



Inversiones Aguas Metropolitanas Earnings Release

Period ended December 31, 2022



1. Summary of the exercise

Consolidated results of Inversiones Aguas Metropolitanas at year-end 2022 show EBITDA growth of 10.7% and solid cash flow generation is maintained.

- 💧 Inversiones Aguas Metropolitanas maintains sustained EBITDA growth, reaching Ch\$289,320 million as of December 31, 2022, which represents an increase of 10.7% over the previous year. Likewise, it continues with a solid cash flow generation during the year, which has allowed it to keep indebtedness aligned with the Company's objectives. This positive financial situation has been ratified with a local AA+ risk rating and an international rating of A-, the highest rating for a private corporate company in Chile.
- 💧 At the non-operating result level, high inflation continues to impact financial costs due to the revaluation of financial debt in Unidad de Fomento (UF), so net income amounted to Ch\$41,320 million, 15.7% lower than the previous year.

The group has continued to be impacted by the global macroeconomic effects that have mainly translated into higher operating costs.

- 💧 **Upward pressure on operating costs linked to inflation:** an important part of Aguas Andinas' cost structure is linked to the evolution of inflation (labor costs, construction materials, service contracts in UF and salary adjustments), with an impact at the end of December 2022 compared to the same period of previous year of approximately ThCh\$(23,310) million.
- 💧 **Operating costs** of ThCh\$5,963 million, associated with increases in electric power prices (mainly for regulated customers) and chemical inputs, as well as the effects of fluctuations in the U.S. dollar exchange rate.

Increased inflation has various impacts on the Company's income statement

Inflation in Chile as of December 30, 2022 amounted to 12.8%.

- 💧 **Increase in financial costs related to the price-level restatement of debt in UF:** the significant increase in the CPI of 12.8% negatively impacted our financial costs by ThCh\$118,191 million associated with the readjustment of the financial debt in UF (ThCh\$60,562 million higher than in the previous year). It should be noted that the price-level restatement of the UF is an accounting impact with no significant effect on the Company's cash flow.
- 💧 **Income Taxes:** Inflation has had a positive impact on income tax expenses, associated with the effect of the permanent differences derived from the monetary correction of the Tax Equity.
- 💧 **Rate indexations based on the polynomial:** On the other hand, during the period Aguas Andinas has registered tariff indexations that allow mitigating the increase in costs due to CPI.

The group remains focused on the management and mitigation of climate change impacts.

- 💧 The Company continues to face the challenge of climate change. Despite this winter's rains, the deep drought and water scarcity situation in the country continues, which has been going on for more than 13 years and has deepened in the last 3 years.
- 💧 In this context, water scarcity has continued to be managed by prioritizing water transfer agreements with other users, which has allowed securing supply during 2022 and maintaining the security level of the El Yeso reservoir at 175.4 hm³ (December 2022), in line with the Company's objective.
- 💧 Additionally, we have continued to deploy our action plan to address water scarcity and the effects of climate change, which has materialized in an investment effort during the fourth quarter of 2022 in the amount of ThCh\$141,983 million. In this regard, it should be noted the completion of the works of the new Lo Mena - Cerro Negro well system, which will provide a flow of 1,500 l/s to supply 400,000 customers.
- 💧 Finally, actions have been deployed to raise public awareness of the importance of caring for water, such as "Every Drop Counts" campaign. At the end of December 2022, consumption decreased 2.1% compared to the same period of the previous year, mainly due to lower residential demand.

Latest investment projects have come into operation to improve the Company's operation and add greater water resilience for Santiago.

- 💧 During the year 2022, Aguas Andinas has put into operation the Trebal-Mapocho Nitrogen Biofactory project. Together with Biofactoría La Farfana, this project will enable the expansion of wastewater treatment, making a positive contribution to the environment and society in general.
- 💧 Cerro Negro-Lo Mena wells: which began in 2020, contemplates the construction of 14 wells for the extraction of subway water and allows reinforcing the supply of drinking water to the population by adding 1,500 liters per second to almost 400,000 customers. This means increasing the autonomy of the service from 34 hours to 37 hours in order to be able to face extreme turbidity scenarios.
- 💧 Near the end of the year, the expansion and modernization project of the Padre Hurtado Drinking Water Treatment Plant came into operation, which adds 1,000 liters per second of water production, ensuring the supply of drinking water during peak demand periods in the districts of La Reina, Ñuñoa, Providencia, Las Condes, Vitacura and Lo Barnechea. This will also help improve supply pressure.

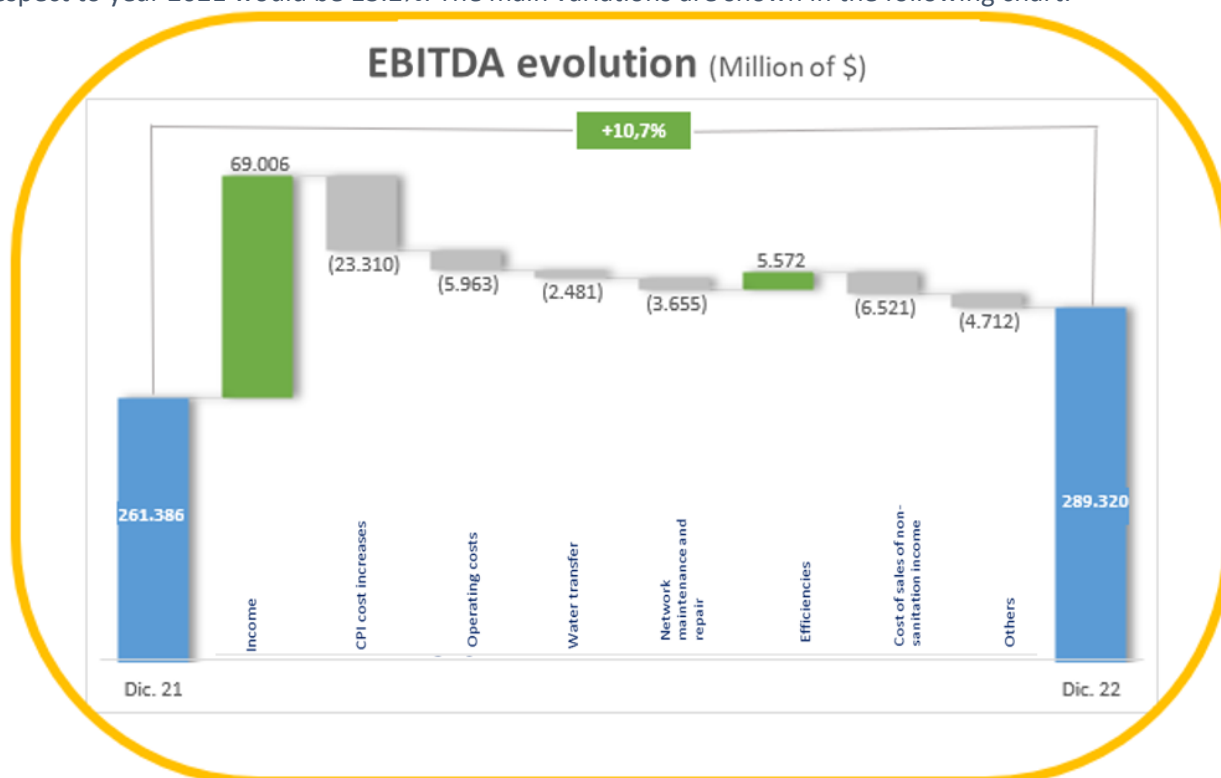
The Company is accelerating its efficiency program based on our Transformation plan

- 💧 The Company is implementing a Transformation plan, with a vision of a new sustainable business model focused on mitigating risks, capturing efficiencies, prioritizing investments and incorporating technology, supported by a new organizational culture. In line with the above, initiatives have been developed to improve processes and digital transformation that have generated Efficiencies of \$5,572 million at the end of December 2022.

