

# Financial Analysis Inversiones Aguas Metropolitanas S.A.

Fiscal year ended December 31, 2023



## 1. Summary of the fiscal year

**Consolidated income of Inversiones Aguas Metropolitanas at year-end 2023 show an EBITDA growth of 7.6% and a solid financial and free cash flow position.**

- 💧 The company maintains sustained EBITDA growth, reaching Ch\$316.702 million as of December 31, 2023, an increase of 7.6% over the previous year.
- 💧 Likewise, it continues with a solid free cash flow generation during the year, which has allowed it to keep indebtedness in line with the Company's objectives.

**The moderation in inflation during fiscal 2023 has had a positive impact on the Company's financial income compared to the previous year.**

The accumulated inflation in Chile as of December 31, 2023 was 3,9% versus 12,8% as of the same date in 2022, which has a positive impact on the readjustment of the financial debt in Unidad de Fomento (UF), resulting in a lower expense of Ch\$71.150 million.

**Aguas Andinas has launched a new strategy called "Biociedad" aimed at strengthening its resilience, management and investment plans to face the effects of climate change such as profound water scarcity.**

The Company continues to face the challenge of climate change. During the first half of the year, the deep situation of drought and water scarcity in the country continued, which has been going on for almost 14 years despite the rains recorded and snowfalls that arrived late in the winter. In this context, during the first half of the year, water shortages continued to be managed by prioritizing water transfer agreements with the various stakeholders in the Maipo river basin, reducing as the year progressed, which has allowed covering one fifth of the demand of Greater Santiago and maintaining an adequate level of security reserves in the El Yeso Reservoir, which as of December 2023 reached a level of 217,1 hm<sup>3</sup> (99% of its capacity) in line with the Company's objective.

- 💧 In line with the work that the Company has been developing for more than 10 years in this area, Aguas Andinas unveiled its new strategy to address the effects of climate change, promoting resilience and sustainable water security over time, both for the city and for its more than eight million inhabitants: Biociedad.
- 💧 This new initiative seeks to strengthen the work and the public-private alliance in order to move towards the implementation of projects that will allow us to be better prepared for the onslaught of climate change. Biociedad includes a series of projects organized into 5 pillars of action: new sources, resilience against turbidity in the rivers that supply the city; greater use of groundwater, with new series of boreholes, such as the recently inaugurated Bicentennial Wells and tank. Also added are solutions based on nature, with a special focus on the artificial recharge of aquifers, thus giving sustainability to the previous pillar, and responsible use, with proposals for measures to improve the efficiency of water management and consumption.
- 💧 We have also continued to invest in new sanitation infrastructure to expand and diversify the availability of supply sources, which by the end of 2023 will reach Ch\$166.726 million.

**Aguas Andinas continues to promote its efficiency program based on the Transformation plan and commercial actions for bad debt management and debt recovery.**

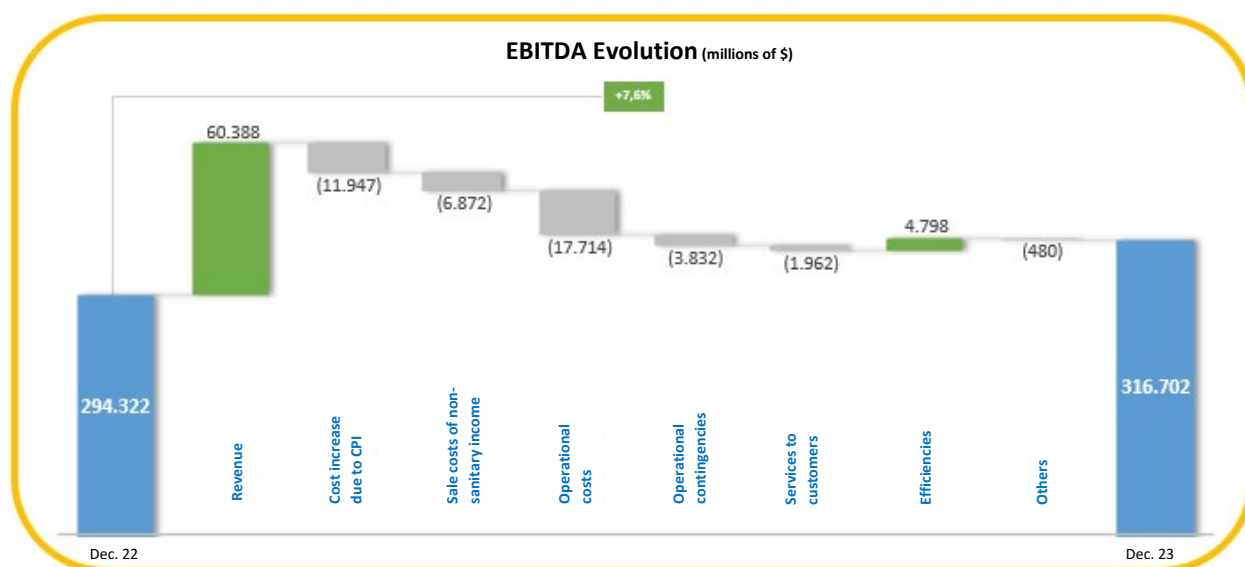
- 💧 The Company has implemented a Transformation plan with a vision of a new sustainable business model focused on mitigating risks, capturing efficiencies, prioritizing investments and including technology, supported by a new organizational culture. In line with the above, initiatives have been developed to improve processes and digital transformation that have generated efficiencies of Ch\$4.798 million by the end of fiscal year 2023.
- 💧 In this line, **commercial actions to recover debt have allowed us to contain bad debt expense**, from a ratio of 2,4% of revenues at December 2022 to 1,9% at the end of December 2023.

**Aguas Andinas remains an outstanding Company in the international market due to its solvency and its diverse sustainable practices.**

- 💧 In September 2023, Standard & Poor's ratified **Aguas Andinas' rating at A- with a stable outlook** based on its stable and predictable cash flow generation, the Company's operations under a transparent regulatory framework, a solid competitive position as a leader in the local sanitation market, and an investment program to strengthen supply and address the impacts of climate change.
- 💧 On the other hand, the Company was nominated by ALAS 20, an agenda of sustainable leaders, for the categories "**Leading Company in Sustainability**" and "**Leading Company in Investor Relations**", winning first place in the latter category.

ALAS 20 seeks to promote sustainable development in Latin America and Spain by evaluating, rating and recognizing excellence in public disclosure of sustainable development practices and investor relations.

- 💧 **EBITDA as of December 31, 2023 amounted to Ch\$316.702 million**, an increase of 7,6% over the previous year. The main variations are shown in the following chart:



- Higher sanitary revenues of Ch\$49.956 million, mainly associated with higher average tariffs of Ch\$44.735 million as a result of the latest tariff indexations by polynomial and the entry into operation of new investment works such as Nitrogen Removal Trebal-Mapocho Biofactory and Cerro Negro-Lo Mena Wells, together with higher sales volumes of Ch\$465 million (+0,3%), explained by higher consumption of non-residential customers by +2,8%, and a decrease in residential customers of 0,7%. In addition, there was higher activity in other sanitary revenues of Ch\$4.756 million, mainly associated with services not associated with water sales volume and higher interest on customer debt.

