Reasoned Analysis
Inversiones Aguas Metropolitanas

First Half 2022

1. Summary of the exercise

The group has continued to be impacted by the global macroeconomic effects that have mainly translated into significant inflationary pressures and cost increases.

- Inflation in Chile in the first half of 2022 amounted to 7.1% and 12.5% accumulated for 12 months. Inflation has various impacts on the Company's income statement as detailed below:
  - **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 June 2022 compared to the same period of previous year of approximately ThCh$(10,983) million.
  - **Increase in financial costs related to the price-level restatement of debt in UF:** the significant increase in the CPI of 7.1% negatively impacted our financial costs by ThCh$40,654 million associated with the readjustment of the financial debt in UF. 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.
  - **Rate indexations based on the polynomial:** on the other hand, during the period Aguas Andinas has registered indexations in February and May 2022, which allows mitigating the increase in costs due to CPI.

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

- The Company continues to face the challenge of climate change. The profound situation of drought and water scarcity in the country, which has been going on for more than 13 years and has deepened in the last 3 years, continues to strongly affect the availability of river flows that supply the city, the Maipo and Mapocho Rivers, which in the current summer 2022 have seen their flows reduced by 70% to 80% regarding averages of the last 10 years. Both rivers maintain the condition of Shortage Decree granted by the regulatory authority.
- 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 149.5 hm3 (June 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 first half of 2022 in the amount of ThCh$51,613 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, it should be noted, the actions carried out by both Aguas Andinas and the public sector focused on raising awareness and sensitizing the citizenship on the importance of caring for water and with the aim of reducing consumption in the current context described above. An example of such actions is the communication campaign "Every drop counts", with a call to modify behaviors for the benefit of the environment and responsible consumption. During the first half of 2022, consumption was 2.3% lower than in the same period of previous year, mainly due to lower residential demand.

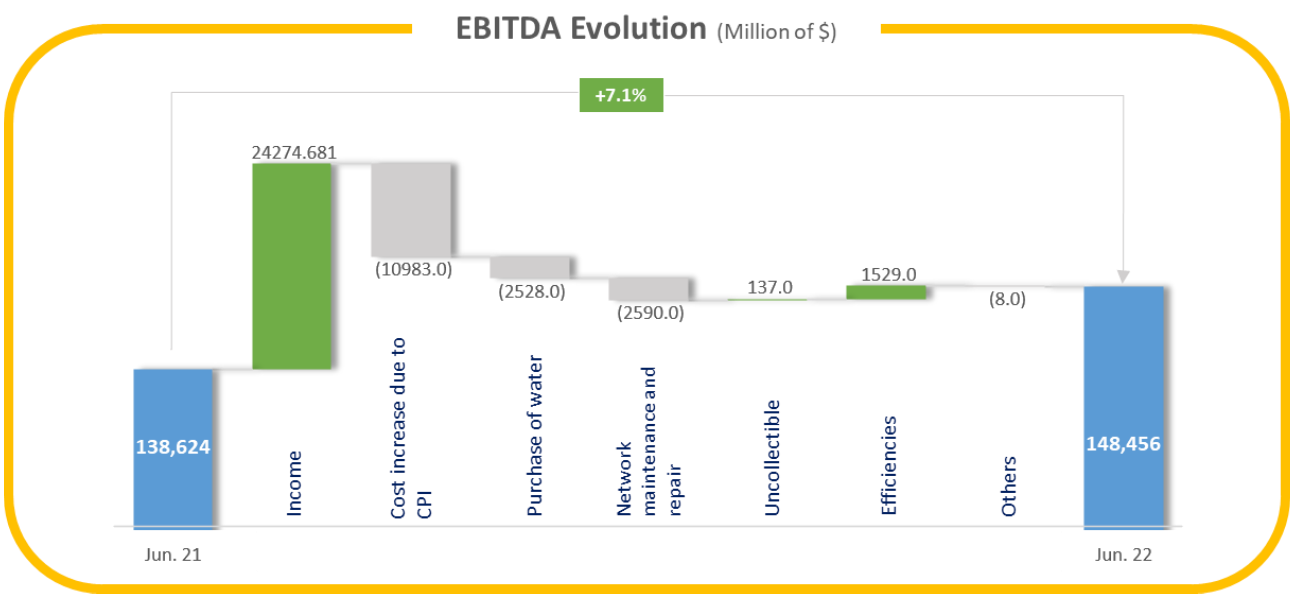
Evolution of delinquency and new Basic Services Law

- During the second quarter of 2022, the bad debt provision expense has presented a positive evolution, going from a bad debt to income rate of 3.4% at the end of March to 2.6% in June. The Company maintains an active commercial management for the recovery and containment of overdue debt, including payment agreements that allow customers to regularize their accumulated debts. On the other hand, on February 11, 2022, Law 21,423 was published in the Official Gazette, which partially solves the debt incurred during the Covid-19 pandemic by sanitation service customers in a more vulnerable situation and who have an average consumption of no more than 15 cubic meters of potable water per month. The debt and subsidy will be prorated in 48 monthly and successive installments. Each installment may not exceed 15% of the average monthly consumption. The portion of the debt not covered by the subsidy will be extinguished, which will be recognized as a tax accepted expense. The impact to date has not been significant for the Company; only approximately 23% of the customers covered by these agreements remain in force.

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 $1,529 million by the end of the first half of 2022.

