</b> | <b>54.1%</b>  | <b>1,594,921</b> |
| Other gains (losses)           | (13,642)         | (367,740)        | (96.3%)       | 354,098          |
| Financial result*              | (22,034)         | (163,530)        | (86.5%)       | 141,496          |
| Tax expense                    | (655,857)        | (967,181)        | (32.2%)       | 311,324          |
| <b>Net income</b>              | <b>3,851,648</b> | <b>1,449,809</b> | <b>165.7%</b> | <b>2,401,839</b> |

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

The results of the Non-Water segment showed an increase of ThCh\$2,401,839 compared to the previous year, mainly due to the following factors:

- The higher revenues were mainly due to increased analysis and sampling of Potable Water at Anam, increased activity of the company EcoRiles and higher sales of Aguas Del Maipo and materials from Gestión y Servicios.
- The increase in costs of 7.3% is mainly associated with higher sales activity of the companies Gestión y Servicios and EcoRiles.

- Depreciation was ThCh\$290,536 million higher than in the previous year. This was due to the depreciation associated with the new assets incorporated during the year.
- In other gains (losses), a higher result was obtained than in the previous year, mainly due to the recovery of guarantee bonds from the company Gestión y Servicios.
- The income tax expense as of December 31, 2021 was ThCh\$655,857, which is ThCh\$311,324 lower than the previous year, mainly explained by a higher price-level restatement effect of the Tax Equity.

### 3. Quarterly results

| Statement of Income (Th\$)    | 4T21              | 4T20              | % Var.       | 4T21 - 4T20       |
|-------------------------------|-------------------|-------------------|--------------|-------------------|
| Ordinary income               | 136,825,924       | 129,720,051       | 5.5%         | 7,105,873         |
| Operating Costs and Expenses  | (65,893,079)      | (77,549,887)      | (15.0%)      | 11,656,808        |
| <b>EBITDA</b>                 | <b>70,932,845</b> | <b>52,170,164</b> | <b>36.0%</b> | <b>18,762,681</b> |
| Depreciation and amortization | (18,170,894)      | (17,424,640)      | 4.3%         | (746,254)         |
| <b>Operating income</b>       | <b>52,761,951</b> | <b>34,745,524</b> | <b>51.9%</b> | <b>18,016,427</b> |
| Other (Loss) Gain             | (1,876,769)       | (2,093,189)       | (10.3%)      | 216,420           |
| Impairment losses             | -                 | (34,520)          | (100.0%)     | 34,520            |
| Financial Result*             | (30,729,092)      | (14,946,088)      | 105.6%       | (15,783,004)      |
| Tax expense                   | 321,137           | (2,526,026)       | (112.7%)     | 2,847,163         |
| Discontinued operations       | -                 | 4,346,601         | (100.0%)     | (4,346,601)       |
| Minority interest             | (10,427,963)      | (11,390,976)      | (8.5%)       | 963,013           |
| <b>Net income</b>             | <b>10,049,264</b> | <b>8,101,326</b>  | <b>24.0%</b> | <b>1,947,938</b>  |

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

#### 3.1. Revenue analysis

##### a) Operating income

Ordinary revenues for the fourth quarter of 2021 amounted to ThCh\$136,825,924, ThCh\$7,105,873 higher than in the same quarter of the previous year, mainly due to sanitary revenues of ThCh\$5,864,886, due to higher average tariffs associated with the latest indexations recorded, which is partially offset by lower consumption recorded. Additionally, higher non-sanitary revenues were recorded in ThCh\$1,239,853, mainly associated to higher activity in home services to customers, agreements with developers and technical advisory services for rural potable water.

#### 3.2. Expense analysis

##### a) Raw materials and consumables used

During the fourth quarter of 2021, the costs of raw materials and consumables amounted to ThCh\$15,140,163, which is ThCh\$4,355,379 higher than in the previous year. The main variations correspond to higher expenses in the purchase of water, to increase the security of supply to our customers due to the low flow in the Maipo river basin, together with higher costs of sale of materials of the subsidiary Gestión y Servicios, S.A..