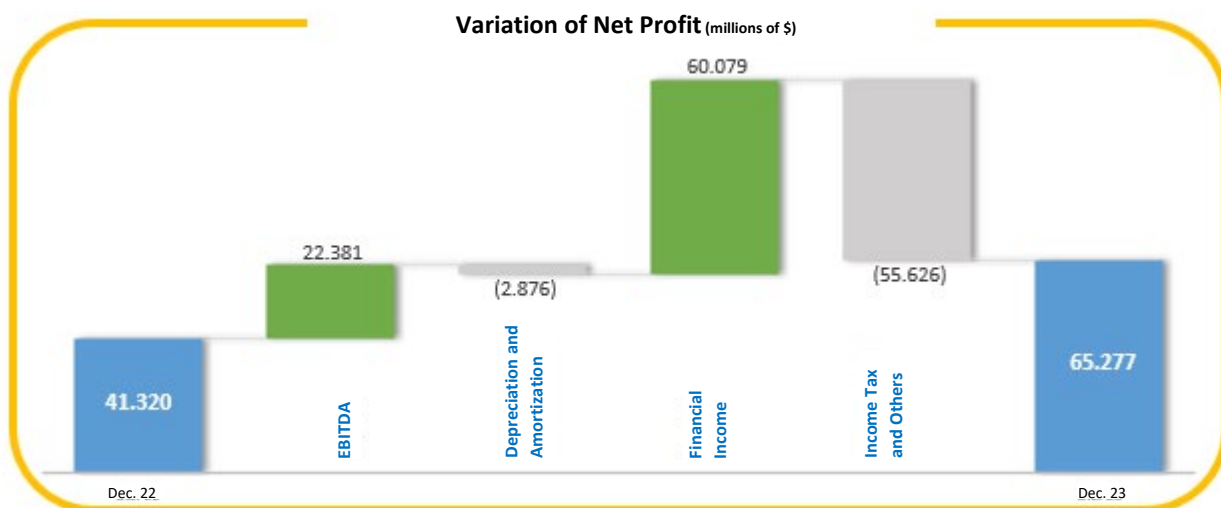
In addition, other income of Ch\$10.432 million was recorded, mainly due to modifications of sanitary infrastructure, income related to home services, income associated with subsidiaries for environmental services and sale of materials.

- The Company's costs have been increased by the **effect of inflation** by Ch\$11.947 million, mainly due to higher labor costs, construction materials, service contracts in UF and salary adjustments. As of December 2023, the index accumulated an increase of 3,9%. Operating costs due to the start-up of new facilities and assets are also considered, as well as the cost of sales associated with the growth of non-sanitary revenues.
- Increase in operating costs** of Ch\$17.714 million, mainly associated with electricity (due to higher average tariff), maintenance and repair of networks and increase in the detection of potable water leaks, major maintenance of operating equipment and chemical supplies due to turbidity events. The rains in the second half of the year and the management of the resource have reduced raw water transfers by Ch\$4.208 million.
- During the first half of 2023, there were **3 extraordinary operational contingencies** (blockage of the independent intake, breakage of the Recoleta mains and heavy rains in June), the corrective costs of which amounted to approximately Ch\$3.832 million.

It should be considered that the event in the independent intake is due to an external cause associated with the weather conditions, which during the summer season 2023 manifested itself with an unusual combination of high amount of sediments and low flow of the Maipo River, a situation that prevented the normal evacuation of sediments. Likewise, at the end of June, an atmospheric river event was recorded, which caused extreme increases in turbidity and flows in the Maipo and Mapocho riverbeds to levels not seen in the last 30 years. In both cases, the normal operation of the potable water production plants was altered. However, the supply in the city operated without major impacts, thanks to the activation of the operational continuity plan and the backup operational infrastructure in which the Company has been working and investing for more than 10 years.

- Within the framework of the Transformation plan that the Company is implementing, initiatives have been developed to improve processes and digital transformation that have generated **efficiencies** of Ch\$4.798 million as of December 31, 2023. Part of these efficiencies come from the improvement in network leak detection, purchasing efficiencies, biosolids management and commercial actions for debt recovery that have allowed reaching a ratio over revenues of 1,9% at the close of fiscal year 2023 compared to 2,4% in December 2022. Improvements have also been made to the measurement management process.

- Net income as of December 31, 2023 amounted to Ch\$65.277 million, progressively recovering the levels presented prior to the pandemic, also driven by the moderation in inflation during the year. The main variations are shown in the following graph:



- At the non-operating level, there was an increase in the financial income of Ch\$60.078 million compared to the previous year, mainly associated with a lower revaluation of the financial debt due to the variation of the Unidad de Fomento (4,8% in 2023 versus 13,3% in 2022). It should be noted that the monetary correction of the UF is an accounting impact without significant effects on the Company's cash flow.
- As of December 31, 2023, income tax was higher than the previous year by Ch\$36.463 million, mainly due to a higher result in income before taxes added to the inflationary effect of deductible permanent differences, the main difference being the price-level restatement of tax equity.
- Cash Generation and Position.** At the end of the fourth quarter of 2023, the balance of cash and cash equivalents was Ch\$110.795 million, decreasing by Ch\$69.751 million compared to September 2023. The decrease in this item is mainly explained by the distribution of the interim dividend paid in December 2023.

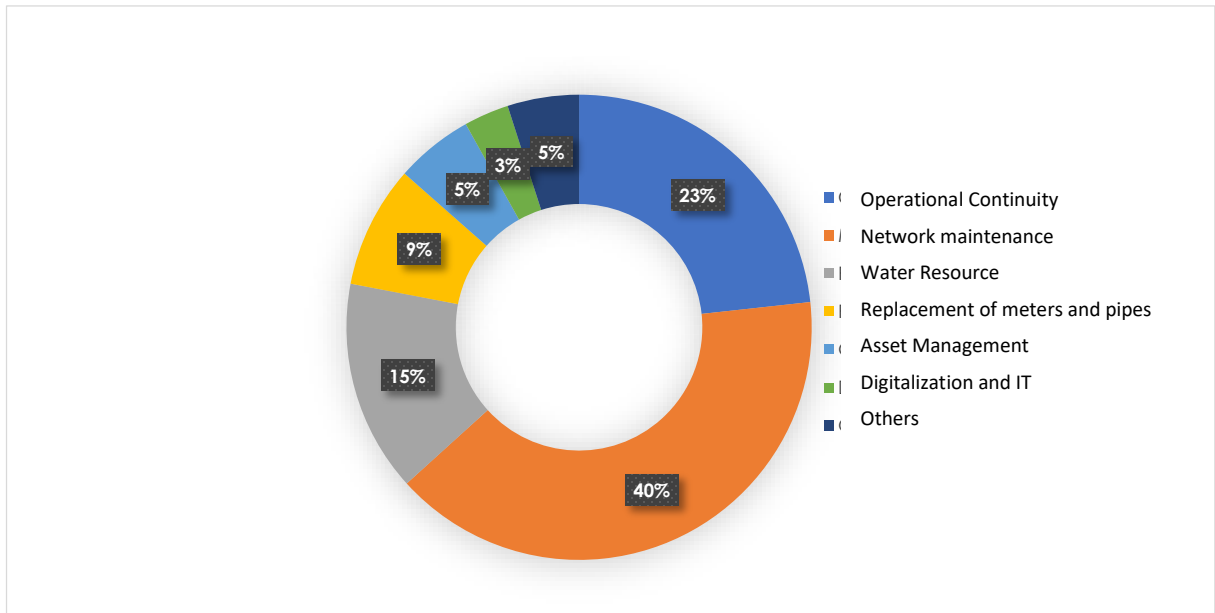
The Company continues to maintain a robust cash position at year-end 2023, which remains higher than the minimum cash requirements, and which will allow to ensure the development of the investment plan foreseen for next year, as well as to define in time the strategy for the 2024 debt maturities.