- **EBITDA as of June 30, 2021 amounted to $148,456 million,** an increase of 7.1% regarding the same half of previous year **(without considering the positive non-recurring effects of the year 2021, the increase would be 11.5%)**. The main variations are shown in the following chart: The main variations are shown in the following chart:



- Higher sanitation revenues of $24,275 million, mainly associated with higher average tariffs of $32,760 million due to the latest tariff indexations by polynomial and the entry into operation of new investment projects (La Farfana/Trebal-Mapocho Nitrates and Aguas Cordillera safety ponds). However, lower sales volumes were recorded for $5,298 million, mainly explained by a decrease in sales to Residential customers by -3.6%, which is partially offset by higher sales to non-Residential customers by +3.5%.

- Non-sanitation revenues increased by $1,542 million, mainly associated with higher activity in home services, sale of materials and non-sanitation subsidiaries. On the other hand, a non-recurring income of $(5,698) million was obtained in 2021.

- 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 June 2022, the index accumulated an increase of 7.1% in the first half and 12.5% in 12 months. Additionally, operating costs for the entry into operation of new facilities and assets are considered.

- Higher raw water of $2,528 million necessary to continue facing the extreme drought situation that the region has been experiencing for the last 13 years.

  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 June 2022 was 149.5 Hm^3 vs. 174.9 Hm^3 as of June 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.

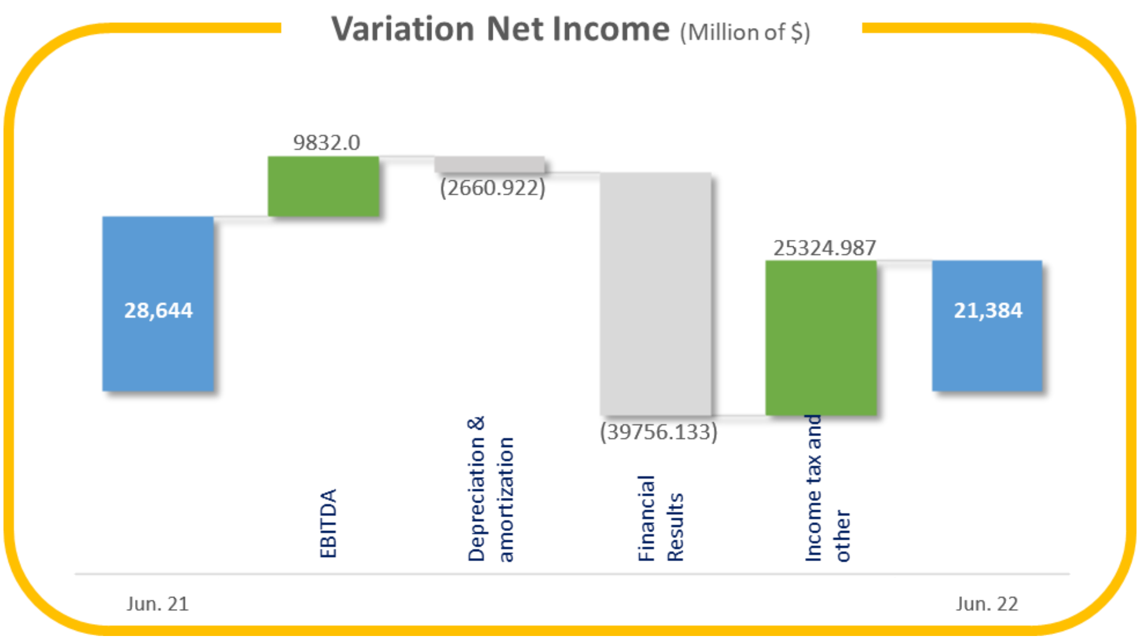
  The agreement has also established an update in the price of transfers, making it consistent with the value of raw water from the Maipo River used in the tariff processes. In addition, it includes thresholds that define high and low demand prices based on the river's water scarcity.

- Higher network maintenance and repair costs of $2,590 million were generated due to a significant increase in customer requirements and workload.

- At the end of the first half of 2022, an allowance for doubtful accounts of $7,356 million was recorded, generating a lower bad debt expense of $137 million regarding 2021, resulting a % of bad debt on revenues of 2.6% vs. 2.9% of the previous year.

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 allowed us to generate **Efficiencies** for $1,529 million at the end of the first half of 2022.

- **Net income as of June 30, 2021 amounted to $21,384 million,** representing an increase of 25.3% regarding the same half of previous year. The main variations are presented in the following chart:



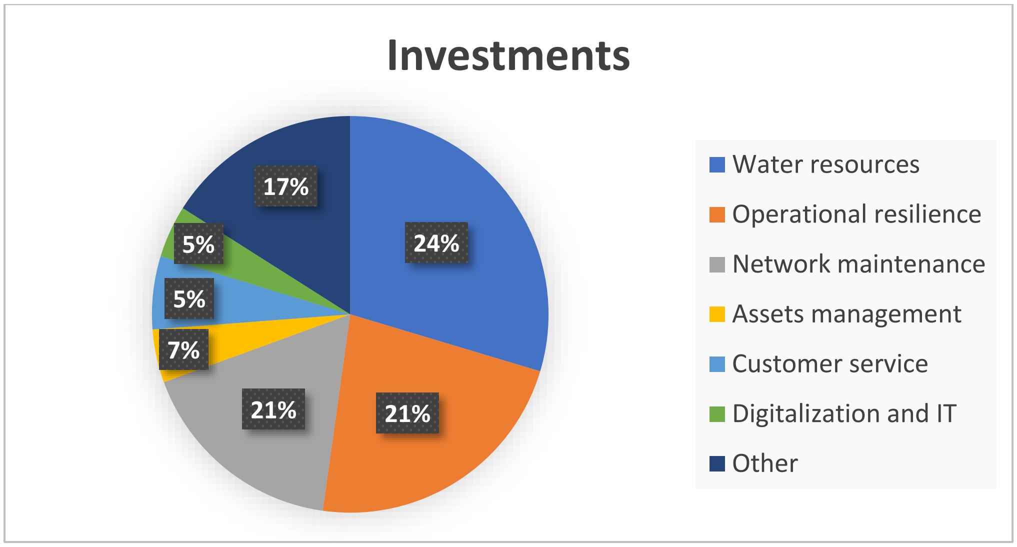
- At the non-operating level, there is a lower financial result of $39,756 million regarding the same half of previous year, mainly associated with a higher revaluation of the financial debt due to the variation of the Unidad de Fomento (6.8% in 2022 versus 2.2% in 2021). It should be noted that the price-level restatement of the UF is an accounting impact with no significant effect on the Company's cash flow.

- Income tax and other presented an improvement of $25,325 million, mainly explained by lower income before taxes, together with the effect of the price-level restatement of the Tax Equity.

- **Cash Generation and Position.** During the second quarter of 2022, the balance of cash and cash equivalents was $148,443 million, increasing by $34,252 million compared to the end of March 2022. The increase in this item is mainly explained by the higher operating cash flow for the period, which is partially offset by the payment of investments and payment of VAT. 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 June 30, 2021, investments of $51,613 million were executed, as detailed in the following chart:



- The main projects developed in the first half of 2022 were as follows:

  - It should be noted that the **Cerro Negro - Lo Mena Wells project** has been completed. This infrastructure will strengthen the supply of potable water to the southern sector of the city and consists of 14 wells for the extraction of groundwater, in addition to 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 wastewater networks
  - Replenishment of assets of La Farfana-Trebal Biofactories
  - Renewal of starters and meters
  - Américo Vespucio Oriente wells
  - Expansion and modernization of Padre Hurtado Potable Water Treatment Plant
  - Other boreholes and reinforcement of water supply system

- 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) Infrastructure for the reuse of 3.0 m3/s of treated water in the Biofactories.

ii) New drilling in the Central aquifer for 1.2 m3/s.

iii) Drilling in canal strips for water exchange with canal associations under conditions of scarcity decree.

KEY FACTS

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

  - 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.

  - Technological development and efficiency levels that stand out in the industry.

  - 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.

  - 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.

- **Renewal of the Board of Directors of IAM.** 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	Alternate Directors
1.	Felipe Larraín Aspillaga	Cosme Sagnier Guimón
2.	Alberto Muchnick Mlynarz	Andrés Muchnick Cruz
3.	Herman Chadwick Piñera	Narciso Berberana Sáenz
4.	Ignacio Guerrero Gutiérrez	Rodrigo Castro Fernández
5.	Rodrigo Azócar Hidalgo	Carlos Mladinic Alonso
6.	Hernán Cheyre Valenzuela	Hugo Silva Raveau
7.	Luis E. Álamos Olivos	María José Uauy Cúneo

- **Renewal of the Board of Directors of Aguas Andinas S.A.** At the Ordinary Shareholders' Meeting held on March 2, 2022, matters pertaining to it were discussed, including the renewal of the Board of Directors, and the following persons were elected:

	Regular Directors	Alternate Directors
1.	Claudio Muñoz Zúñiga	Cosme Sagnier Guimón
2.	Narciso Berberana Sáenz	Fernando Samaniego Sangroniz
3.	Jorge Manent Codina	Ignacio Escudero García
4.	Loreto Silva Rojas	Sonia Tschorne Berestesky
5.	Giorgianna Cuneo Queirolo	Tomás Uauy Cuneo
6.	Jaime Arellano Quintana	Víctor Selman Biester
7.	Rodrigo Manubens Moltedo	Gonzalo Rojas Vildósola

- **Distribution of dividends.** On March 3, 2022, the Ordinary Shareholders' Meeting was held, at which it was agreed to distribute the net profit for the year 2021, which amounts to ThCh$48,990 million. It is noted that, in view of the interim dividend paid in November 2021, which amounted to ThCh$20,041 million, the profit to be distributed amounts to ThCh$20,491 million, which meant a final dividend of ThCh$20.49075 per share, which was payable as of April 1, 2022.