Successful bond issuance in the international market

- In order to finance part of its investment plan, mainly projects eligible under the Green and Social Framework, Aguas Andinas successfully completed the issuance and placement of two private bonds without financial covenants in the Asian market, all for a total equivalent amount of approximately USD 50 million, thus becoming the first corporate company in the country to carry out an operation of this type.
- Aguas Andinas completed its international rating process with Standard & Poor's, obtaining an 'A-' rating, becoming the first non-state corporate company in Chile to receive the highest international rating, in addition to the local ratings issued by Fitch and ICR with AA+. In its analysis, S&P highlights Aguas Andinas' stable and predictable cash flow generation for the next years due to its regulated nature and even considering the Company's investment plan to face the direct impacts of climate change.

EBITDA as of December 31, 2022 amounted to \$207,273 million, an increase of 10.7% regarding the previous year. Without the one-off effect of year 2021 revenues of ThCh\$5,698 million, the increase in EBITDA with respect to year 2021 would be 13.2%. The main variations are shown in the following chart:



- Higher sanitation revenues of \$69,006 million, mainly associated with higher average tariffs of \$71,707 million due to the latest tariff indexations by polynomial and the entry into operation of new investment projects (La Farfana/Trebal-Mapocho Nitrogens and Aguas Cordillera safety ponds). However, lower sales volumes were recorded for \$9,145 million, mainly explained by a decrease in sales to Residential customers by -4.0%, which is partially offset by higher sales to non-Residential customers by +1.4%.

- The Company's costs have been increased by the CPI, mainly due to higher labor costs, construction materials, service contracts in UF and compensation adjustments. As of December 2022, the index accumulated an increase of 12.8%. Additionally, operating costs for the entry into operation of new facilities and assets are considered.
- Operating costs of ThCh\$5,963 million, associated with increases in the price of electric power and chemical inputs, as well as the increase in the U.S. dollar exchange rate.
- Higher raw water of \$2,481 million necessary to continue facing the extreme drought situation that the region has been experiencing for the last 13 years. Aguas Andinas currently needs to transfer approximately 1/3 of the water produced to supply the city, equivalent to 260 Hm3.

Since lower hydrological conditions were recorded this summer, the lower flow available in the Maipo river basin resulted in a higher price per cubic meter of water purchased. Likewise, the volume stored in the El Yeso reservoir as of December 2022 was 175.4 Hm3 vs. 158.2 Hm3 as of December 2021, also due to a greater need to supply the demand for the period.

It is important to note that in August 2021 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 collaboration agreement with the Irrigation Associations is in operation, and thus, the Board of Directors of the Junta de Vigilancia de la Primera Sección del Río Maipo (Maipo River First Section Oversight Board) has coordinated water transfers, ensuring sufficient reserves in the El Yeso Reservoir to ensure the supply to the customers.

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.

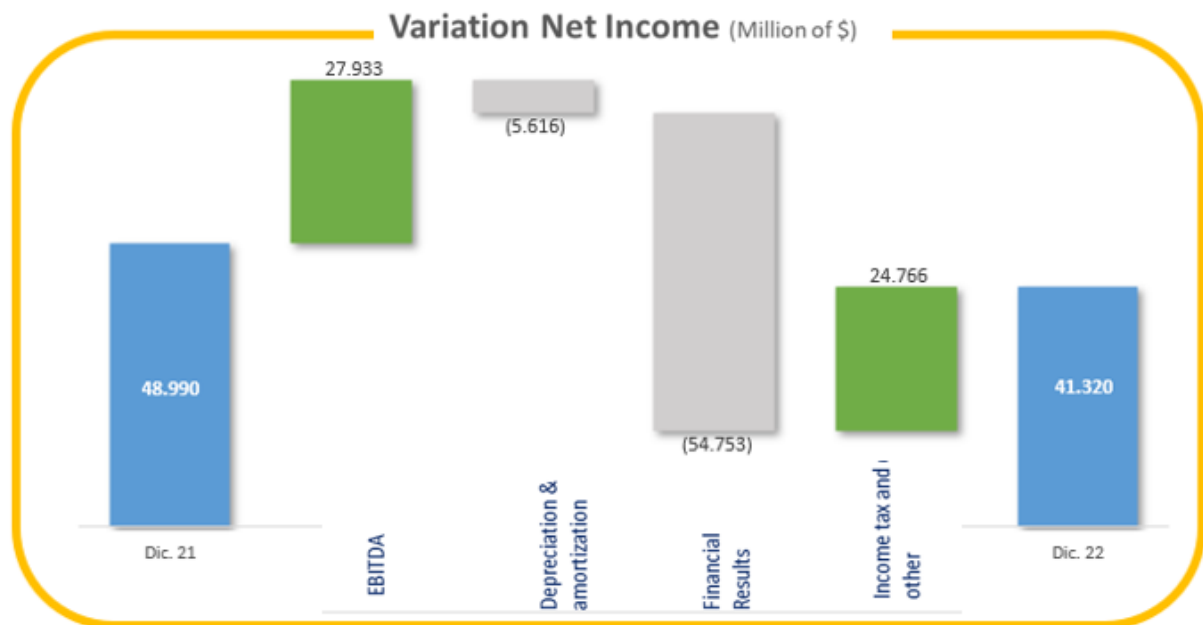
Higher network maintenance and repair costs of \$3,655 million were generated due to a significant increase in customer requirements and workload.

The Company is implementing a Transformation plan, initiatives have been developed to improve processes and digital transformation that have allowed us to generate **Efficiencies** for \$5,572 million as of the end of 2022.

In this regard, the management of fertilizer generated from biosolids from wastewater treatment stands out, a product called Huechún, which led Aguas Andinas to obtain recognition as a "Consolidated Company" in the PwC Chile Innovation 2022 award.

In addition, initiatives have been deployed aimed at improving the management of metering, detection of leaks in networks, purchasing efficiencies, and commercial actions for debt recovery that have allowed reducing the expenditure on bad debts, from a ratio of 3.1% of revenues in 2021 to 2.4% at the end of this fiscal year.