## INVESTMENTS

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



As of December 31, 2023, investments of Ch\$166.726 million were made, as follows:



The main projects developed in fiscal year 2023 were as follows:

- Renovation of potable water and sewerage networks
- Renewal of home connection pipes and meters
- Drilling and reinforcement of water supply system
- Replenishment of assets of La Farfana-Trebal Biofactories
- Water efficiency plan
- Filter renovation Vizcachitas - Tagle
- Advanced well management
- Potable water Treatment Plant Expansion Padre Hurtado
- Tank Repair Antonio Varas - Lo Contador
- Manzano-Pirque Pipeline Security Works

Aguas Andinas, as part of its new strategy called "Biociedad", has worked on an ambitious investment plan to address the impacts of climate change and strengthen the city in terms of water, which has been presented to the authority.

## OTHER HIGHLIGHTS

### **Inversiones Aguas Metropolitanas S.A.**

- 💧 **Distribution of dividends.** On November 22, 2023, it was agreed to distribute Ch\$20.040.900 million as interim dividends associated with the profits of the 2023 fiscal year, which was paid in December.

Previously, at the Company's Ordinary Shareholders' Meeting held on April 20, 2023, and ratifying the commitment of Inversiones Aguas Metropolitanas to its shareholders in a volatile and challenging macroeconomic context, it was agreed to distribute 100% of the profit for the year 2022, excluding the interim dividend paid in December 2022 in the amount of Ch\$17.535 million. Therefore, the amount to be distributed was set at Ch\$23.237.530 million, which means a final dividend of Ch\$23,23753 per share, payable as of May 4, 2023.

### **Aguas Andinas S.A.**

- 💧 **Distribution of dividends.** On November 22, 2023, it was agreed to distribute Ch\$40.000 million as interim dividends associated with the profits for the year 2023, which was paid in December.

Previously, at the Company's Ordinary Shareholders' Meeting held on April 19, 2023, and ratifying Aguas Andinas' commitment to its shareholders in a volatile and challenging macroeconomic context, it was agreed to distribute 100% of the profit for 2022, excluding the interim dividend paid in December 2022 in the amount of Ch\$35.000 million. Therefore, the amount to be distributed was set at Ch\$50.249 million, which means a final dividend of Ch\$8,21 per share, payable as of April 28, 2023.

- 💧 **Ratification of risk rating.** During the month of November, ICR Chile ratified the solvency and bond rating of Aguas Andinas in **category AA+ with stable trend**. It also ratified in first class level 1 and first class level 4 the share certificates Aguas-A and Aguas-B, respectively.

The ratification of the rating is based mainly on the characteristics of the business that position the Company as the largest provider of healthcare services in the country, the regulatory framework in which our operations are carried out and the solid solvency indicators.

This is in addition to the fact that in April 2023, Fitch Ratings ratified Aguas Andinas' solvency rating and public debt issues at AA+, and in September 2023, Standard & Poor's ratified the Company's international rating at A-, both with a stable outlook.

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

- 💧 **Claim associated with the sale and assignment of "ESSAL".** On August 25, 2022, the Company was notified of several claims for damages in the amount of Ch\$65.222.222.367 filed in an arbitration


lawsuit initiated against it by Eco Acquisitionco SpA, for alleged breaches in the sale and assignment of the Company's direct and indirect participation in Empresa de Servicios Sanitarios de Los Lagos S.A. (ESSAL).

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

Similarly, Aguas Andinas, by way of reciprocal concession and against the dismissal of all claims filed and the total settlement of the sales contract, paid compensation equivalent to Ps. 10,249,330,833.

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

Finally, by virtue of the reciprocal concessions set forth above, the parties and third parties related to the Transaction Agreement have fully and completely terminated this agreement.

 **Beginning of VIII Tariff Process.** On November 28, 2023, the Superintendency of Sanitary Services published the Preliminary Bases of the tariff setting process for Aguas Andinas, Aguas Cordillera and Aguas Manquehue. This process will be carried out throughout 2024 and the new tariffs of Aguas Andinas will come into effect on March 1, 2025.

## 2. Income of the fiscal year

### 2.1 Cumulative income

| Statement of Income (ThCh\$)   | Dec-23             | Dec-22             | % Var.       | 2023 / 2022       |
|--------------------------------|--------------------|--------------------|--------------|-------------------|
| Ordinary income                | 640.855.854        | 580.468.054        | 10,4%        | 60.387.800        |
| Operating costs and expenses   | (324.153.270)      | (286.146.111)      | 13,3%        | (38.007.159)      |
| <b>EBITDA</b>                  | <b>316.702.584</b> | <b>294.321.943</b> | <b>7,6%</b>  | <b>22.380.641</b> |
| Depreciation and amortization  | (77.697.080)       | (74.820.917)       | 3,8%         | (2.876.163)       |
| <b>Operating income (loss)</b> | <b>239.005.504</b> | <b>219.501.026</b> | <b>8,9%</b>  | <b>19.504.478</b> |
| Other earnings                 | 3.336.545          | (1.521.833)        | <(200%)      | 4.858.378         |
| Financial result               | (76.617.993)       | (136.696.953)      | (44,0%)      | 60.078.960        |
| Tax expense                    | (33.886.203)       | 2.577.179          | <(200%)      | (36.463.382)      |
| minority interest              | (66.560.594)       | (42.539.263)       | 56,5%        | (24.021.331)      |
| <b>Net income</b>              | <b>65.277.259</b>  | <b>41.320.156</b>  | <b>58,0%</b> | <b>23.957.103</b> |