##### b) Employee benefits

Employee benefit expenses for the fourth quarter of 2021 amounted to ThCh\$15,200,065, ThCh\$779,843 higher than in 2020. This increase is mainly due to CPI adjustments.

##### c) Depreciation and amortization

During the fourth quarter of 2021, depreciation and amortization amounted to ThCh\$ 18,170,894, ThCh\$ 746,254 higher than in 2020, as a result of the depreciation associated with the new assets incorporated during the year.



d) Other expenses

In the fourth quarter of 2021, other expenses amounted to ThCh\$35,552,851, ThCh\$16,792,030 lower than in 2020, mainly explained by the recognition of contingency for massive outages (year 2020) for ThCh\$11,000,000 (outages occurred in 2016 and 2017), lower level of uncollectibility in ThCh\$3,552,336, lower expense for Covid contingency in ThCh\$1,191,764.

*3.3. Analysis of financial results and others*

a) Other gains (losses)

During the fourth quarter of 2021, the Company obtained a higher result than in the same quarter of the previous year of ThCh\$ 216,420, mainly due to lower expenses for voluntary retirement plans.

b) Financial result

The financial result for the fourth quarter of 2021 showed a loss of ThCh\$30,729,092, which increased by ThCh\$15,783,004 compared to the same period of 2020, mainly explained by a higher revaluation of debt, due to the higher variation of the Unidad de Fomento (2.97% in 2021 versus 1.26% in 2020) compared to the same quarter of 2020.

c) Income tax expense

The income tax expense at the end of the fourth quarter of 2021 was ThCh\$ 321,137, ThCh\$ 2,847,163 lower than in the same quarter of the previous year, mainly due to the higher effect of the price-level restatement of the Tax Equity.

d) Discontinued operations

In this line, the gain from the sale of Essal, a subsidiary that was sold in October 2020, is recognized in the third quarter of 2020.

e) Profit

Net income for the fourth quarter of 2021 amounted to ThCh\$10,049,264, ThCh\$1,947,938 lower than that obtained in the same quarter of 2020.

## 4. Statement of financial position

| <b>Assets</b>  | <b>Dec. 21</b>       | <b>Dec. 20</b>       | <b>% Var.</b> |
|--|----------------------|----------------------|---------------|
| Current assets   | 285,099,777          | 305,478,978          | (6.7%)        |
| Non-current assets                                       | 2,216,722,469        | 2,113,551,778        | 4.9%          |
| <b>Total assets</b>                                      | <b>2,501,822,246</b> | <b>2,419,030,756</b> | <b>3.4%</b>   |
| <b>Liabilities and equity</b>                            |                      |                      |               |
| Current liabilities                                      | 249,136,828          | 245,462,938          | 1.5%          |
| Non-current liabilities                                  | 1,138,295,178        | 1,059,920,436        | 7.4%          |
| <b>Total liabilities</b>                                 | <b>1,387,432,006</b> | <b>1,305,383,374</b> | <b>6.3%</b>   |
| Equity attributable to owners of the controlling company | 693,964,870          | 694,120,607          | 0.0%          |
| Non-controlling interests                                | 420,425,370          | 419,526,775          | 0.2%          |
| <b>Total equity</b>                                      | <b>1,114,390,240</b> | <b>1,113,647,382</b> | <b>0.1%</b>   |
| <b>Total liabilities and equity</b>                      | <b>2,501,822,246</b> | <b>2,419,030,756</b> | <b>3.4%</b>   |

### 4.1. Asset analysis

The total assets of Inversiones Aguas Metropolitanas at the consolidated level at December 31, 2021 presented an increase of 3.4% with respect to December 31, 2020, equivalent to ThCh\$82,791,490.

Current assets decreased by ThCh\$20,379,201, mainly due to a decrease in tax assets of ThCh\$18,218,645, essentially associated with the tax refund made in 2021, together with a decrease in cash and cash equivalents of ThCh\$13,405,973. This is partially offset by an increase in trade and other receivables of ThCh\$13,613,429.