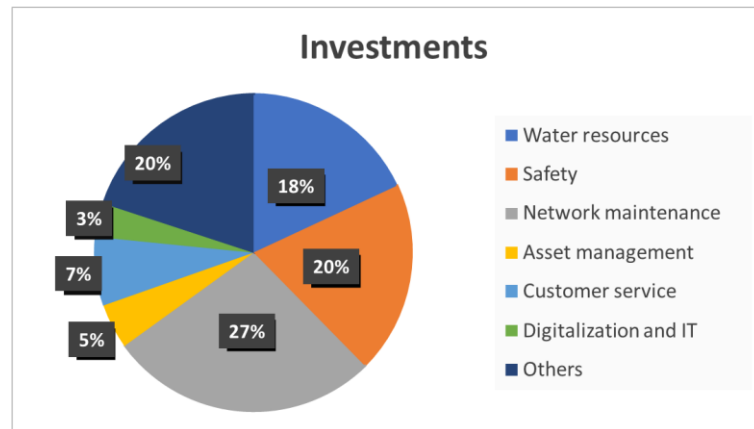
- Net income as of December 31, 2022 amounted to \$41,320 million, representing an decrease of 15,7% regarding the same period of previous year. The main variations are presented in the following chart:



- At the non-operating level, there is a lower financial result of \$54,753 million regarding the previous year, mainly associated with a higher revaluation of the financial debt due to the variation of the Unidad de Fomento (13.3% in 2022 versus 6.6% in 2021). It should be noted that the price-level restatement of the UF is an accounting impact with no significant effect on the Company's cash flow.
- As of December 31, 2022, income tax had a positive effect in relation to the previous year of ThCh\$22,243 million, as a result of a lower result in income before taxes added to the inflationary effect of deductible permanent differences, the main difference being the price-level restatement of tax equity. On the other hand, the high inflationary effects also generated a significant increase in taxable temporary differences, the most important being the tax price-level restatement of property, plant and equipment, which has led to a significant increase in deferred tax assets.
- This is partially offset by the reversal of the 2021 contingency provision associated with the ESSAL sale contract for ThCh\$10,750 million.
- Cash Generation and Position.** At the end of 2022, the balance of cash and cash equivalents was \$180,546 million, increasing by \$15,987 million compared to the end of 2021. The increase in this item is mainly explained by the higher operating cash flow for the period together with a bank loan of \$44,774 million, which is partially offset by the payment of investments and debt repayments. The Company's current cash stock, which continues to be higher than the minimum cash requirements to meet short-term obligations, is maintained at these levels in order to face possible liquidity shocks in the current volatile context.

Investments

- As of December 31, 2022, investments of \$141,938 million were executed, as detailed in the following chart:



- The main projects developed as of December 31, 2022 were as follows:
 - Renovation of potable water and wastewater networks
 - Renewal of starters and meters
 - Replenishment of assets of La Farfana-Trebal Biofactories
 - Cerro Negro - Lo Mena wells
 - Other boreholes and water supply system reinforcements
 - Filter Renovation Vizcachitas – Tagle
 - Other boreholes and reinforcement of water supply system
 - Américo Vespucio Oriente wells
 - Expansion and modernization of Padre Hurtado Potable Water Treatment Plan
- To face the effects of the prolonged Megadrought, which has lasted more than 13 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 potable water supply system, the expansion of the Padre Hurtado Potable Water Treatment Plant. Additionally, the Hydraulic Efficiency Plan is being implemented to reduce potable 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 37 hours and then to 48 hours, works that include the construction of the Cerro Negro - Lo Mena Wells and the Manzano - Toma Independiente Connection, respectively.

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) Sustainable return of treated water project in the Maipo-Mapocho Basin.
- ii) Antonio Varas Bajo well batteries.
- iii) Safety well batteries.

○ **OTHER KEY FACTS**

- 💧 **Emisión de bonos en moneda internacional.** Con fecha 13 de diciembre de 2022, la compañía emitió y colocó dos bonos en mercados internacionales al amparo de la Regulación S de la *Securities and Exchange Commission* de los Estados Unidos de América, bajo la Ley de Valores (*Securities Act*) de 1933, de los Estados Unidos de América por un monto de (i) AUD \$20.000.000 (veinte millones de dólares australianos), con vencimiento al año 2037, a una tasa de interés de 6,82% semestral; y (ii) JPY \$5.000.000.000 (cinco mil millones de yenes japoneses), con vencimiento al año 2037, junto a una tasa de interés de 2,16% semestral equivalentes en conjunto a USD \$50.000.000 aproximadamente.

Los fondos recaudados con la emisión de los Bonos serán utilizados para financiar proyectos elegibles dentro del Marco Verde y Social de la compañía, que hayan realizado desembolsos durante los últimos 24 meses antes de la emisión, que corresponden a aproximadamente el 90% de los ingresos. El saldo se utilizará para desembolsos de proyectos programados para ejecutarse como máximo dentro de los próximos 24 meses siguientes a la emisión.

- 💧 **Reparto de dividendos.** El 3 de marzo de 2022 se realizó la Junta Ordinaria de Accionistas, en la cual se acordó el reparto de las utilidades líquidas del ejercicio 2021, las que ascienden a \$48.990 millones. Se deja constancia que, en atención al dividendo provisorio pagado en noviembre del año 2021 que ascendió a \$20.041 millones, la utilidad que se distribuirá asciende a \$20.491 millones, lo que significó un dividendo definitivo de \$20,49075 por acción, que fue exigible a contar del 1 de abril de 2022.

- 💧 **Renewal of the Board of Directors.** At the Ordinary Shareholders' Meeting held on March 3, 2022, matters pertaining to it were discussed, including the renewal of the Board of Directors, and the following persons were elected:

Regular Directors

Felipe Larraín Aspillaga
Alberto Muchnick Mlynarz
Herman Chadwick Piñera
Ignacio Guerrero Gutiérrez
Rodrigo Azócar Hidalgo
Hernán Cheyre Valenzuela
Luis E. Álamos Olivos

Alternate Directors

Cosme Sagnier Guimón
Andrés Muchnick Cruz
Narciso Berberana Sáenz
Rodrigo Castro Fernández
Carlos Mladinic Alonso
Hugo Silva Raveau
María José Uauy Cúneo

- 💧 **Renewal of the Board of Directors.** At the Ordinary Shareholders' Meeting held on September 28, 2022, matters pertaining to it were discussed, including the renewal of the Board of Directors, and the following persons were elected:

Regular Directors

Felipe Larraín Aspillaga
Gustavo Migues
Fernando Samaniego Sangroniz
María Florencia Esquerre Riquelme
Giorgianna Cúneo Queirolo
Rodrigo Manubens Moltedo
Jaime Arellano Quintana

Alternate Directors

Gustavo Alcalde Lemarie
Katia Trusich Ortiz
Jorge Manent Codina
Marisol Bravo Léniz
Tomás Uauy Cúneo
Bernardo Simián Soza
Víctor Selman Biester

In addition, at a meeting of the Company's Board of Directors, it was unanimously agreed by its members to appoint Felipe Larraín Aspillaga as Chairman of the Board. The named executive is also president of the parent company Inversiones Aguas Metropolitanas, IAM, and country director of Veolia Chile and Peru.