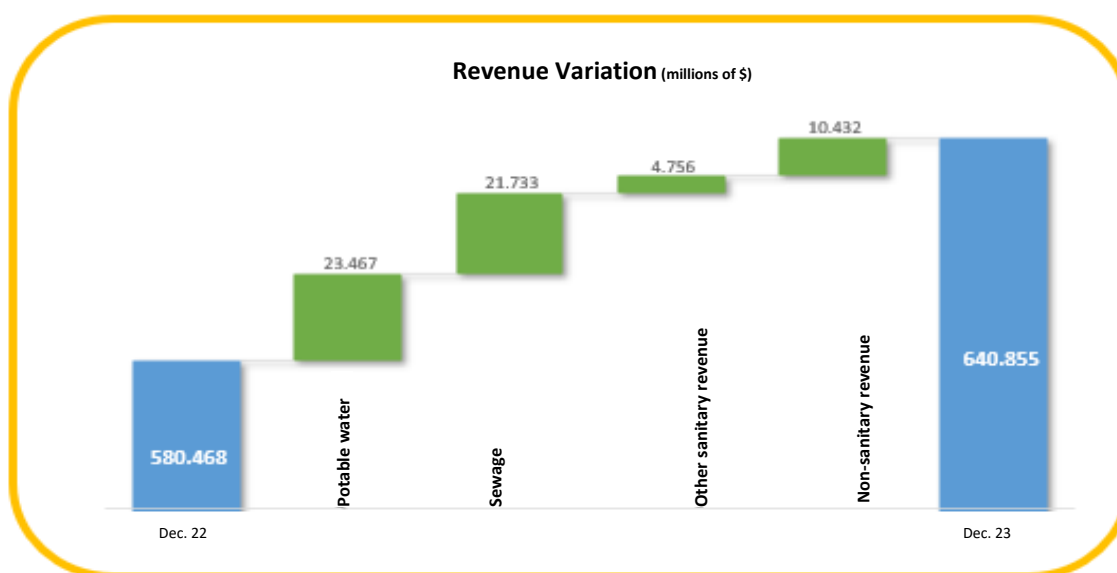
\* Includes financial income, financial costs, exchange differences and income from readjustment units.



## 2.2 Income analysis

Revenues increased 10.4% when compared to the previous year, as follows:

|                       | Dec-23             |               | Dec-22             |               |
|-----------------------|--------------------|---------------|--------------------|---------------|
|                       | Sales<br>ThCh\$    | Participation | Sales<br>ThCh\$    | Participation |
| Drinking water        | 255.428.385        | 39,90%        | 231.961.337        | 40,00%        |
| Wastewater            | 287.315.456        | 44,80%        | 265.582.171        | 45,70%        |
| Other sanitary income | 25.825.766         | 4,00%         | 21.070.071         | 3,60%         |
| Non-health income     | 72.286.247         | 11,30%        | 61.854.475         | 10,70%        |
| <b>Total</b>          | <b>640.855.854</b> | <b>100,0%</b> | <b>580.468.054</b> | <b>100,0%</b> |



| Sales Volume (thousands of m <sup>3</sup> accrued) | Dec-23  | Dec-22  | % Var. | Difference |
|--|---------|---------|--------|------------|
| Potable water                                      | 525.972 | 524.299 | 0,3%   | 1.673      |
| Sewage collection                                  | 504.516 | 503.656 | 0,2%   | 860        |
| Treatment and disposal of Sewage                   | 436.814 | 435.874 | 0,2%   | 940        |
| Interconnections                                   | 118.711 | 120.227 | (1,3%) | (1.516)    |

| Customers         | Dec-23    | Dec-22    | % Var. | Difference |
|-------------------|-----------|-----------|--------|------------|
| Potable water     | 2.306.152 | 2.257.165 | 2,2%   | 48.987     |
| Sewage collection | 2.261.448 | 2.212.631 | 2,2%   | 48.817     |

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

## Sanitary income

### **a) Potable water**

Potable water revenues at year-end 2023 amounted to ThCh\$255.428.385, which represents an increase of 10.1% over the previous year, as a result of higher average tariffs associated with the polynomial indexations applied during 2023 and 2022 and tariffs associated with the Lo Mena - Cerro Negro well investment, together with a higher volume supplied (residential customers by -0,7% and non-residential customers by +2,8%).

### **b) Sewage**

Revenue from sewage as of December 31, 2023 amounted to ThCh\$287.315.456, an increase of ThCh\$21.733.285 (+8,2%) compared to the previous year. This is mainly due to a higher average tariff associated to the last tariff indexations by polynomial and tariff associated to the nitrogen treatment in Trebal-Mapocho Biofactories.

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

This item presented an increase of ThCh\$ 4.755.695, which was due to greater activity in services not associated with the volume of water sales and higher interest on customer debt.

## Non-sanitary income

### **a) Services**

There was an increase of ThCh\$7.492.694 mainly due to greater activity in sanitary infrastructure modifications, home services to customers, income associated with the Alto Maipo project and sale of materials.

### **b) Non-sanitary subsidiaries**

The increase in income of ThCh\$ 2.939.077 million was mainly due to increased activity and new projects of the company EcoRiles, together with increased analysis and sampling of potable water by Análisis Ambientales.

## *2.3 Expense analysis*

| (Thousands of \$)                    | Dec. 23           | Dec. 22           | % Var.      |
|--------------------------------------|-------------------|-------------------|-------------|
| EcoRiles S.A.                        | 22.478.801        | 20.730.872        | 8,4%        |
| Análisis Ambientales S.A.            | 9.649.213         | 7.943.754         | 21,5%       |
| Hidrogística S.A.                    | 3.534.915         | 4.213.221         | (16,1%)     |
| Aguas del Maipo S.A.                 | 2.130.047         | 1.966.051         | 8,3%        |
| <b>Total non-health subsidiaries</b> | <b>37.792.976</b> | <b>34.853.898</b> | <b>8,4%</b> |

The variation in expenses when compared to the previous year is presented in the following table:

| Detail of costs (ThCh\$)            | Dec. 23              | Dec. 22              | % Var.       | 2023 / 2022         |
|-------------------------------------|----------------------|----------------------|--------------|---------------------|
| a) Raw materials and consumables    | (85.362.422)         | (79.574.329)         | 7,3%         | (5.788.093)         |
| b) Employee benefits                | (76.753.766)         | (66.542.438)         | 15,3%        | (10.211.328)        |
| c) Other expenses by nature         | (149.720.736)        | (126.198.987)        | 18,6%        | (23.521.749)        |
| d) Impairment losses*               | (12.316.346)         | (13.830.357)         | (10,9%)      | 1.514.011           |
| <b>Operating costs and expenses</b> | <b>(324.153.270)</b> | <b>(286.146.111)</b> | <b>13,3%</b> | <b>(38.007.159)</b> |
| e) Depreciation and amortization    | (77.697.080)         | (74.820.917)         | 3,8%         | (2.876.163)         |
| <b>Total costs</b>                  | <b>(401.850.350)</b> | <b>(360.967.028)</b> | <b>11,3%</b> | <b>(40.883.322)</b> |

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

#### a) Raw materials and consumables

As of December 31, 2023, the costs of raw materials and consumables amounted to ThCh\$ 85,362,422, which increased by ThCh\$ 5,788,093 when compared to the previous year. The main variations are explained by higher electricity costs due to an increase in the average tariff, higher cost of sale of materials and increased spending on chemical inputs due to turbidity events. Additionally, as of April 1, 2022, the costs resulting from the internalization of Biofactories are included. This is offset by lower water transfers during the second half of the year.