Non-current assets increased by ThCh\$ 103,170,691, mainly explained by an increase in property, plant and equipment of ThCh\$ 91,960,261, associated with investments made during the year. The main investment works are reflected in the following table:

| <b>Investments (Th\$)</b>  | <b>Dec-21</b> |
|--|---------------|
| Drilling and reinforcement of water supply system                                | 36,173,130    |
| Renovation of sewage networks  | 18,843,515    |
| Renewal of drinking water networks   | 13,595,194    |
| Expansion and modernization of the Padre Hurtado Drinking Water Treatment Plant. | 10,027,265    |
| Replenishment of assets of La Farfana and Mapocho-Trebal Biofactories            | 7,120,882     |
| Starters and meters  | 6,719,000     |
| Nitrate Treatment La Farfana and Mapocho-Trebal Biofactories                     | 5,740,978     |
| Autonomy 12 hours Cordillera Waters (San Antonio and San Enrique Ponds)          | 4,274,855     |
| New Providencia Water Mains (drinking water matrix)                              | 3,291,499     |

## 4.2. Analysis of liabilities and equity

Liabilities payable at December 2021 increased by ThCh\$ 82,048,632 compared to December 2020.

Current liabilities increased by ThCh\$3,673,890. This variation was mainly due to higher accounts payable to suppliers for expenses and investments. This is partially offset by the reversal of the provision for contingencies (sale of Essal) of ThCh\$ 10,750,000.

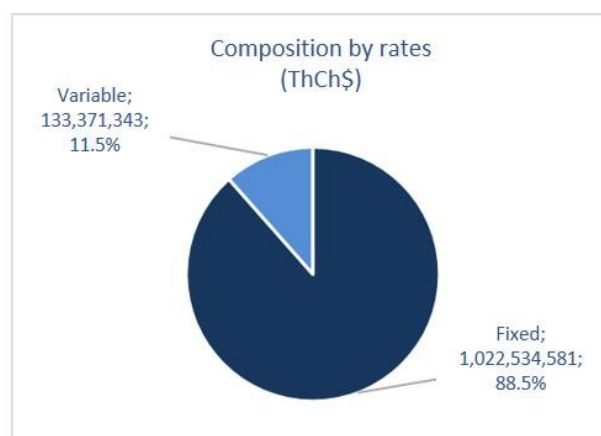
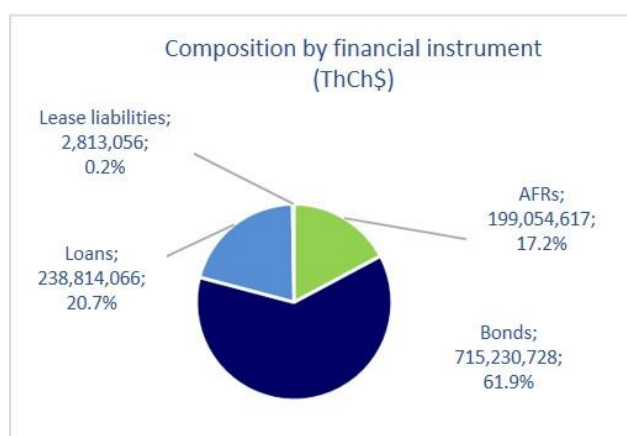
Non-current liabilities increased by ThCh\$78,374,742 (7.4%). This variation corresponds mainly to higher bank debt associated with new loans of ThCh\$55,000,000, together with the revaluation of debt in UF.

Total shareholders' equity increased by ThCh\$742,858, mainly explained by the profit for the year, which is partially offset by the distribution of profits.

The maturity profile of the financial debt as of December 31, 2021 is as follows:

| Financial Debt ThCh\$                    | Currency | Total                | 12 months         | 1 to 3 years       | 3 to 5 years       | more than 5 years  |
|--|----------|----------------------|-------------------|--------------------|--------------------|--------------------|
| AFRs                                     | \$       | 199,054,617          | 33,657,592        | 44,507,718         | 32,307,977         | 88,581,330         |
| Bonds                                    | \$       | 715,230,728          | 25,467,416        | 27,077,143         | 5,788,880          | 656,897,289        |
| Loans                                    | \$       | 238,814,066          | 9,898,783         | 122,866,018        | 106,049,265        | -                  |
| <b>Total other financial liabilities</b> |          | <b>1,153,099,411</b> | <b>69,023,791</b> | <b>194,450,879</b> | <b>144,146,122</b> | <b>745,478,619</b> |
| Lease liabilities                        | \$       | 2,813,056            | 1,183,259         | 874,309            | 416,312            | 339,176            |
| <b>Total lease liabilities</b>           |          | <b>2,813,056</b>     | <b>1,183,259</b>  | <b>874,309</b>     | <b>416,312</b>     | <b>339,176</b>     |
| <b>Totals</b>                            |          | <b>1,155,912,467</b> | <b>70,207,050</b> | <b>195,325,188</b> | <b>144,562,434</b> | <b>745,817,795</b> |

## 4.3. Structure of financial liabilities



## 5. Cash flow statements

| Statements of Cash Flows (ThCh\$) | Dec.21              | Dec.20             | % Var.          |
|-----------------------------------|---------------------|--------------------|-----------------|
| Operation activities              | 229,945,799         | 183,718,776        | 25.2%           |
| Investment activities             | (157,671,083)       | (78,371,570)       | 101.2%          |
| Financing activities              | (85,680,689)        | (439,471)          | >200.0%         |
| <b>Net cash flow for the year</b> | <b>(13,405,973)</b> | <b>104,907,735</b> | <b>(112.8%)</b> |
| <b>Ending cash balance</b>        | <b>164,558,880</b>  | <b>177,964,853</b> | <b>(7.5%)</b>   |

Cash flow from operating activities increased by ThCh\$46,227,023 when comparing December 2021 with December 2020.

The main variations were as follows:

- 💧 Collections from sales of goods and services generated an increase of ThCh\$ 24,879,186, associated with higher average tariffs due to the latest tariff indexations, as well as an increase in sales to residential customers.
- 💧 Decrease in the payment of income taxes of ThCh\$ 33,941,584, this variation is mainly explained by a tax refund in July 2021.
- 💧 Decrease in payments to suppliers of ThCh\$5,549,270, mainly associated with lower payments to infrastructure suppliers.

These variations were partially offset by the following items:

- 💧 Decrease in other charges for operating activities of ThCh\$7,997,864, mainly associated with compensation generated in 2020 for unfulfilled contractual agreements, generated by the extension of the start-up of projects developed by third parties.
- 💧 Increase in other cash outflows of ThCh\$7,973,457, due to the approval of the settlement for the class action lawsuit between SERNAC, CONADECUS and Aguas Andinas S.A., in relation to the massive drinking water cuts of April 2016, February and April 2017. This generated a recognition that was made through rebates to the monthly bills of affected customers.
- 💧 Increase in payments to and on behalf of employees of ThCh\$ 1,415,934, mainly related to CPI adjustments.

The disbursement for investment activities increased by ThCh\$79,299,513, associated to drilling and reinforcement of the potable water supply system, it is important to highlight that the works of the project Pozos de Cerro Negro - Lo Mena began, which corresponds to infrastructure that will allow reinforcing the potable water supply of the southern sector of the city. In addition to the above, there is a decrease in cash flows from the loss of control of subsidiaries or other businesses due to the sale of ESSAL in 2020.

Financing activities generated a net cash flow (increase) of ThCh\$ 85,241,218, mainly due to a higher payment of bank loans in 2021, as well as a revaluation of debt in UF.

## 6. Financial ratios

|   |       | Dec. 21 | Dec. 20 |
|---|-------|---------|---------|
| <b>Liquidity</b>  |       |         |         |
| Current liquidity   | times | 1.14    | 1.24    |
| Acid ratio  | times | 0.66    | 0.73    |
| <b>Indebtedness</b>   |       |         |         |
| Total indebtedness  | times | 1.25    | 1.17    |
| Current debt  | times | 0.18    | 0.19    |
| Non-current debt  | times | 0.82    | 0.81    |
| Coverage of financial expenses annualized                                     | times | 5.27    | 5.05    |
| <b>Profitability</b>  |       |         |         |
| Annualized return on equity attributable to owners of the controlling company | %     | 7.06    | 7.48    |
| Annualized return on assets   | %     | 1.99    | 2.06    |
| Annualized earnings per share   | \$    | 48.99   | 48.23   |
| Dividend return (*)   | %     | 13.59   | 8.86    |

**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 December 2021 amounts to \$155, while as of December 2020 it amounts to \$228.99.