2. Results for the year

2.1. Accumulated results

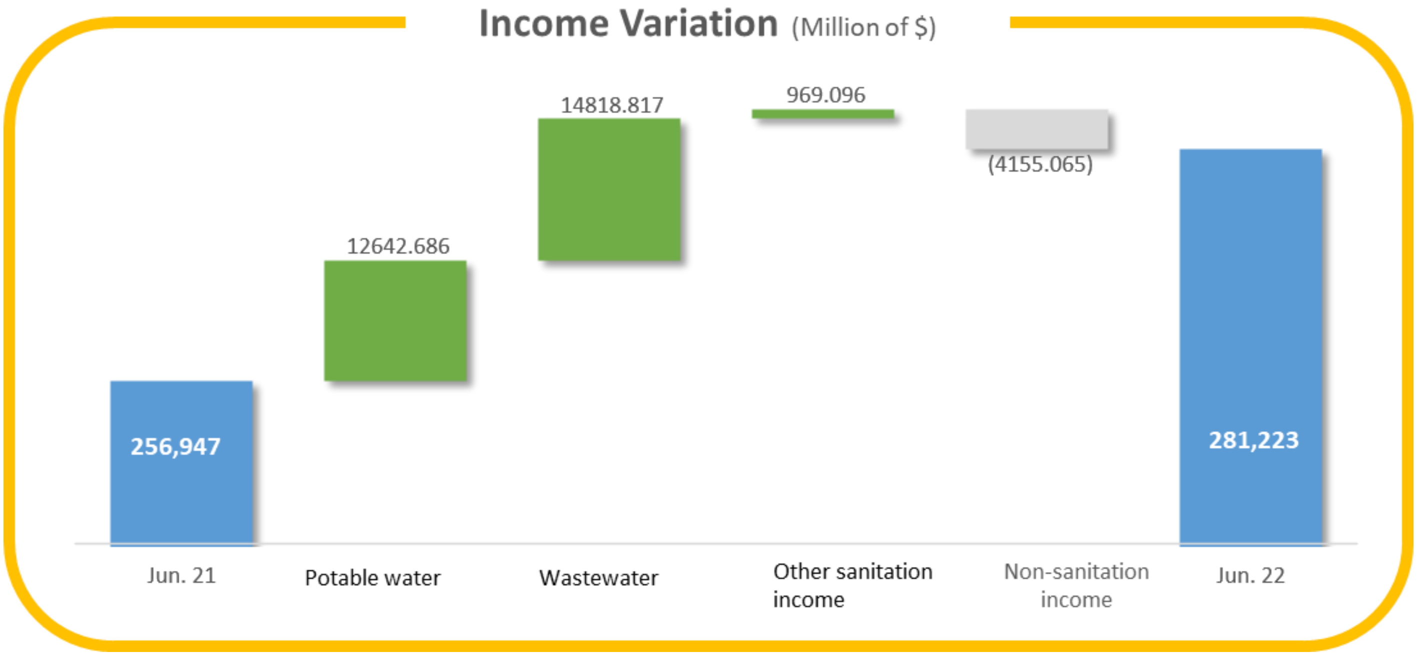
Income Statement (Th$)	Jun.22	Jun.21	% Var.	2022 / 2021
Ordinary Revenues	281,222,606	256,946,925	9.4%	24,275,681
Operational Costs and Expenses	(132,766,490)	(118,322,754)	12.2%	(14,443,736)
EBITDA	**148,456,116**	**138,624,171**	**7.1%**	**9,831,945**
Depreciation and Amortization	(36,505,882)	(33,845,344)	7.9%	(2,660,538)
Income From Operations	**111,950,234**	**104,778,827**	**6.8%**	**7,171,407**
Other Earnings	(1,188,593)	(2,036,737)	(41.6%)	848,144
Financial Result*	(70,067,602)	(30,311,469)	131.2%	(39,756,133)
Tax expense	2,496,350	(14,699,913)	(117.0%)	17,196,263
Minority interest	(21,806,313)	(29,086,893)	(25.0%)	7,280,580
Net earnings	**21,384,076**	**28,643,815**	**(25.3%)**	**(7,259,739)**

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

2.2. Revenue analysis

Revenues increased by 9.4% with respect to the same half of previous year, as follows:

	Jun.22		Jun.21	
	Sales Thousands $	Participation	Sales Thousands $	Participation
Potable Water	118,688,209	42.20%	106,045,523	0
Wastewater	127,921,381	45.50%	113,102,563	44.0%
Other Regulated Income	7,620,525	2.70%	6,651,429	2.6%
Non-Regulated Income	26,992,491	9.60%	31,147,410	12.1%
Total	**281,222,606**	**100.0%**	**256,946,925**	**100.0%**



Sales Volume (Thousands of m³ accrued)	Jun.22	Jun.21	% Var.	Difference
Potable Water	268,207	273,588	(2.0%)	(5,381)
Wastewater Collection	255,687	261,084	(2.1%)	(5,397)
Wastewater Treatment and Disposal	218,225	222,568	(2.0%)	(4,343)
Interconnections*	64,353	66,453	(3.2%)	(2,100)

Customers	Jun.22	Jun.21	% Var.	Difference
Potable Water	2,228,212	2,188,362	1.8%	39,850
Wastewater Collection	2,183,592	2,144,538	1.8%	39,054

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

Sanitation income

a) Potable Water

Potable water revenues in the first half of 2022 amounted to ThCh$118,688,209, which represents an increase of 11.9% regarding the same half of the previous year, due to polynomial indexing applied during 2021 and 2022, which is partially offset by lower volume supplied (residential customers in -3.6% and non-residential customers in +3.5%).

b) Sewage

Revenues from wastewater as of June 30, 2021, amounted to ThCh$127,921,380, an increase of ThCh$14,818,817 compared to the previous year, due to higher average rate associated to the latest polynomial tariff indexing, together with the tariffs associated with nitrate 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$969,096 due to higher activity in services not associated with sales volume.

Non-Sanitation income

a) Services

A decrease of ThCh$4,156,065 was reflected, mainly due to lower activity in agreements with developers and non-recurring effects of year 2021, which is partially offset by higher activity in home services and sale of materials.