- 💧 **Demanda asociada a la operación de venta y cesión de “ESSAL”.** Con fecha 25 de agosto, la Sociedad fue notificada de diversas demandas de indemnización de perjuicios por supuestos incumplimientos de garantía de indemnidad e incumplimientos de contrato, así como sendas demandas subsidiarias de aquéllas, interpuestas en juicio arbitral en su contra por Eco Acquisitionco SpA, las que dicen relación con la operación de venta y cesión de la participación directa e indirecta de Aguas Andinas S.A. en Empresa de Servicios Sanitarios de Los Lagos S.A. (“ESSAL”), concretada en octubre de 2020. Las demandas interpuestas reclaman en el pago de indemnizaciones por la cantidad total de \$65.222.222.373.

En opinión de Aguas Andinas S.A. las referidas demandas carecen de fundamento y, en definitiva, debieran ser rechazadas. Con todo, y en cualquier caso, en la operación de venta y cesión antedicha, Aguas Andinas asumió las responsabilidades habituales en una operación de estas características, la que está limitada a la cantidad total de US\$ 11.500.000. Además, los contratos suscritos prevén limitaciones adicionales de responsabilidad por concepto de montos de pérdidas individuales, oportunidad de reclamaciones, recuperación de seguros, pérdidas derivadas de ciertos hechos previamente conocidos por el comprador, entre otros; circunstancias que Aguas Andinas S.A. hará valer en las oportunidades procesales correspondientes de manera que las demandas en cuestión sean rechazadas íntegramente.

- 💧 In April 2022, Fitch Ratings successfully completed the solvency and issuance rating process for Aguas Andinas. **Fitch assigned an AA+ rating** based on:

1. The strong business profile of the company, which has a solid business position and is the country's leading sanitation company, with about 40% market share at the consolidated level.
2. Technological development and efficiency levels that stand out in the industry.
3. The defensive nature of the sanitation services industry, the stability of operating cash flow generation given the exclusivity of its concession area and operating in an industry that has historically had a strong regulatory framework.
4. A conservative and stable credit profile over time, with an operating cash flow that allows it to finance the distribution to its shareholders and a large part of its investments.

- 💧 **Internalization of Operation and Maintenance of Biofactories.** On March 31, 2022, the contract for the "Development of the Biofactories Plan for the Wastewater Treatment Plants of Greater Santiago and Management of Generated Resources" between Aguas Andinas and SUBIAN was terminated in advance. This means that Aguas Andinas has internalized the operation and maintenance of the La Farfana and Mapocho/Trebal Biofactories, managing these service infrastructures with its own resources and personnel as of April 1, 2022. This decision aims to guarantee in the best possible way, the sanitation service that the Company provides to its users in a context of extreme drought affecting our country, which requires an integral management of the water cycle, while favoring the extension of the successful model of Biofactories to all the other treatment plants of the company.

- 💧 **Change of indirect control over Aguas Andinas S.A.** On March 14, 2022, it was communicated through an Essential Fact that the Takeover Bid launched by Veolia in France was declared successful last January, and that the operation was approved by the European Commission in accordance with the EU Merger Regulation of the Council of the European Union, and, also, that, on March 11, 2022, it has been notified that the Competition & Markets Authority of the United Kingdom (the "CMA"), has permitted the integration of Veolia with certain business units of Suez outside the United Kingdom, subject to certain conditions and as an effect of the foregoing, the change of control by Veolia has occurred.

2. Results for the year

2.1. Accumulated results

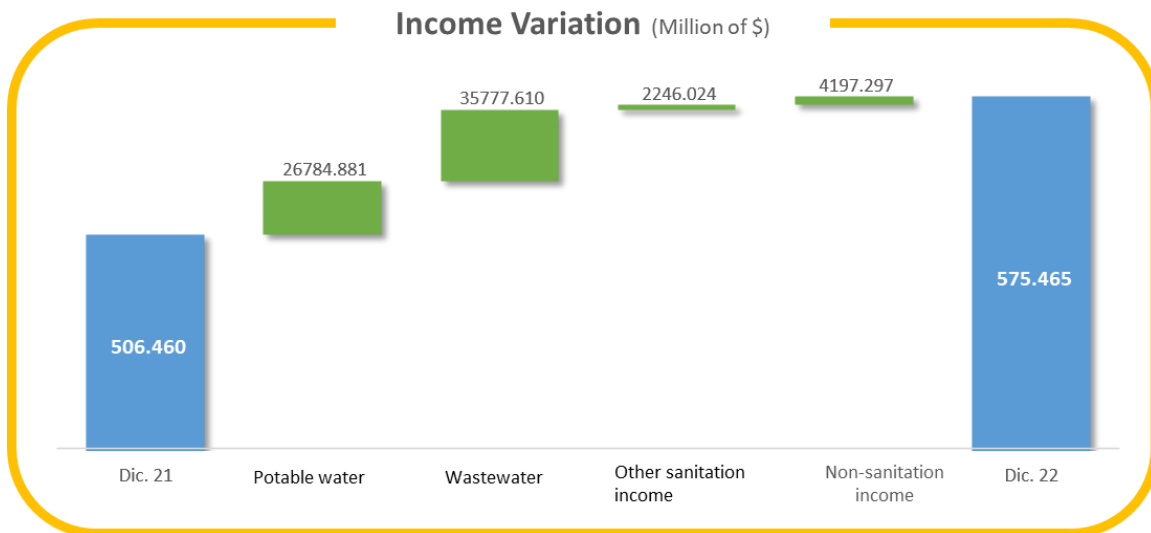
Income Statement (Th\$)	Dec. 22	Dec. 21	% Var.	2022 / 2021
Ordinary Revenues	575.465.445	506.458.487	13,6%	69.006.958
Operational Costs and Expenses	(286.146.111)	(245.072.035)	16,8%	(41.074.076)
EBITDA	289.319.334	261.386.452	10,7%	27.932.882
Depreciation and Amortization	(74.820.917)	(69.205.148)	8,1%	(5.615.769)
Income From Operations	214.498.417	192.181.304	11,6%	22.317.113
Other earnings (losses)	(1.521.833)	3.636.892	(141,8%)	(5.158.725)
Financial Result*	(131.694.344)	(76.941.424)	71,2%	(54.752.920)
Tax expense	2.577.179	(19.665.778)	(113,1%)	22.242.957
Minority interest	(42.539.263)	(50.221.270)	(15,3%)	7.682.007
Net earnings	41.320.156	48.989.724	(15,7%)	(7.669.568)

* Incluye ingresos financieros, costos financieros, diferencias de cambio y resultados por unidades de reajuste

2.2. Revenue analysis

Revenues increased by 13.6% with respect to the same period of previous year, as follows:

	Dec. 22		Dec. 21	
	Sales	Participation	Sales	Participation
	Thousands \$		Thousands \$	
Potable Water	231.961.337	40,3%	205.176.457	40,5%
Wastewater	265.582.171	46,2%	229.804.561	45,4%
Other Sanitation Income	16.067.462	2,8%	13.821.438	2,7%
Non-Sanitation Income	61.854.475	10,7%	57.656.031	11,4%
Total	575.465.445	100,0%	506.458.487	100,0%