#### b) Employee benefits

At year-end 2023, employee benefit expenses amounted to ThCh\$ 76,753,766, ThCh\$ 10,211,328 higher than at the end of the previous year. The increase is mainly associated with the adjustments agreed for inflation and that as of April 1, 2022, the expenses of the personnel incorporated into the Company as a result of the internalization of Biofactories are included. In addition, during 2023 the collective bargaining processes with all Aguas Andinas unions were successfully completed. These agreements will be in force for 3 years

#### c) Other expenses by nature

At the end of December 2023, these expenses amounted to ThCh\$ 149.720.736, which increased by ThCh\$ 23.521.749 compared to the previous year, mainly due to higher CPI adjustments, higher operating expenses in maintenance and repair of networks and equipment, increase in potable water leak detection and in inspection and cleaning of collectors, higher costs of sanitary infrastructure modifications, expenses for sales of home services together with services to customers, operating contingencies and general expenses. The above is partially offset by lower costs resulting from the internalization of Biofactories together with efficiencies.

#### d) Impairment losses

At year-end 2023, the allowance for doubtful accounts amounted to ThCh\$ 12.316.346, ThCh\$ 1.514.011 lower than the previous year. The ratio of uncollectible accounts receivable to total revenues was 1.9% as of December 2023 compared to 2,4% as of December 2022.

#### e) Depreciation and amortization

At the end of 2023, depreciation and amortization amounted to ThCh\$77.697.080, ThCh\$2.876.163 higher than in the previous year, as a result of the depreciation associated with the new assets incorporated during the year.

## 2.4 Analysis of financial income and others

| Financial Income (Thousands of \$) | Dec. 23             | Dec. 22              | % Var.         | 2023 /<br>2022    |
|------------------------------------|---------------------|----------------------|----------------|-------------------|
| a) Financial income                | 15.948.850          | 16.022.604           | (0,5%)         | (73.754)          |
| b) Financial costs                 | (48.853.914)        | (36.613.290)         | 33,4%          | (12.240.624)      |
| c) Exchange differences            | 1.945.731           | (853.529)            | <(200%)        | 2.799.260         |
| d) Income per unit of restatements | (45.658.660)        | (115.252.738)        | (60,4%)        | 69.594.078        |
| <b>Total Financial Income</b>      | <b>(76.617.993)</b> | <b>(136.696.953)</b> | <b>(44,0%)</b> | <b>60.078.960</b> |
| e) Other gains (losses)            | 3.336.545           | (1.521.833)          | <(200%)        | 4.858.378         |
| f) Income tax expense              | (33.886.203)        | 2.577.179            | <(200%)        | (36.463.382)      |

### a) Financial income

At year-end 2023, financial income amounted to ThCh\$15.948.850, a decrease of ThCh\$73.654 when compared to the previous year, mainly due to lower repurchase of AFRs (refundable financial contributions), which was partially offset by higher income from investment of cash surpluses.

### b) Financial costs

As of December 31, 2023, financial costs amounted to ThCh\$ 48.853.914, an increase of ThCh\$ 12.240.624 compared to 2022, mainly due to higher interest on financial debt and lower capitalization of financial expenses.

### c) Exchange rate differences

As of December 31, 2023, exchange rate differences resulted in income of ThCh\$ 1.945.731, which represents a positive variation of ThCh\$ 2.799.260. This is mainly explained by the positive variation of the dollar exchange rate in certain financial assets and accounts payable.

### d) Income per readjustment unit

At the end of 2023, the adjustment unit charge was ThCh\$ 45.658.660, resulting in a lower expense of ThCh\$ 69.954.078, mainly due to the lower revaluation of the debt as a result of the variation in the Unidad de Fomento (4,8% in 2023 versus 13,3% in 2022).

### e) Other gains (losses)

As of December 31, 2023, there was a higher income compared to the previous year of ThCh\$ 4.858.378.378, mainly due to the reversal of the provision associated with the sale of Essal and the sale of land, which was partially offset by higher retirement plans.

### f) Income tax expense

The income tax expense as of December 31, 2023 was higher than the previous year by ThCh\$36.463.382, mainly due to a higher result in income before taxes added to the inflationary effect of deductible permanent differences, the main difference being the price-level restatement of tax equity.

## 2.5 Income by segment

### a) Cumulative income Water segment

| Statement of Income (Thousands of \$) | Dec. 23            | Dec. 22            | % Var.       | 2023 - 2022       |
|---------------------------------------|--------------------|--------------------|--------------|-------------------|
| External income                       | 602.598.942        | 545.272.804        | 10,5%        | 57.326.138        |
| Segment revenues                      | 1.896.161          | 898.163            | 111,1%       | 997.998           |
| Operating costs and expenses          | (295.207.729)      | (257.403.965)      | 14,7%        | (37.803.764)      |
| <b>EBITDA</b>                         | <b>309.287.374</b> | <b>288.767.002</b> | <b>7,1%</b>  | <b>20.520.372</b> |
| Depreciation and amortization         | (75.423.530)       | (72.764.097)       | 3,7%         | (2.659.433)       |
| <b>Operating income (loss)</b>        | <b>233.863.844</b> | <b>216.002.905</b> | <b>8,3%</b>  | <b>17.860.939</b> |
| Other gains (losses)                  | 3.685.254          | (1.094.059)        | <(200%)      | 4.779.313         |
| Financial result                      | (76.175.520)       | (136.462.604)      | (44,2%)      | 60.287.084        |
| Tax expense                           | (32.554.166)       | 2.935.457          | <(200%)      | (35.489.623)      |
| Minority interest                     | (1.895)            | (2.140)            | (11,4%)      | 245               |
| <b>Net income</b>                     | <b>128.817.517</b> | <b>81.379.559</b>  | <b>58,3%</b> | <b>47.437.958</b> |

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

The net income of this segment increased 58,3%, mainly due to the following factors

- Increase in external revenues, mainly associated with sanitary revenues due to higher average tariffs associated with the latest indexations and tariffs associated with investments, higher volume of potable water supplied, greater activity in sanitary infrastructure modifications, home services to customers, revenues associated with the Alto Maipo project and sale of materials.
- Costs increased mainly due to higher CPI expenses, operating costs (mainly network and equipment maintenance, electricity), cost of sales associated with non-sanitary revenues and operating contingencies. This is partially offset by higher efficiencies and lower water transfers.
- Depreciation was ThCh\$ 2.659.433 higher than that of the previous year, as a result of the depreciation associated with the new assets added during the year.
- The financial result presented a net expense of ThCh\$ 76.175.520, lower by ThCh\$ 60.287.084 compared to the previous year, mainly due to the lower revaluation of the debt as a result of the variation in the Unidad de Fomento (4,8% in 2023 versus 13,3% in 2022).
- The income tax expense for the fourth quarter of 2023 was higher than the previous year by ThCh\$35.489.623, mainly due to a higher income before taxes added to the inflationary effect of deductible permanent differences, the main difference being the price-level restatement of tax equity.