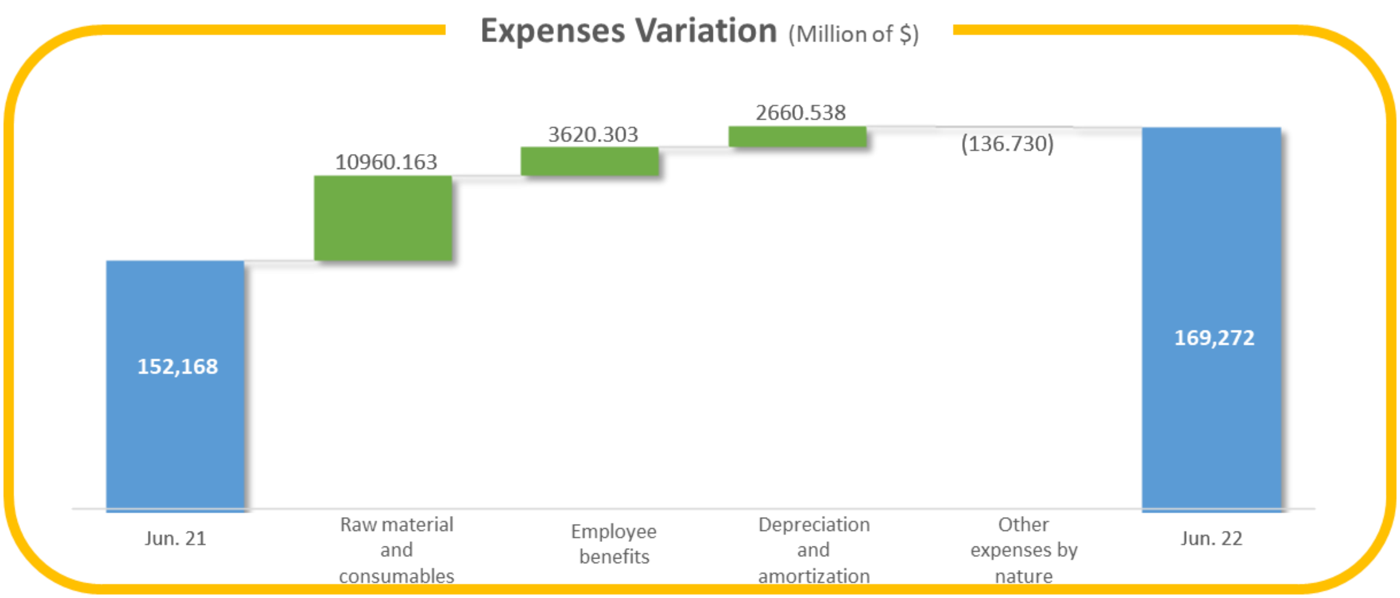
b) Non-sanitation subsidiaries

The increase of ThCh$1,075,805 was mainly explained by higher activity and new projects of company EcoRiles, together with increased analysis and sampling of potable water in Análisis Ambientales.

(Thousands of $)	Jun.22	Jun.21	% Var.
EcoRiles S.A.	9,667,375	8,200,827	17.9%
Análisis Ambientales	3,591,266	3,186,511	12.7%
Hidrogística	2,401,667	3,390,288	(29.2%)
Aguas del Maipo S.A.	662,744	469,622	41.1%
Non-regulated non-sanitation products	**16,323,052**	**15,247,248**	**7.1%**

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 June 30, 2021, raw materials and consumables costs amounted to ThCh$34,869,164. The main variations are explained by the increase in the purchase of water for ThCh$2,527,776 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 the internalization of Biofactories.

b) Employee benefits

At the end of the first half of 2022, employee benefit expenses amounted to ThCh$30,498,179, which was ThCh$3,620,303 higher than the one obtained in the first half of the previous year. The increase is mainly associated with CPI adjustments and internalization of Biofactories, which is partially offset by lower average staffing.

c) Depreciation and amortization

As of June 30, 2021, depreciation and amortization amounted to ThCh$36,505,882, ThCh$2,660,538 higher than the one obtained the same half of the previous year. This was the result of depreciation associated with the new assets incorporated in the period.

d) Other expenses by nature

At the end of the first half of 2022, these expenses amounted to ThCh$67,399,147, ThCh$136,730 lower than the previous year, mainly due to the internalization of Biofactories and lower uncollectible accounts in ThCh$136,509 together with higher efficiencies. The above is partially offset by higher expenses readjustments due to CPI, higher expenses in maintenance of potable water and sewage networks by ThCh$2,589,993 and higher expenses in services to customers by ThCh$301,380.

2.4. Analysis of financial results and others

a) Other gains (losses)

As of June 30, 2021, the Company obtained a higher result than the previous year by ThCh$1,188,593 mainly due to lower expenses for retirement plan.

b) Financial income

At the end of the first half of 2022, financial income amounted to ThCh$6,966,710, which meant an increase of ThCh$5,354,173 compared to the previous year, mainly explained by higher financial interest, higher interest on customer debt and higher repurchase of promissory notes for AFRs (refundable financial contributions).

c) Financial Costs

As of June 30, 2021, financial costs amounted to ThCh$15,977,703, which meant an increase of ThCh$2,422,392 regarding the same period of 2021. The above was mainly explained by higher interest on debt, which is partially offset by higher activation of financial expenses.

d) Results per readjustment unit

At the end of the first half of 2022, the adjustment unit charge was ThCh$2,496,350, resulting in a higher expense of ThCh$40,653,712, mainly due to the higher revaluation of the debt as a result of the variation of the Unidad de Fomento (6.8% in 2022 versus 2.2% in 2021).

e) Income tax expense

The income tax expense as of June 30, 2022 was lower than the previous year by ThCh$2,496,350, mainly explained by lower income before taxes together with the effect of the price-level restatement of Tax Equity.

f) Earnings

Net income as of June 30, 2021 amounted to ThCh$21,384,076, which was ThCh$7,259,739 lower than the figure obtained in the previous year, representing a decrease of 25.3%.