Sales Volume (Thousands of m3 accrued)	Dic 22	Dic 21	% Var.	Diferencia
Potable Water	524.299	535.738	(2,1%)	(11.440)
Wastewater Collection	503.656	514.218	(2,1%)	(10.562)
Wastewater Treatment and Disposal	435.874	443.596	(1,7%)	(7.721)
Interconnections*	120.227	124.277	(3,3%)	(4.050)
Customers	Dic 22	Dic 21	% Var.	Diferencia
Potable Water	2.257.165	2.207.344	2,3%	49.821
Wastewater Collection	2.212.631	2.162.909	2,3%	49.722

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

Sanitation income

a. Potable Water

Potable water revenues at the end of 2022 amounted to ThCh\$231,961,337, which represents an increase of 13.1% regarding the same period of the previous year, due to polynomial indexing applied during 2021 and 2022, which is partially offset by lower volume supplied (residential customers in - 4.0% and non-residential customers in +1.4%).

b. Sewage

Revenues from wastewater at the end of 2022, amounted to ThCh\$265,582,171, an increase of ThCh\$35,777,610 compared to the previous year, due to higher average rate associated to the latest polynomial tariff indexing, together with the tariffs associated with nitrogen treatments at La Farfana and Trebal-Mapocho Biofactory, which is partially offset by lower sales volume.

c. Other sanitation income

This item increased by ThCh\$2,246,024, which was due to higher activity in services not associated with sales volume.

Non-Sanitation income

a. Services

An increase of ThCh\$241,442 was reflected, mainly due to higher activity in home services, sanitation infrastructure modifications and the sale of materials, which is partially offset by lower activity in agreements with developers and non-recurring effects of year 2021.

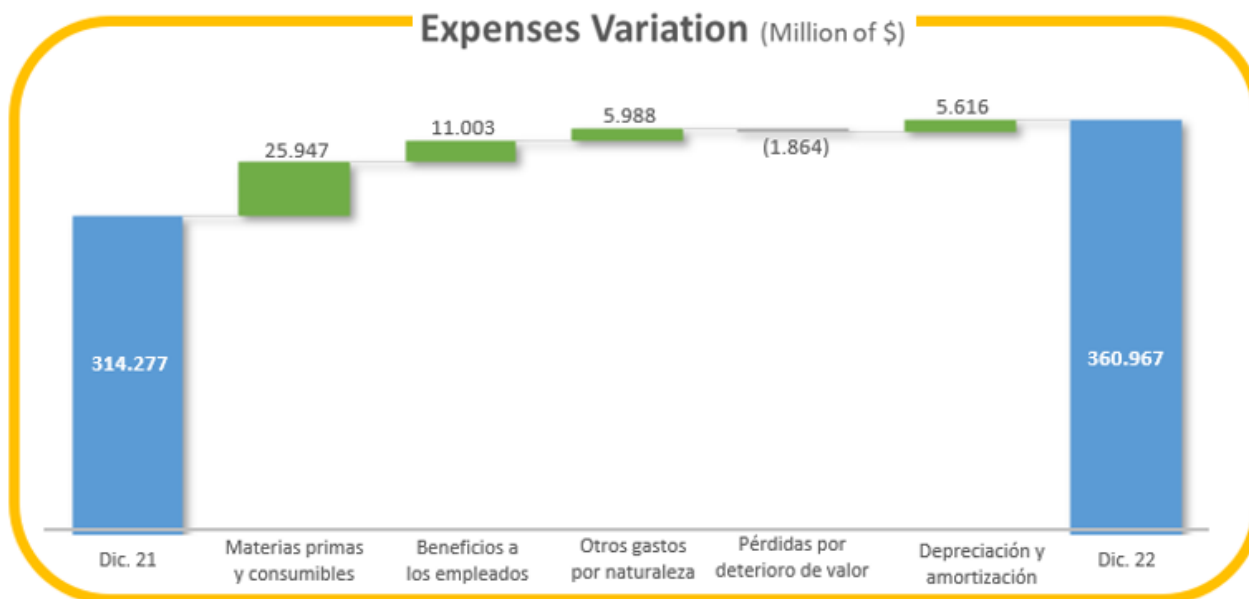
b. Non-sanitation subsidiaries

The increase of ThCh\$3,955,855 was mainly explained by higher activity and new projects of company EcoRiles, together with increased analysis and sampling of potable water in Análisis Ambientales.

(ThCh\$)	Dec. 22	Dec. 21	% Var.
EcoRiles S.A.	20.730.872	17.137.411	21,0%
Análisis Ambientales S.A.	7.943.754	6.526.953	21,7%
Hidrogística S.A.	4.213.221	6.336.097	(33,5%)
Aguas del Maipo S.A.	1.966.052	896.583	119,3%
Non-regulated non-sanitation products	34.853.898	30.898.043	12,8%

2.1 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, 2022, raw materials and consumables costs amounted to ThCh\$79,574,329. The main variations are explained by the increase in the purchase of water for ThCh\$2,480,611 to increase the security of supply of our customers due to the low flow in the Maipo River basin, higher CPI costs, higher costs of sale of materials together with price increase of chemical input and electric power. In addition, as of April 1, the costs resulting from the internalization of the Biofactories are included.

b. Employee benefits

At the end of 2022, employee benefit expenses amounted to ThCh\$66,542,438, which was ThCh\$11,003,240 higher than the one obtained in the same period of previous year. The increase is mainly associated with CPI adjustments and personnel expenses incurred by the Company as a result of the internalization of Biofactories.

c. Other expenses by nature

At the end of 2022, these expenses amounted to ThCh\$126,198,987, which increased by ThCh\$5,988,332 compared to the previous year, mainly due to higher expenses readjustments for CPI, higher expenses in maintenance of potable water and sewage networks by ThCh\$3,655,367 and higher expenses in services to customers by ThCh\$1,941,356 and higher costs of sales of home services and modifications of sanitation infrastructure. The above is partially offset by lower costs resulting from the internalization of Biofactories together with higher efficiencies.

d. Depreciation and amortization

As of December 31, 2022, depreciation and amortization amounted to ThCh\$36,505,882, ThCh\$2,660,538 higher than the one obtained the same period of previous year. This was the result

of depreciation associated with the new assets incorporated in the period.

e. Impairment losses

At the end of 2022, the provision for bad debts was ThCh\$13,830,357, which is ThCh\$1,867,376 lower than the previous year. The percentage of bad debts over total revenues was 2.4% in 2022 compared to 3.1% in 2021.

e. Depreciation and amortization

As of December 31, 2022, depreciation and amortization amounted to ThCh\$74,820,917, ThCh\$5,615,769 higher than the one obtained the same period of previous year. This was the result of depreciation associated with the new assets incorporated in the period.