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

| Statement of Income (Thousands of \$) | Dec. 23          | Dec. 22          | % Var.       | 2023 - 2022      |
|---------------------------------------|------------------|------------------|--------------|------------------|
| External income                       | 38.256.912       | 35.195.250       | 8,7%         | 3.061.662        |
| Segment revenues                      | 11.790.101       | 6.002.529        | 96,4%        | 5.787.572        |
| Operating costs and expenses          | (41.046.449)     | (34.200.667)     | 20,0%        | (6.845.782)      |
| <b>EBITDA</b>                         | <b>9.000.564</b> | <b>6.997.112</b> | <b>28,6%</b> | <b>2.003.452</b> |
| Depreciation and amortization         | (2.310.091)      | (2.091.863)      | 10,4%        | (218.228)        |
| <b>Operating income (loss)</b>        | <b>6.690.473</b> | <b>4.905.249</b> | <b>36,4%</b> | <b>1.785.224</b> |
| Other gains (losses)                  | (304.432)        | (383.505)        | (20,6%)      | 79.073           |
| Financial result                      | (458.066)        | (295.495)        | 55,0%        | (162.571)        |
| Tax expense                           | (1.355.071)      | (357.074)        | >200%        | (997.997)        |
| <b>Net income</b>                     | <b>4.572.904</b> | <b>3.869.175</b> | <b>18,2%</b> | <b>703.729</b>   |

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

The net income of the Non-Water segment shows an increase of ThCh\$703.729 compared to the previous year, due to the following factors:

- 💧 The higher revenue was mainly explained by increased activity and new projects of the company EcoRiles, together with increased analysis and sampling of potable water in Análisis Ambientales.
- 💧 The 20,0% increase in costs is mainly associated with higher sales activity and higher CPI costs.
- 💧 The income tax expense as of December 31, 2023 was higher than the previous year by ThCh\$997.997, mainly due to a higher income before taxes added to the inflationary effect of deductible permanent differences, the main difference being the price-level restatement of tax equity.

## 3. Quarterly income

| Statement of Income (ThCh\$)  | 4T23              | 4T22              | % Var.       | 4Q23 - 4Q22      |
|-------------------------------|-------------------|-------------------|--------------|------------------|
| Ordinary income               | 165.620.335       | 161.722.552       | 2,4%         | 3.897.783        |
| Operating Costs and Expenses  | (78.700.582)      | (78.088.969)      | 0,8%         | (611.613)        |
| <b>EBITDA</b>                 | <b>86.919.753</b> | <b>83.633.583</b> | <b>3,9%</b>  | <b>3.286.170</b> |
| Depreciation and amortization | (21.122.863)      | (19.346.616)      | 9,2%         | (1.776.247)      |
| <b>Operating income</b>       | <b>65.796.890</b> | <b>64.286.967</b> | <b>2,3%</b>  | <b>1.509.923</b> |
| Other (Loss) Gain             | 5.110.669         | (40.685)          | <(200%)      | 5.151.354        |
| Financial Result              | (25.460.330)      | (27.600.176)      | (7,8%)       | 2.139.846        |
| Tax expense                   | (8.754.383)       | (6.205.024)       | 41,1%        | (2.549.359)      |
| Minority interest             | (18.416.897)      | (15.378.005)      | 19,8%        | (3.038.892)      |
| <b>Net income</b>             | <b>18.275.949</b> | <b>15.063.077</b> | <b>21,3%</b> | <b>3.212.872</b> |

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



### *3.1. Revenue analysis*

#### *a) Operating income*

Ordinary revenues for the fourth quarter of 2023 amounted to ThCh\$ 165.620.335, ThCh\$ 3.897.783 higher than in the same quarter of the previous year, due to higher revenues from environmental services subsidiaries and sanitary infrastructure modification services, which was partially offset by lower consumption recorded in the period of -2,9%.

### *3.2. Expense analysis*

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

During the fourth quarter of 2023, raw materials and consumables costs amounted to ThCh\$17.065.994, ThCh\$5.162.572 lower than in the same quarter of 2022, mainly due to lower water transfer costs and lower chemical input expenses.

#### *b) Employee benefits*

Employee benefit expenses for the fourth quarter of 2023 amounted to ThCh\$20.887.860, ThCh\$2.209.235 higher than in 2022. This increase is mainly due to CPI adjustments and other contractually agreed benefits.

#### *c) Depreciation and amortization*

During the fourth quarter of 2023, depreciation and amortization amounted to ThCh\$21.122.863, ThCh\$1.776.247 higher than in 2022, due to higher depreciation associated with the new assets included.

#### *d) Other expenses*

In the fourth quarter of 2023, other expenses amounted to ThCh\$39.247.293, ThCh\$4.817.254 higher than in 2022, mainly explained by due to the readjustment of expenses for CPI, higher expenses in maintenance of networks and operating equipment, increase in rent payments, customer services and other services.

#### *e) Impairment losses*

During the fourth quarter of 2023, the allowance for doubtful accounts was ThCh\$ 1.499.434, ThCh\$ 1.252.305 lower than in the same period of the previous year. The ratio of uncollectible accounts receivable to total revenues improved in the quarter, since it was 0,9% compared to 1,7% in 2022.

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

#### *a) Financial income*

The financial income for the fourth quarter of 2023 showed a loss of ThCh\$25.460.330, which improved by ThCh\$2.139.846 compared to 2022, mainly explained by lower debt revaluation due to a lower variation of the Unidad de Fomento (1,6% in 2023 versus 2,5% in 2022), which was partially offset by lower financial income associated with a lower interest rate and a lower cash balance.

#### *b) Income tax expense*

The income tax expense at the end of the fourth quarter of 2023 was higher than the previous year by ThCh\$2.549.359 mainly explained by a better result before tax added to the inflationary effect of the deductible permanent differences, the main difference being the price-level restatement of tax equity.

### c) Gains

Net income for the fourth quarter of 2023 amounted to ThCh\$18.275.949, ThCh\$3.212.872 higher than in the same quarter of 2022.

## 4. Statement of financial position

|   | Assets                        | Dec. 23              | Dec. 22              | % Var.        |
|---|-------------------------------|----------------------|----------------------|---------------|
| Current assets                                      |                               | 276.781.050          | 326.058.264          | (15,1%)       |
| Non-current assets                                  |                               | 2.419.695.021        | 2.325.871.931        | 4,0%          |
| <b>Total assets</b>                                 |                               | <b>2.696.476.071</b> | <b>2.651.930.195</b> | <b>1,7%</b>   |
|   | <b>Liabilities and equity</b> |                      |                      |               |
| Current liabilities                                 |                               | 362.634.346          | 266.626.154          | 36,0%         |
| Non-current liabilities                             |                               | 1.175.813.467        | 1.274.907.748        | (7,8%)        |
| <b>Total liabilities</b>                            |                               | <b>1.538.447.813</b> | <b>1.541.533.902</b> | <b>(0,2%)</b> |
| Equity attributable to owners of the parent company |                               | 715.849.688          | 691.794.448          | 3,5%          |
| Non-controlling interests                           |                               | 442.178.569          | 418.601.845          | 5,6%          |
| <b>Total equity</b>                                 |                               | <b>1.158.028.258</b> | <b>1.110.396.293</b> | <b>4,3%</b>   |
| <b>Total liabilities and equity</b>                 |                               | <b>2.696.476.071</b> | <b>2.651.930.195</b> | <b>1,7%</b>   |

### 4.1. Asset analysis

Aguas Andinas' total consolidated assets at December 31, 2023 increased by ThCh\$44.545.876 compared to December 31, 2022.