2.5. Results by segment

a) Accumulated results Water segment

Income Statement (Th$)	Jun.22	Jun.21	% Var.	2022 / 2021
External Revenue	264,897,469	241,684,637	9.60%	23,212,832
Revenues Segments	525,438	376,102	39.70%	149,336
Operating Costs and Expenses	(119,478,211)	(105,710,531)	13.00%	(13,767,680)
EBITDA	**145,944,696**	**136,350,208**	7.00%	**9,594,488**
Depreciation and Amortization	(35,523,379)	(32,874,957)	8.10%	(2,648,422)
Income from Operations	**110,421,317**	**103,475,251**	**6.70%**	**6,946,066**
Other Earnings (Losses)	(1,013,919)	(2,175,145)	-53.40%	1,161,226
Financial Results*	(70,040,011)	(30,274,728)	131.30%	(39,765,283)
Tax Expense	2,612,849	(14,669,491)	-117.80%	17,282,340
Minority interest	(1,179)	(977)	20.70%	(202)
Net earnings	**41,979,057**	**56,354,910**	**-25.50%**	**(14,375,853)**

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

The net result of this segment showed a decrease of 25.5%, 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 and higher customer service expenses.

  Additionally, due to the extreme drought affecting the central zone of the country, there have been increases in raw water purchase expenses of ThCh$2,527,776 due to the low flow in the Maipo river basin.

- Depreciation was ThCh$2,648,422 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 lower expense for retirement plans.

- The financial result presented a net expense of ThCh$70,040,011, higher by ThCh$39,765,283 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 (6.8% in 2022 versus 2.2% in 2021).

- The income tax expense as of June 30, 2022 was lower than the previous year by ThCh$17,282,340, mainly explained by lower income before taxes together with the effect of the price-level restatement of Tax Equity.

b) Accumulated results of the Non-Water segment

Income Statement (Th$)	Jun.22	Jun.21	% Var.	2022 / 2021
External Revenue	16,325,136	15,263,433	7.0%	1,061,703
Revenues Segments	2,162,081	1,763,861	22.6%	398,220
Operating Costs and Expenses	(15,373,524)	(14,015,229)	9.7%	(1,358,295)
EBITDA	3,113,693	3,012,065	**3.4%**	**101,628**
Depreciation and Amortization	(1,000,066)	(987,566)	1.3%	(12,500)
Income from Operations	2,113,627	2,024,499	**4.4%**	**89,128**
Other Earnings (Losses)	(152,539)	160,543	(195.0%)	(313,082)
Financial Results*	(80,872)	(34,777)	132.5%	(46,095)
Tax Expense	(159,566)	(214,033)	<(200%)	54,467
Net earnings	1,720,650	1,936,232	**(11.1%)**	**(215,582)**

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

The results of the Non-Water segment showed a decrease of ThCh$215,582 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 9.7% is mainly associated with higher sales activity together with higher CPI expenses.

- Depreciation was ThCh$12,500 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 June 30, 2021 was ThCh$159,566, which is ThCh$54,467 lower than the same period of the previous year, mainly explained by a lower income before taxes.

3. Quarterly results

Income Statement (Th$)	2Q22	2Q21	% Var.	2Q22 – 2Q21
Ordinary Revenues	130,883,929	120,404,559	8.7%	10,479,370
Operational Costs and Expenses	(66,601,168)	(63,049,965)	5.6%	(3,551,203)
EBITDA	**64,282,761**	**57,354,594**	**12.1%**	**6,928,167**
Depreciation and Amortization	(18,978,198)	(17,109,521)	10.9%	(1,868,677)
Income From Operations	**45,304,563**	**40,245,073**	**12.6%**	**5,059,490**
Other (Losses) Earnings	(954,770)	(1,003,791)	(4.9%)	49,021
Financial Result*	(43,420,054)	(14,834,616)	192.7%	(28,585,438)
Tax expense	8,759,753	(4,656,780)	(288.1%)	13,416,533
Minority interest	(4,965,438)	(9,955,141)	(50.1%)	4,989,703
Net earnings	**4,724,054**	**9,794,745**	**(51.8%)**	**(5,070,691)**

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

3.1 Income analysis

a) Operating income

Ordinary revenues for the second quarter of 2022 amounted to ThCh$130,883,929, ThCh$10,479,370 higher than the one obtained in the same quarter of the previous year, mainly due to sanitation income by ThCh$15,256,737, essentially explained by higher average tariffs associated with the latest indexations recorded. This is partially offset by lower non-sanitation revenues of ThCh$4,777,367, associated with lower activity in agreements with developers together with non-recurring effects of the year 2021.