1. Analysis of financial results and others

a. Other gains (losses)

As of December 31, 2022, the Company obtained a higher result than the previous year by ThCh\$5,158,725 mainly due to the reversal of the provision for contingencies (sale of Essal) made in 2021.

b. Financial income

At the end 2022, financial income amounted to ThCh\$21,025,213, which meant an increase of ThCh\$15,942,546 compared to the previous year, mainly explained by higher financial interest for cash surpluses, higher interest on customer debt and higher repurchase of promissory notes for AFRs (refundable financial contributions).

c. Financial Costs

As of December 31, 2022, financial costs amounted to ThCh\$36,613,290, which meant an increase of ThCh\$8,747,013 regarding the same period of 2021. The above was mainly explained by higher interest on financial debt, which is partially offset by higher activation of financial expenses.

d. Results per readjustment unit

At the end of 2022, the adjustment unit charge was ThCh\$115,252,738, resulting in a higher expense of ThCh\$59,769,575, mainly due to the higher revaluation of the debt as a result of the variation of the Unidad de Fomento (13.3% in 2022 versus 6.6% in 2021). It should be noted that the price-level restatement of UF is an accounting impact with no significant effect on the Company's cash flow.

f. Income tax expense

The income tax expense as of December 31, 2022 was lower than the previous year by ThCh\$22,242,957, as a result of a lower result in income before taxes added to the inflationary effect of deductible permanent differences, the main difference being the price-level restatement of tax equity. On the other hand, the high inflationary effects also generated a significant increase in taxable temporary differences, the most important being the tax price-level restatement of property, plant and equipment, which has led to a significant increase in deferred tax assets.

g. Earnings

Net income as of December 31, 2022 amounted to ThCh\$41,320,156, which was ThCh\$7,669,568 lower than the figure obtained in the previous year, representing a decrease of 15.7%.

2.2 Resultados por segmento

a) Resultados acumulados segmento Agua

Income Statement (Th\$)	Dic. 22	Dic. 21	% Var.	2022 - 2021
External Revenue	540.270.195	475.494.190	13,6%	64.776.005
Revenues Segments	898.163	606.007	48,2%	292.156
Operating Costs and Expenses	(257.403.965)	(219.944.218)	17,0%	(37.459.747)
EBITDA	283.764.393	256.155.979	10,8%	27.608.414
Depreciation and Amortization	(72.764.097)	(67.120.199)	8,4%	(5.643.898)
Income from Operations	211.000.296	189.035.780	11,6%	21.964.516
Other Earnings (Losses)	(1.094.059)	3.687.752	(129,7%)	(4.781.811)
Financial Results*	(131.459.995)	(76.921.617)	70,9%	(54.538.378)
Tax Expense	2.935.457	(19.007.029)	(115,4%)	21.942.486
Minority interest	(2.140)	(2.005)	6,7%	(135)
Net earnings	81.379.559	96.792.881	(15,9%)	(15.413.322)

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

The net result of this segment showed a decrease of 15.9%, mainly due to:

- 💧 Increase in external revenues, mainly associated with sanitation revenues due to higher average tariffs associated with the latest indexations, which was partially offset by lower sales volumes recorded in the period.
- 💧 Costs increased mainly due to higher CPI expenses, potable water and sewage network maintenance, higher customer service expenses, insurance and home services sales costs, and sanitation infrastructure modifications. This is partially offset by the internalization of the Biofactories and higher efficiencies.
- 💧 Additionally, due to the extreme drought affecting the central zone of the country, there have been increases in raw water purchase expenses of ThCh\$2,480,611 due to the low flow in the Maipo river basin.
- 💧 Depreciation was ThCh\$5,643,898 higher than the one obtained in the same period of the previous year, as a result of the depreciation associated with the new assets incorporated in the period.
- 💧 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) made in 2021.
- 💧 The financial result presented a net expense of ThCh\$131,459,995, higher by ThCh\$54,538,378 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 (13.3% in 2022 versus 6.6% in 2021).

- The income tax expense at the end of 2022 was lower than the previous year by ThCh\$21,942,486, mainly explained by lower income before taxes together with the effect of the permanent differences arising from the price-level restatement of the Tax Equity.

b) Accumulated results of the Non-Water segment

Income Statement (Th\$)	Dec. 22	Dec. 21	% Var.	2022 - 2021
External Revenue	35.195.250	30.965.443	13,7%	4.229.807
Revenues Segments	6.002.529	4.615.666	30,0%	1.386.863
Operating Costs and Expenses	(34.200.667)	(28.918.697)	18,3%	(5.281.970)
EBITDA	6.997.112	6.662.412	5,0%	334.700
Depreciation and Amortization	(2.091.863)	(2.119.231)	(1,3%)	27.368
Income from Operations	4.905.249	4.543.181	8,0%	362.068
Other Earnings (Losses)	(383.505)	(13.642)	2.711,2%	(369.863)
Financial Results*	(295.495)	(22.034)	>200%	(273.461)
Tax Expense	(357.074)	(655.857)	(45,6%)	298.783
Net earnings	3.869.175	3.851.648	0,5%	17.527

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

The results of the Non-Water segment showed an increase of ThCh\$17,527 compared to the previous year, mainly due to:

- The higher revenues were mainly explained by higher activity and new projects of the company EcoRiles together with increased analysis and sampling of Potable Water at Análisis Ambientales.
- The increase in costs of 18.3% is mainly associated with higher sales activity together with higher CPI expenses.
- Depreciation was ThCh\$587 higher than the one obtained in the previous year, as a result of the depreciation associated with the new assets incorporated in the period.
- In other gains (losses), a lower result was obtained than in the previous year, mainly due to the recovery of performance bonds made in 2021.
- The income tax expense as of December 30, 2022 was ThCh\$357,074, ThCh\$298,783 lower than the same period of the previous year, mainly explained by a lower income before taxes together with the effect of deferred taxes.

3. Quarterly results

Income Statement (Th\$)	4T22	4T21	% Var.	4T22 – 4T21
Ordinary Revenues	160.134.972	136.825.924	17,0%	23.309.048
Operational Costs and Expenses	(78.088.969)	(65.893.079)	18,5%	(12.195.890)
EBITDA	82.046.003	70.932.845	15,7%	11.113.158
Depreciation and Amortization	(19.346.616)	(18.170.894)	6,5%	(1.175.722)
Income From Operations	62.699.387	52.761.951	18,8%	9.937.436
Other earnings (losses)	(40.685)	(1.876.769)	(97,8%)	1.836.084
Financial Result*	(26.012.596)	(30.729.090)	(15,3%)	4.716.494
Tax expense	(6.205.024)	321.137	(2032,2%)	(6.526.161)
Minority interest	(15.378.005)	(10.427.963)	47,5%	(4.950.042)
Net earnings	15.063.077	10.049.266	49,9%	5.013.811

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

3.1. Income analysis

a. Operating income

Ordinary revenues for the fourth quarter of 2022 amounted to ThCh\$160,134,972, ThCh\$23,309,048 higher than the one obtained in the same quarter of the previous year, mainly due to sanitation income, essentially explained by higher average tariffs associated with the latest indexations recorded, together with higher non-sanitation revenues, associated with higher activity of non-sanitation subsidiaries and sale of materials. This is partially offset by lower registered consumption.