Current assets decreased by ThCh\$49.277.214, mainly due to a lower balance of cash and cash equivalents of ThCh\$69.750.458, which was partially offset by an increase in trade and other receivables of ThCh\$9.233.887 together with the increase in tax assets of ThCh\$11.840.699 associated with disbursements of monthly provisional payments.

Non-current assets increased by ThCh\$ 93.823.090, mainly explained by higher property, plant and equipment and intangible assets of ThCh\$ 91.473.581 associated with investments made during the year. The main investment works are shown in the following table:

**Investments (Thousands of \$) Dec-23**

|   |            |
|---|------------|
| Renovation of sewage networks                             | 45.826.649 |
| Renovation of potable water networks                      | 20.881.436 |
| Renewal of starters and meters                            | 14.157.241 |
| Drilling and reinforcement of water supply system         | 9.751.437  |
| Replenishment of assets of La Farfana-Trebal Biofactories | 7.401.064  |
| Water efficiency plan                                     | 7.073.405  |
| Filter renovation Vizcachitas - Tagle                     | 2.924.272  |
| Advanced well management                                  | 2.082.943  |
| Drinking Water Treatment Plant Expansion Padre Hurtado    | 2.037.276  |
| Pond Repair Antonio Varas - Lo Contador                   | 1.975.932  |
| Manzano - Pirque Pipeline Safety Works                    | 1.884.954  |
| Other investment projects                                 | 50.729.080 |

## 4.2. Analysis of liabilities and equity

Liabilities due at December 2023 decreased by ThCh\$ 3.086.089 thousand compared to December 2022.

Current liabilities increased by ThCh\$96.008.192. This variation was mainly due to the reclassification of financial liabilities associated with bank loans from long-term to short-term, since they have a maturity of less than twelve months. This is partially offset by a decrease in provisions for the payment agreed in the lawsuit associated with the purchase and sale of ESSAL.

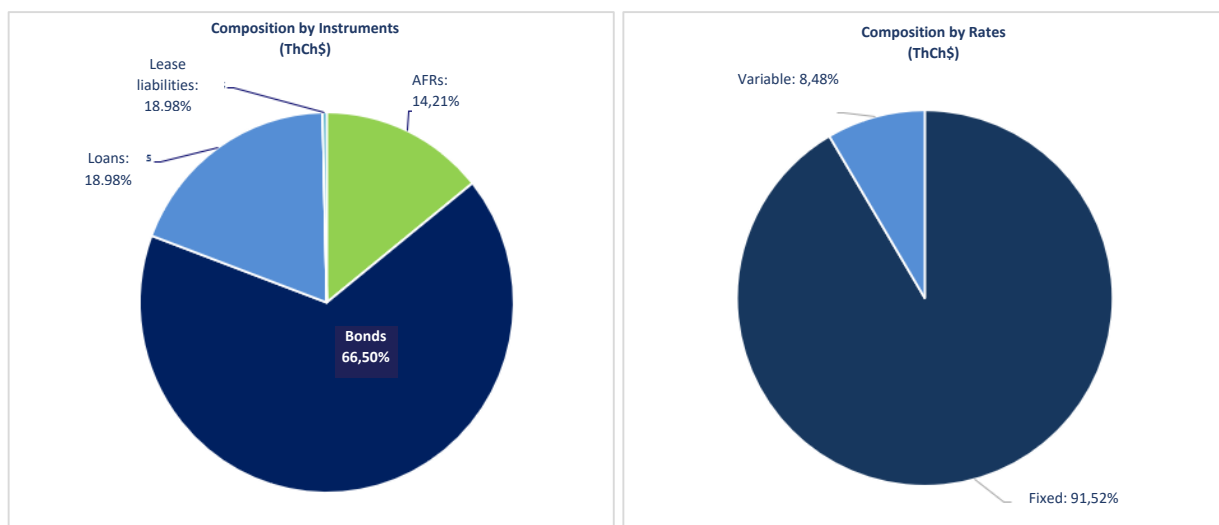
Non-current liabilities decreased by ThCh\$ 99.094.281. This variation corresponds almost entirely to lower financial liabilities mainly associated with the reclassification of bank loans to short term.

Total shareholders' equity increased by ThCh\$47.631.965, mainly explained by the profit for the period less dividends paid during 2023.

The maturity profile of the financial debt as of December 31, 2023 is as follows:

| Financial Debt ThCh\$ ThCh\$             | Currency | Total                | 12 months          | 1 to 3 years       | 3 to 5 years      | more than 5 years  |
|--|----------|----------------------|--------------------|--------------------|-------------------|--------------------|
| AFRs                                     | \$       | <b>182.603.868</b>   | 27.573.979         | 40.165.695         | 37.549.422        | 77.314.772         |
| Bonds                                    | \$       | <b>854.549.533</b>   | 20.758.965         | 6.903.050          | -                 | 826.887.518        |
| Loans                                    | \$       | <b>243.324.297</b>   | 107.083.857        | 106.368.440        | 29.872.000        | -                  |
| <b>Total other financial liabilities</b> |          | <b>1.280.477.698</b> | <b>155.416.801</b> | <b>153.437.185</b> | <b>67.421.422</b> | <b>904.202.290</b> |
| Lease liabilities                        | \$       | <b>4.518.657</b>     | 1.756.478          | 1.635.333          | 978.008           | 148.838            |
| <b>Total lease liabilities</b>           |          | <b>4.518.657</b>     | <b>1.756.478</b>   | <b>1.635.333</b>   | <b>978.008</b>    | <b>148.838</b>     |
| <b>Totals</b>                            |          | <b>1.284.996.355</b> | <b>157.173.279</b> | <b>155.072.518</b> | <b>68.399.430</b> | <b>904.351.128</b> |

### 4.3. Structure of financial liabilities



## 5. Statements of cash flow

| Statements of Cash Flows (ThCh\$) | Dec. 23             | Dec. 22            | % Var.          |
|-----------------------------------|---------------------|--------------------|-----------------|
| Operating activities              | 227.922.765         | 241.057.418        | (5,4%)          |
| Investment activities             | (150.002.292)       | (165.900.708)      | (9,6%)          |
| Financing activities              | (147.670.931)       | (59.169.722)       | 149,6%          |
| <b>Net cash flow for the year</b> | <b>(69.750.458)</b> | <b>15.986.988</b>  | <b>(536,3%)</b> |
| <b>Ending cash balance</b>        | <b>110.795.410</b>  | <b>180.545.868</b> | <b>(38,6%)</b>  |

Cash flows from operating activities decreased by ThCh\$33.209.121 when comparing December 2023 with December 2022. The main variations were as follows:

- 💧 Collections from sales of goods and services generated an increase of ThCh\$ 83.926.669, associated with higher average tariffs due to the latest tariff indexations, as well as an increase in sales volumes to non-residential customers.
- 💧 Interest received increased by ThCh\$3.315.751, mainly due to higher interest tariffs.

These variations were offset by the following items:

- 💧 Increase in payments to suppliers of ThCh\$ 36.118.310, mainly associated with higher payments to suppliers of goods and services.