3.2 Expenses analysis

a) Raw materials and consumables used

During the second quarter of 2022, raw materials and consumables costs amounted to ThCh$19,316,506, ThCh$6,869,889 higher than the one obtained in the same quarter of 2021, mainly related to the purchase of water for ThCh$851,367, higher CPI costs, higher cost of sales of materials together with internalization of the Biofactories.

b) Employee benefits

Employee benefit expenses for the second quarter of 2022 amounted to ThCh$16,998,705, ThCh$2,980,079 higher than the one obtained in 2021. This increase is mainly due to CPI adjustments and internalization of Biofactories.

c) Depreciation and amortization

During the second quarter of 2022, depreciation and amortization amounted to ThCh$18,978,198, ThCh$1,868,677 higher than the one obtained in 2021, due to the depreciation associated with the new assets incorporated during the period.

d) Other expenses

In the second quarter of 2022, other expenses amounted to ThCh$30,285,957, ThCh$6,298,765 lower than the one obtained in 2021, mainly explained by internalization of Biofactories and lower bad debt expenses of ThCh$1,834,903, together with higher efficiencies. The above is partially offset by higher CPI adjustments and higher expenses in maintenance of potable water and sewage networks by ThCh$665,429.

3.3 Financial result analysis and others

a) Financial result

In the financial result for the second quarter of 2022, losses of ThCh$43,420,054 were obtained, which increased by ThCh$28,585,438 for 2021, mainly explained by a higher debt revaluation, due to the higher variation of the Unidad de Fomento (4.2% in 2022 versus 1.1% in 2021) compared to the same quarter of 2021.

b) Income tax expense

The income tax expense at the end of the second quarter of 2022 was lower than the previous year by ThCh$13,416,533, mainly explained by lower income before taxes together with the effect of price-level restatement of Tax Equity.

c) Earnings

Net income for the second quarter of 2022 amounted to ThCh$4,724,054, ThCh$5,070,691 lower than the one obtained in the same quarter of 2021.

4. Statement of financial position

	Jun.22	Dec. 21	% Var.
	ThCh$	ThCh$	
Assets			
Current Assets	273,652,598	285,099,777	(4.0%)
Non-Current Assets	2,250,015,038	2,216,722,469	1.5%
Total assets	**2,523,667,636**	**2,501,822,246**	**0.9%**
Liabilities and Equity			
Current Liabilities	236,874,034	249,136,828	(4.9%)
Non- Current Liabilities	1,171,105,128	1,138,295,178	2.9%
Total liabilities	**1,407,979,162**	**1,387,432,006**	**1.5%**
Shareholders' Equity	694,885,258	693,964,870	0.1%
Minority Interest	420,803,216	420,425,370	0.1%
Total Shareholders' Equity	**1,115,688,474**	**1,114,390,240**	**0.1%**
Total Liabilities and Shareholders' Equity	**2,523,667,636**	**2,501,822,246**	**0.9%**

4.1. Revenue analysis

The total assets of IAM at the consolidated level as of June 30, 2021 presented an increase of ThCh$21,845,390 regarding December 31, 2021.

Current assets decreased by ThCh$19,225,245, mainly due to a lower balance of cash and cash equivalents in ThCh$16,116,282 together with lower taxes receivable.

Non-current assets increased by ThCh$41,070,635, mainly explained by higher deferred taxes of ThCh$23,387,576 together with higher property, plant and equipment and intangible assets of ThCh$18,580,825, associated with investments made during the period. The main investment works are reflected in the following table:

Investments (ThCh$)	Jun.22
Cerro Negro - Lo Mena Wells	5,861,043
Renovation of wastewater networks	3,219,429
Treatment of nitrates Mapocho-Trebal Biofactory	2,287,373
Renewal of starters and meters	1,561,936
Renovation of potable water networks	1,295,603
Expansion and modernization of potable water treatment plant Padre Hurtado	1,173,912
Filter Renovation Vizcachitas - Tagle	1,021,239

4.2. Analysis of liabilities and equity

Liabilities payable as of June 2022 increased by ThCh$20,547,156 regarding December 2021.

Current liabilities decreased by ThCh$12,262,794. This variation was mainly due to a decrease in accounts payable associated with investments and expenses.

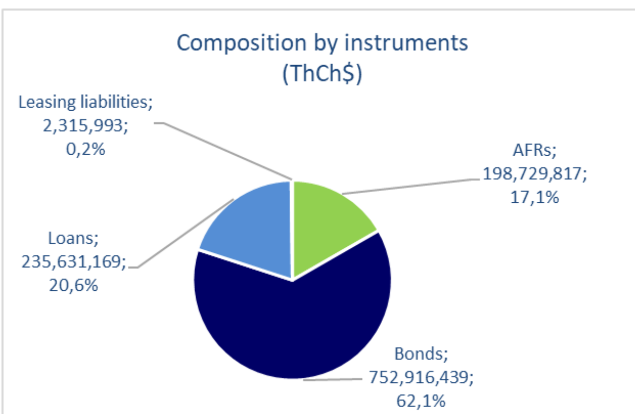
Non-current liabilities presented an increase of ThCh$32,809,590. This variation corresponds mainly to higher debt in bonds of ThCh$36,060,212, associated with the revaluation of the UF for the period.

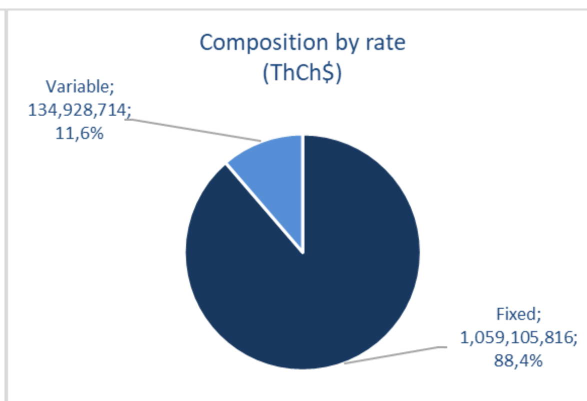
Total shareholders' equity increased by ThCh$1,298,234, mainly explained by the income for the period, which was partially offset by dividend distribution.