3.2 Expenses analysis

a. Raw materials and consumables used

During the fourth quarter of 2022, raw materials and consumables costs amounted to ThCh\$22,228,566, ThCh\$7,088,403 higher than the one obtained in the same quarter of 2021, mainly related to the purchase of water, higher CPI costs, higher cost of sales of materials together with chemical inputs and electric power costs, together with costs included as of April 1 due to the internalization of the Biofactories and exchange rate fluctuations.

b. Employee benefits

Employee benefit expenses for the fourth quarter of 2022 amounted to ThCh\$18,678,625, ThCh\$3,478,560 higher than the one obtained in 2021. This increase is mainly due to CPI adjustments and expenses of personnel incorporated to the Company as a result of the internalization of Biofactories.

c. Other expenses

In the fourth quarter of 2022, other expenses amounted to ThCh\$344,303,9, ThCh\$3,382,818 higher than the one obtained in 2021, mainly explained by higher CPI adjustments, higher expenses in potable water and sewage network maintenance, customer services, insurance expenses and cost of

home services sales. This is partially offset by lower costs resulting from the internalization of Biofactories and higher efficiencies.

d. Depreciation and amortization

During the fourth quarter of 2022, depreciation and amortization amounted to ThCh\$19,346,616, ThCh\$1,175,722 higher than the one obtained in 2021, due to the depreciation associated with the new assets incorporated during the period.

3.3 Financial result analysis and others

a. Financial result

In the financial result for the fourth quarter of 2022, losses of ThCh\$26,012,596 were obtained, which decreased by ThCh\$4,716,494 for 2021, mainly explained by a higher debt revaluation, due to the higher variation of the Unidad de Fomento (2.5% in 2022 versus 3.0% in 2021) compared to the same quarter of 2021.

b. Income tax expense

The income tax expense at the end of the fourth quarter of 2022 was lower than the previous year by ThCh\$6,526,161, mainly explained by lower income before taxes together with the effect of the permanent differences derived from the price-level restatement of Tax Equity.

c. Earnings

Net income for the fourth quarter of 2022 amounted to ThCh\$15,063,077, ThCh\$4,950,042 higher than the one obtained in the same quarter of 2021.

3. Estado de situación financiera

	Assets	Dec. 22	Dec. 21	% Var.
Current Assets		326.058.264	285.099.776	14,4%
Non-Current Assets		2.325.871.931	2.216.722.469	4,9%
Total assets		2.651.930.195	2.501.822.245	6,0%
	Liabilities and equity			
Current Liabilities		266.626.154	249.136.827	7,0%
Non- Current Liabilities		1.274.907.748	1.138.295.178	12,0%
Total liabilities		1.541.533.902	1.387.432.005	11,1%
Shareholders' Equity		691.794.448	693.964.870	(0,3%)
Minority Interest		418.601.845	420.425.370	(0,4%)
Total Shareholders' Equity		1.110.396.293	1.114.390.240	(0,4%)
Total Liabilities and Shareholders' Equity		2.651.930.195	2.501.822.245	6,0%

4.1. Revenue analysis

The total assets of Inversiones Aguas Metropolitanas S.A. at the consolidated level as of December 31, 2022 presented an increase of ThCh\$150,107,950 regarding December 31, 2021.

Current assets increased by ThCh\$40,958,488, mainly due to the increase in other current financial assets of ThCh\$21,670,741 due to the recording of the advance payment of principal and interest on bonds payable on October 1st of this year, together with a higher balance of inventories of ThCh\$7,604,674, mainly associated with the internalization of the Biofactories. This is partially offset by a decrease in tax assets of ThCh\$7,102,052 associated with tax refunds.

Non-current assets increased by ThCh\$109,149,462, mainly explained by higher deferred taxes of ThCh\$65,275,720 together with higher property, plant and equipment and intangible assets of ThCh\$43,896,472, associated with investments made during the period. The main investment works are reflected in the following table:

Investments (ThCh\$)	Dec-22
Renovation of wastewater networks	33.288.562
Renewal of starters and meters	9.916.110
Replenishment of assets of La Farfana-Trebal Biofactories	9.371.298
Cerro Negro - Lo Mena Wells	8.944.119
Drilling and reinforcement of water supply system	8.763.406
Renovation of potable water networks	7.877.596
Filter Renovation Vizcachitas - Tagle	4.990.363
Américo Vespucio Oriente Wells	4.621.827
Expansion and modernization of Padre Hurtado Potable Water Treatment Plant	4.317.727

4.2. Analysis of liabilities and equity

Liabilities payable as of December 2022 increased by ThCh\$154,101,897 regarding December 2021. Current liabilities increased by ThCh\$17,489,327. This variation was mainly due to an increase in financial liabilities of ThCh\$5,323,350, which is partially offset by a decrease of accounts payable associated with investments and expenses of ThCh\$11,605,198.

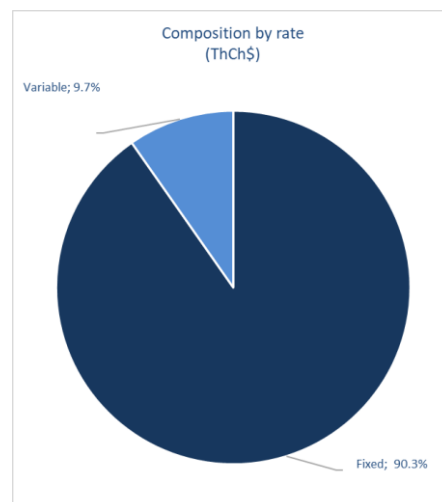
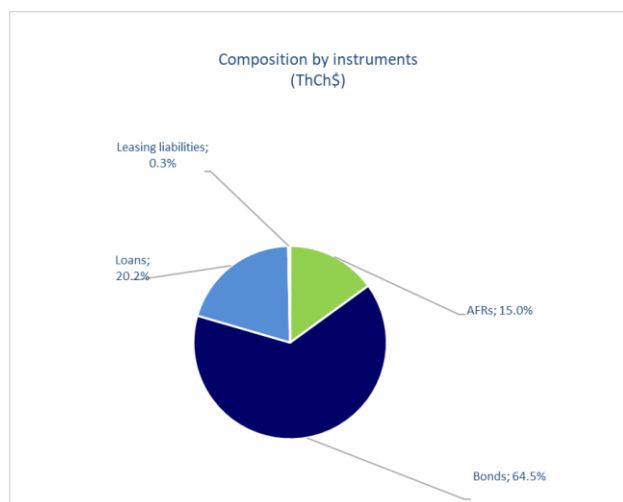
Non-current liabilities presented an increase of ThCh\$136,612,570. This variation corresponds mainly to higher financial liabilities of ThCh\$138,830,365, mainly due to the revaluation of the UF for the period, together with obtaining a bank loan for ThCh\$44,260,200

Total shareholders' equity increased by ThCh\$3,993,947, mainly explained by the income for the period, which was partially offset by dividend distribution.