As of December 2021, current liquidity decreased by 8.1%, due to a decrease in current assets of ThCh\$20,379,201, as a result of a decrease in tax assets, essentially associated with the tax refund made in fiscal year 2021, together with a decrease in cash and cash equivalents by ThCh\$13,405,973, which is partially offset by an increase in trade and other accounts receivable of ThCh\$13,613,419. 405,973, which is partially offset by an increase in trade and other receivables of ThCh\$13,613,419. In addition, current liabilities increased by ThCh\$3,673,890, as a result of an increase in accounts payable to suppliers of expenses and investments. This is partially offset by a reversal of the provision for contingencies (sale of ESSAL) of ThCh\$ 10,750,000.

Indebtedness presented an increase of 6.8%, due to an increase in demandable liabilities of ThCh\$ 82,048,632, mainly associated with higher debt from Banks associated with new loans of ThCh\$ 55,000,000, together with the revaluation of debt in UF. Total shareholders' equity increased by ThCh\$742,858,000.

The return on equity attributable to owners of the controlling company showed a decrease of 5.6%, due to the increase in average equity of ThCh\$49,712,304, essentially explained by the revaluation of land recorded in 2020, offset to a lesser extent by an increase in profit for the year of ThCh\$764,595.

## 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 sanitary 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 (Sanitary 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%, 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:

Aguas Andinas S.A.

|         |   |
|---------|---|
| Group 1 | January 2020, March 2021, August 2021 and November 2021 |
| Group 2 | January 2020, March 2021, July 2021 and October 2021    |

Aguas Cordillera S.A.    March 2020, May 2021, September 2021 and December 2021

Aguas Manquehue S.A.

|                |   |
|----------------|---|
| Santa Maria    | May 2020, June 2021, September 2021 and December 2021     |
| Los Trapenses  | May 2020, June 2021, September 2021 and December 2021     |
| Chamisero      | May 2020, July 2021 and October 2021                      |
| Chicureo       | January 2020, June 2021, September 2021 and December 2021 |
| Valle Grande 3 | January 2020 and October 2021                             |

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

Aguas Andinas S.A.

Pirque Ponds (March 2020)  
La Farfana Nitrate Treatment (March 2021)

Aguas Cordillera S.A.

Safety work (September 2021)

The tariffs in effect for the period 2020-2025 were approved by Decree No. 33 dated May 5, 2020, for Aguas Andinas 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 2020-2025 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). 2020-2025 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 sanitary 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 purchase 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.

Aguas Andinas S.A. has 100% coverage in potable water, 98.8% in sewage service and 100% in Sewage treatment in the Santiago basin.

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

Aguas Manquehue S.A. has 100% coverage of potable water, 99.5% of sewage service and 100% of 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 Water Group's development plans:

**Aguas Andinas S.A.**

Greater 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-sanitary 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 local currency. Therefore, our debt is mainly issued in local currency and we do not have significant foreign currency risks.

### **b) Interest rate risk**

At December 31, 2021, the interest rate risk held by Aguas Andinas S.A. is comprised of 88.5% at a fixed rate and 11.5% at a variable rate. The fixed-rate debt is composed of: short and long-term bond issues (70.0%), refundable financial contributions (19.5%), bank loans (10.3%) and lease liabilities (0.2%), while the variable-rate debt corresponds to loans with domestic banks.



At December 31, 2020, the interest rate risk held by Aguas Andinas S.A. is comprised of 92.6% at a fixed rate and 7.4% at a variable rate. The fixed-rate debt is composed of: short- and long-term bond issues (68.8%), refundable financial contributions (19.3%), bank loans (11.5%) and lease liabilities (0.4%), 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 risk rating of AA+ for long-term debt. In the case of shares: Feller Rate assigned us a first class level 1 rating and Fitch Ratings assigned us a first class level 2 rating.