The maturity profile of the financial debt as of June 30, 2022 is as follows:

Financial Debt Th$	Currency	Total	12 months	1 to 3 years	3 to 5 years	More than 5 years
AFRs	$	**198,729,817**	29,281,344	45,819,532	33,162,307	90,466,634
Bonds	$	**752,916,439**	27,092,915	24,775,748	-	701,047,776
Loans	$	**235,631,169**	10,941,917	122,985,084	101,704,168	-
Total other financial liabilities		**1,187,277,425**	**67,316,176**	**193,580,364**	**134,866,475**	**791,514,410**
Leasing liabilities	$	**2,315,993**	**890,119**	**723,285**	**447,484**	**255,105**
Total leasing liabilities		**2,315,993**	**890,119**	**723,285**	**447,484**	**255,105**
Total		**1,189,593,418**	**68,206,295**	**194,303,649**	**135,313,959**	**791,769,515**

4.3. Structure of financial liabilities





5. Cash flow statements

Cash Flow Statement (ThCh$)	Jun.22	Jun.21	% Var.
Operating Activities	128,237,829	112,765,518	13.7%
Investment Activities	(77,735,020)	(78,656,522)	(1.2%)
Financing Activities	(66,619,091)	(74,164,478)	(10.2%)
Net Cash Flow for the Period	**(16,116,282)**	**(40,055,482)**	(59.8%)
Final Cash Balance	**148,442,598**	**137,909,371**	**7.6%**

Cash flows from operating activities increased by ThCh$15,472,311 when comparing June 2022 with June 2021.

The main variations were as follows:

- Collections from sales of goods and provision of services generated an increase of ThCh$27,662,726, 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$12,432,697.

- Interest received generated an increase of ThCh$3,702,435, due to higher interest rates in the first half of 2022.

These variations were partially offset by the following items:

- Increase in payments to suppliers of ThCh$32,992,414, mainly associated with higher payments to infrastructure suppliers.

The disbursement for investment activities decreased by ThCh$912,502, associated to lower investments made in the period.

Financing activities generated a negative cash flow of ThCh$66,619,091, this is mainly explained by higher loan repayment.

6. Financial ratios

		Jun.22	Dec. 21
Liquidity			
Current liquidity	times	1.16	1.14
Acid Test Ratio	times	0.63	0.66
Leverage			
Total Leverage	times	1.26	1.25
Current Leverage	times	0.17	0.18
Non-Current Leverage	times	0.83	0.82
Annualized Financial Expenses Coverage	times	3.88	5.27
Profitability			
Annualized equity profitability attributable to the controller's property owners	%	6.02	7.06
Annualized asset profitability	%	1.69	1.99
Annualized earnings per share	$	41.73	48.99
Dividend yield (*)	%	10.18	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 June 2022 amounts to $147.65, while as of December 2021 it amounts to $155.

As of June 2022, current liquidity decreased by 1.12%, due to a decrease in current assets of ThCh$19,647,575, as a result of a decrease in tax assets, essentially associated with the tax refund made in 2021, together with a decrease in cash and cash equivalents of ThCh$34,252,653, which is partially offset by an increase in inventories of ThCh$6,095,385. Additionally, current liabilities decreased by ThCh$12,262,794, as a result of a decrease in accounts payable to suppliers of expenses and investments.

Indebtedness presented an increase of 0.8%, due to an increase in demandable liabilities of ThCh$20,547,156, mainly associated to higher debt of Banks associated by loans, together with the revaluation of debt in UF. Meanwhile, total shareholders' equity shows an increase by ThCh$1,298,234.

The return on equity attributable to owners of the controlling company showed a decrease of 14.7%, due to a decrease in average equity of ThCh$1,129,995, mainly explained by the payment of dividends and a decrease in income for the year of ThCh$7,259,739.

7. Other background information

7.1 Tariffs

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

Our tariff levels are reviewed every five years and, during that period, are subject to readjustments linked to an indexation polynomial, if the accumulated variation since the previous adjustment is equal to or greater than plus or minus 3.0%, 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 and May 2022
Group 2	March 2021, July 2021, October 2021, January 2022, April 2022 and June 2022
Aguas Cordillera S.A.	May 2021, September 2021, December 2021, March 2022 and June 2022
Aguas Manquehue S.A.	
Santa Maria	June 2021, September 2021, December 2021, March 2022 and June 2022
Los Trapenses	June 2021, September 2021, December 2021, March 2022 and June 2022
Chamisero	July 2021, October 2021, January 2022, April 2022 and June 2022
Chicureo	June 2021, September 2021, December 2021, February 2022 and May 2022
Valle Grande 3	October 2021, January 2022, April 2022 and June 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)

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 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-sanitation businesses, among others.

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

7.5 Financial aspects

a) Currency risks

Our revenues are largely linked to the evolution of the local currency. Therefore, our debt is mainly issued in local currency and we do not have significant foreign currency risks.

b) Interest rate risk

As of March 2022, the interest rate risk held by Aguas Andinas S.A. is comprised of 88.8% at a fixed rate and 11.2% at a variable rate. The fixed-rate debt is composed of: short and long-term bond issues (63.3%), refundable financial contributions (16.7%), bank loans (19.8%) and lease liabilities (0.2%), 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 11.5% 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.

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.