The maturity profile of the financial debt as of December 31, 2022 is as follows:

Financial Debt Th\$	Currency	Total	12 months	1 to 3 years	3 to 5 years	More than 5 years
AFRs	\$	195.126.103	26.950.978	43.633.867	36.138.598	88.402.661
Bonds	\$	839.239.602	24.284.209	19.726.733	-	795.228.660
Loans	\$	262.852.430	23.076.961	170.967.507	68.807.962	-
Forward	USD	34.991	34.991	-	-	-
Total other financial liabilities		1.297.253.126	74.347.139	234.328.107	104.946.560	883.631.321
Leasing liabilities	\$	4.070.257	1.402.307	1.921.283	570.570	176.097
Total leasing liabilities		4.070.257	1.402.307	1.921.283	570.570	176.097
Total		1.301.323.383	75.392.190	305.057.352	36.709.168	884.164.674

4.3. Estructura de pasivos financieros



4. Estados de flujo de efectivo

Cash Flow Statement (Th\$)	Dec. 22	Dec. 21	% Var.
Operating Activities	241.057.418	229.945.799	4,8%
Investment Activities	(165.900.708)	(157.671.083)	5,2%
Financing Activities	(59.169.722)	(85.680.689)	(30,9%)
Net Cash Flow for the Period	15.986.988	(13.405.973)	(219,3%)
Final Cash Balance	180.545.868	164.558.880	9,7%

** December 2022 includes dividend payment of \$78 billion*

Cash flows from operating activities decreased by ThCh\$11,111,619 when comparing December 2022 with December 2021.

The main variations were as follows:

- Collections from sales of goods and provision of services generated an increase of ThCh\$82,022,595, associated with higher average tariffs due to the latest tariff indexations, as well as an increase in sales to residential customers.
- Interest received generated an increase of ThCh\$11,286,179, due to higher interest rates respect of 2021.

These variations were partially offset by the following items:

- Increase in payments to suppliers of ThCh\$50,394,623, mainly associated with higher payments to infrastructure suppliers.
- Increase in the payment to and on behalf of employees of ThCh\$10,426,993, mainly due to CPI adjustments and expenses of personnel incorporated to the Company as a result of the internalization of Biofactories.
- Increase in the payment of income taxes of ThCh\$15,945,647, due to an income tax refund for TY 2021 of ThCh\$26,271,659, produced by an excess between the PPM paid and the income tax for that year, which was negatively impacted by tax losses generated in the sale of Essal and Iberaguas.

The disbursement for investment activities decreased by ThCh\$8,229,625, associated to lower investments made in the period, inflation-linked (labor costs, construction materials, service contracts in UF).

Financing activities generated a net cash flow (decrease) of ThCh\$26, 510, 967. This is mainly explained by a lower payment of dividends, which is partially offset by higher loan repayment.

5. Financial ratios

		Dec. 22	Dec. 21
Liquidity			
Current liquidity	times	1,22	1,14
Acid Test Ratio	times	0,68	0,66
Leverage			
Total Leverage	times	1,39	1,25
Current Leverage	times	0,17	0,18
Non-Current Leverage	times	0,83	0,82
Annualized Financial Expenses Coverage	times	3,22	5,27
Profitability			
Annualized equity profitability attributable to the controller's property owners	%	5,96	7,06
Annualized asset profitability	%	1,60	1,99
Annualized earnings per share	\$	41,32	48,99
Dividend yield (*)	%	8,00	13,59

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 2022 amounts to 195.90, while as of December 2021 it amounts to \$155.*

As of December 2022, current liquidity increased by 1.19% due to an increase in current assets of ThCh\$40,958,488, as a result of an increase in other current financial assets of ThCh\$15,986,988 due to the recording of the advance payment of principal and interest on bonds, higher trade debtors, an increase in other accounts receivable of ThCh\$21,670,741 and a higher balance of inventories of ThCh\$7,604,674, mainly associated with the internalization of the Biofactories. This is partially offset by a decrease in tax assets of ThCh\$7,102,052, associated with lower tax payments. Additionally, current liabilities increased by ThCh\$25,787,126, as a result of an increase in financial liabilities of ThCh\$13,621,149 and a decrease in accounts payable associated with investments and expenses of ThCh\$11,605,198.

Indebtedness presented an increase of 11,2%, due to an increase in demandable liabilities of ThCh\$154,101,897, mainly associated to higher debt with Banks, together with the revaluation of debt in UF. Meanwhile, total shareholders' equity shows an decrease by ThCh\$3,993,947.

The return on equity attributable to owners of the controlling company showed a decrease of 15.6%, due to a decrease in average equity of ThCh\$1,163,080, mainly explained by the payment of dividends and a decrease in income for the year of ThCh\$7,669,568.

7. Otros antecedentes Other background information

1. *Tariffs*

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

Our tariff levels are reviewed every five years and, during that period, are subject to readjustments linked to an indexation polynomial, if the accumulated variation since the previous adjustment is equal to or greater than plus or minus 3.0%, 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 March 2021, August 2021, November 2021, February 2022, May 2022, July 2022 and September 2022.

Group 2 March 2021, July 2021, October 2021, January 2022, April 2022, June 2022 and September 2022.

Aguas Cordillera S.A. May 2021, September 2021, December 2021, March 2022, June 2022 and September 2022.

Aguas Manquehue S.A.

Santa Maria June 2021, September 2021, December 2021, March 2022, June 2022 and September 2022.

Los Trapenses June 2021, September 2021, December 2021, March 2022, June 2022, August 2022 and September 2022.

Chamisero July 2021, October 2021, January 2022, April 2022, June 2022, August 2022 and September 2022.

Chicureo June 2021, September 2021, December 2021, February 2022, May 2022, July 2022 and September 2022.

Valle Grande 3 October 2021, January 2022, April 2022, June 2022 and September 2022.

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.

Trebal-Mapocho Nitrate Treatment (April 2022)

La Farfana Nitrate Treatment (March 2021)

Lo Mena - Cerro Negro Well System (diciembre 2022)

Aguas Cordillera S.A.

Safety works (September 2021)

The tariffs in force 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. 69 dated October 27, 2020 (published in the Official Gazette on March 13, 2021) and became effective as of May 19, 2020 for the Santa María and Trapenses systems, April 22, 2019 for Group 3 Chamisero, July 9, 2020 for Group 2 Chicureo and June 22, 2021 for Group 4 Valle Grande III.

7.2 Market risk

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

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

In case of drought, we have significant water reserves that we maintain in the El Yeso, Laguna Negra and Lo Encañado reservoirs, in addition to the contingency plans we have developed, which allow us to reduce the possible negative impacts that could generate adverse weather conditions for our operations. In the current period, the drought that has existed since 2010 persists, which means applying contingency plans such as the 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 Aguas 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-sanitation businesses, among others.

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

7.5 Financial Aspect

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.

However, as of 2022 Inversiones Aguas Metropolitanas S.A. acquires new debt associated with the issuance of two bonds in international markets. In order to mitigate the risks associated with the volatilities that surround the environment and business operations, derivative instruments have been contracted, which facilitate the process of managing the matching and hedging of both accounting and financial risks to which the Company is exposed.

b. Interest rate risk

As of December 31, 2022, the interest rate risk held by Aguas Andinas S.A. is comprised of 90.3% at a fixed rate and 9.7% at a variable rate. The fixed-rate debt is composed of: short and long-term bond issues (63.3%), refundable financial contributions (15.0%), bank loans (20.2%), derivatives (0.6%) and lease liabilities (0.3%), while the variable-rate debt corresponds to loans with domestic banks.

As of December 31, 2021, the interest rate risk held by Aguas Andinas S.A. is comprised of 88.5% at a fixed rate and 11.% 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.

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: ICR assigned us a first-class level 1 rating and Fitch Ratings assigned us a first-class level 2 rating.