- 💧 Increase in payments to and on behalf of employees of ThCh\$13.695.191, mainly due to CPI adjustments, contractually agreed benefits and agreements for collective bargaining processes with all Andinas unions that were closed in 2023.
- 💧 Increase in the payment of income taxes of ThCh\$ 23.387.913, due to a higher base in the calculation of the monthly provisional payments and lower refunds than 2022 of ThCh\$ 5995.732.
- 💧 Interest paid increased by ThCh\$11.383.877, mainly due to higher interest tariffs.
- 💧 Other cash outflows generated an increase of ThCh\$ 8.916.584, mainly due to the payment of ESSAL's out-of-court settlement.

Disbursements for investment activities decreased by ThCh\$ 15.898.416, due to lower payments for investments made during the period.

Financing activities improved when compared to the previous year by ThCh\$88.501.209, explained by a higher dividend payment of ThCh\$14.547.471 and lower bank loans of ThCh\$77.321.073.

## 6. Financial ratios

|   |       | Dec. 23 | Dec. 22 |
|---|-------|---------|---------|
| <b>Liquidity</b>  |       |         |         |
| Current liquidity   | times | 0,76    | 1,22    |
| Acid ratio  | times | 0,31    | 0,68    |
| <b>Indebtedness</b>   |       |         |         |
| Total indebtedness  | times | 1,33    | 1,39    |
| Current debt  | times | 0,24    | 0,17    |
| Non-current debt  | times | 0,76    | 0,83    |
| Coverage of financial expenses annualized                                     | times | 4,39    | 3,22    |
| <b>Profitability</b>  |       |         |         |
| Annualized return on equity attributable to owners of the controlling company | %     | 9,27    | 5,96    |
| Annualized return on assets   | %     | 2,44    | 1,60    |
| Annualized earnings per share   | \$    | 65,28   | 41,32   |
| Dividend return (*)   | %     | 5,89    | 8,00    |

*Current liquidity: current assets/current liabilities.*

*Acid ratio: cash and cash equivalents / current liabilities.*

*Total indebtedness: total liabilities / total equity.*

*Current debt: current liabilities / liabilities due.*

*Non-current debt: non-current liabilities / liabilities payable.*

*Financial expense coverage: annualized earnings before interest and taxes / annualized financial expenses.*

*Return on equity: annualized income for the year/average total equity for the year.*

*Return on assets: annualized income for the year/average total assets for the year.*

*Earnings per share: annualized income for the year/ number of subscribed and paid-in shares*

*Dividend yield: dividends paid per share / share price.*

*(\*) The share price as of December 2023 amounts to \$734.24, while as of December 2022 it amounts to \$475.33.*

As of December 31, 2023, current liquidity decreased by 37,7% due to a decrease in current assets of ThCh\$ 49.277.214, mainly due to a decrease in cash and cash equivalents of ThCh\$ 69.750.458. This is partially

offset by an increase in other non-financial assets of ThCh\$ 2.194.236, an increase in other accounts receivable of ThCh\$ 9.233.887, an increase in tax assets of ThCh\$ 11.840.699 and a decrease in assets held for sale, due to the sale and expropriation of land. Additionally, current liabilities increased by ThCh\$96.008.192, as a result of an increase in other financial liabilities of ThCh\$81.069.662.

Indebtedness showed a decrease of 4,3%, due to a lower demandable liability of ThCh\$ 3.086.088, mainly explained by a decrease due to debt payment and an increase related to the revaluation of the UF. Total shareholders' equity increased by ThCh\$ 47.631.964.

The return on equity attributable to the owners of the controlling company increased by 55,5%, mainly explained by the higher annualized profit for the year of ThCh\$ 23.957.103.

## 7. Other background information

### 7.1 Tariffs

The most important factor that determines our income of operations and financial position are the tariffs set for our sales and regulated services. As a sanitary company, we are regulated by the S.I.S.S. and our tariffs are set in accordance with the Law of Tariffs of Sanitary Services D.F.L. No. 70 of 1988 (*Ley de Tarifas de los Servicios Sanitarios D.F.L. No. 70 de 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 3.0% (absolute value), as calculated based on various inflation indexes.

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

#### Aguas Andinas S.A.

|         |   |
|---------|---|
| Group 1 | February 2022, May 2022, July 2022, September 2022 and February 2023  |
| Group 2 | January 2022, April 2022, June 2022, September 2022 and February 2023 |

Aguas Cordillera S.A. March 2022, June 2022, September 2022 and March 2023.

#### Aguas Manquehue S.A.

|                |  |
|----------------|--|
| Santa Maria    | March 2022, June 2022, September 2022, January 2023 and November 2023                            |
| Los Trapenses  | March 2022, June 2022, August 2022, September 2022, January 2023 and November 2023               |
| Chamisero      | January 2022, April 2022, June 2022, August 2022, September 2022, January 2023 and November 2023 |
| Chicureo       | February 2022, May 2022, July 2022, September 2022, January 2023 and November 2023               |
| Valle Grande 3 | January 2022, April 2022, June 2022, June 2022, September 2022, January 2023 and November 2023   |

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.

Lo Mena - Cerro Negro Wells (December 2022)

Trebal-Mapocho

Nitrogen Treatment (April 2022)

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

On November 28, 2023, the Superintendence of Sanitary Services (SISS) published the Preliminary Bases formally initiating the VIII Tariff Process of Aguas Andinas, Aguas Cordillera and Aguas Manquehue. This process will be developed throughout the year 2024 and the resulting tariff structure will come into force for the period 2025-2030.

## **7.2 Market risk**

Our company presents a favorable situation in terms of risk, which is mainly due to the particular characteristics of the healthcare sector. Our business is seasonal and operating income 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, fog), temperature, humidity, sediment entrainment, river flows and turbidity determine not only the quantity, quality and continuity of raw water available at each intake, but also the possibility that it will be properly treated at the potable water treatment plants.

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

### *7.3 Market analysis*

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

Aguas Andinas S.A. has 100% coverage in potable water, 98,9% in sewerage service and 100% in sewage treatment in the Santiago basin.

Aguas Cordillera S.A. has 100% coverage of potable water, 99,0% coverage of sewerage service and 100% coverage of wastewater treatment.

Aguas Manquehue S.A. has 100% coverage of potable water, 99,5% of sewerage service and 100% of wastewater treatment.

### *7.4 Capital investments*

One of the variables that has the greatest impact on the income 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: October 30, 2023

**Non-committed 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-healthcare businesses, among others.

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

## *7.5 Financial aspects*

### **a) Currency risks**

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

However, starting in 2022 Aguas Andinas 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**

ON December 31, 2023, the interest rate risk held by Aguas Andinas S.A. is comprised of 91,5% at a fixed rate and 8,5% at a variable rate. The fixed-rate debt is composed of: short- and long-term bond issues (72,24%), refundable financial contributions (15,5%), bank loans (11,4%), derivatives (0,5%) and lease liabilities (0,4%), while the variable-rate debt corresponds to loans with domestic banks.

on December 31, 2022, the interest rate risk held by Aguas Andinas S.A. consisted 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 (63,9%), refundable financial contributions (15%), bank loans (20,2%), derivatives (0,6%) and lease liabilities (0,3%), while the variable-rate debt corresponds to loans with domestic banks.

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

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