



Aguas Andinas Earnings Release

Inversiones



1. Summary of the exercise

Aguas Andinas consolidated results at the end of 2022 show EBITDA growth of 10.6% and solid cash flow generation is maintained

- 💧 Aguas Andinas maintains a sustained growth of EBITDA reaching ThCh\$290,761 million as of December 31, 2022, which represents an increase of 10.6% compared to the previous year. Likewise, it continues with a solid cash flow generation in the period, which has allowed keeping indebtedness aligned with the Company's objectives. This positive financial situation has been ratified with a local AA+ risk rating and an international rating of A-, being the highest rating for a private corporate company in Chile.
- 💧 In terms of non-operating income, high inflation continues to impact financial costs due to the revaluation of financial debt in Unidad de Fomento (UF), so net income amounted to ThCh\$85,249 million, 15.3% lower than in the same period of the previous year.

Aguas Andinas has continued to be impacted by the global macroeconomic effects that have mainly translated into higher operating costs

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

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

Inflation in Chile as of December 31, 2022 amounted to 12.8%.

- 💧 **Increase in financial costs related to the price-level restatement of debt in UF:** the significant increase in the CPI of 12.8% negatively impacted our financial costs by ThCh\$118,191 million associated with the readjustment of the financial debt in UF (ThCh\$60,592 million higher than in the previous year). It should be noted that the price-level restatement of the UF is an accounting impact with no significant effect on the Company's cash flow.
- 💧 **Income Taxes:** Inflation has had a positive impact in accounting income tax expense, associated with the effect of the permanent differences derived from the monetary correction of the Tax Equity. It should be noted, however, that in terms of actual income tax payments, the Company disbursed ThCh\$30,088 million during 2022.
- 💧 **Rate indexations based on the polynomial:** On the other hand, during the period Aguas Andinas has registered tariff indexations that allow mitigating the increase in costs due to CPI.

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

- 💧 The Company continues to face the challenge of climate change. Despite this winter's rains, the deep drought and water scarcity situation in the country continues, which has been going on for more than 13 years and has deepened in the last 3 years.
- 💧 In this context, water scarcity has continued to be managed by prioritizing water transfer agreements with other users, which has allowed securing supply during 2022 and maintaining the security level of the El Yeso reservoir at 175.4 hm³ (December 2022), in line with the Company's objective. The cost incurred in raw water transfers amounted to \$16,657 million, representing an increase of 17.5% over the previous year.
- 💧 Additionally, we have continued executing our action plan to address water scarcity and the effects of climate change, which has materialized in an investment effort at the end of 2022 by ThCh\$ \$141,938 million. In this regard, it should be noted the completion of the works of the new Lo Mena - Cerro Negro well system, which provide a flow of 1,500 l/s to supply 400,000 customers.
- 💧 Finally, actions have been deployed to raise public awareness of the importance of caring for water, such as "Every Drop Counts" campaign. At the end of December 2022, consumption decreased 2.1% compared to the previous year, mainly due to lower residential demand.

The latest investment projects have come into operation to improve the Company's performance and add greater water resilience for Santiago

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

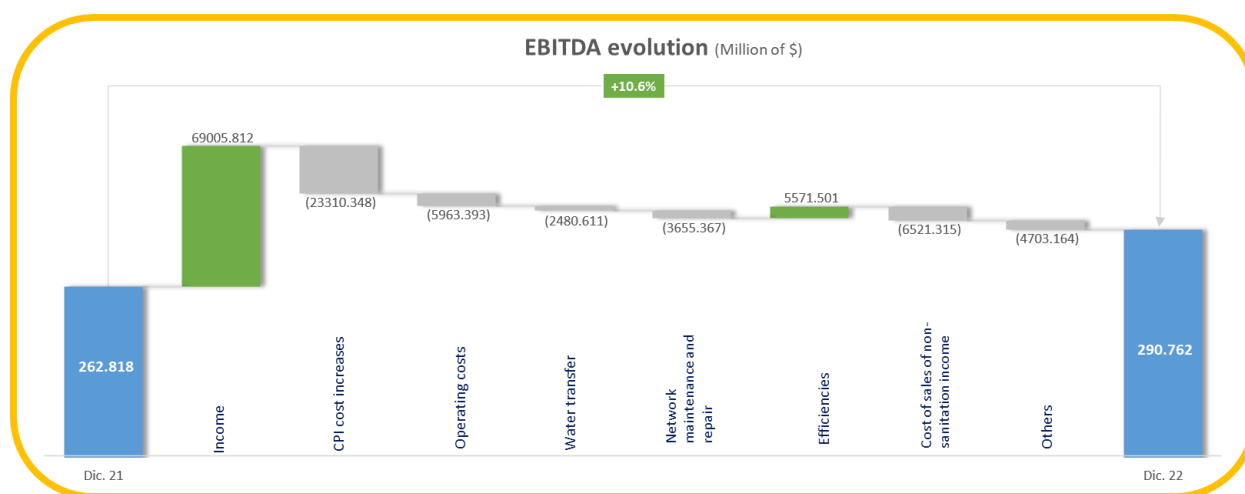
The Company has continued to drive its efficiency program based on the Transformation plan and, additionally, commercial actions to improve uncollectibility and debt recovery have yielded positive results

- The Company is implementing a Transformation plan, with a vision of a new sustainable business model focused on mitigating risks, capturing efficiencies, prioritizing investments and incorporating technology, supported by a new organizational culture. In line with the above, initiatives have been developed to improve processes and digital transformation that have generated Efficiencies of \$5,572 million at the end of 2022.
- In addition, **commercial actions to recover debt have allowed to reduce bad debt expense** from a ratio of 3.1% of revenues in 2021 to 2.4% at the end of the current period.

Successful bond issuance in the international market

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

- **EBITDA as of December 31, 2022 amounted to \$290,762 million**, an increase of 10.6% regarding the previous year. Excluding non-recurring revenue effects of year 2021 of ThCh\$5,698 million, the increase in EBITDA with respect to year 2021 would be 13.1%. The main variations are shown in the following chart:



- Higher revenues of \$69,006 million, mainly associated with higher average tariffs of \$71,707 million due to the latest tariff indexations by polynomial and the entry into operation of new investment projects as La Farfana/Trebal-Mapocho Nitrogens and Aguas Cordillera safety ponds and Cerro Negro – Lo Mena Wells. However, lower sales volumes were recorded for \$9,145 million, mainly explained by a decrease in sales to Residential customers by -4.0%, which is partially offset by higher sales to non-Residential customers by +1.4%.
- The Company's costs have been increased by the CPI, mainly due to higher labor costs, construction materials, service contracts in UF and compensation adjustments. As of December 2022, the index accumulated an increase of 12.8%. Additionally, operating costs for the entry into operation of new facilities and assets are considered, as well as the cost of sales associated with the growth of non-sanitation revenues.
- Operating costs of ThCh\$5,963 million, associated with increases in the price of electric power and chemical inputs, as well as the increase in the U.S. dollar exchange rate.
- Higher raw water transfer costs of \$2,481 million necessary to continue facing the extreme drought situation that the region has been experiencing for the last 13 years. Aguas Andinas currently needs to transfer approximately 1/3 of the water produced to supply the city, equivalent to 260 Hm³.

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

It is important to note that in August 2021 a historic collaboration agreement was signed with the Irrigation Associations of the First Section of the Maipo River, which includes commitments to develop a Master Plan for the Management of the Maipo River Basin, and will allow promoting new investments to provide additional resources to the system, such as the reuse of treated water from the Biofactories for exchange with raw water.

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

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

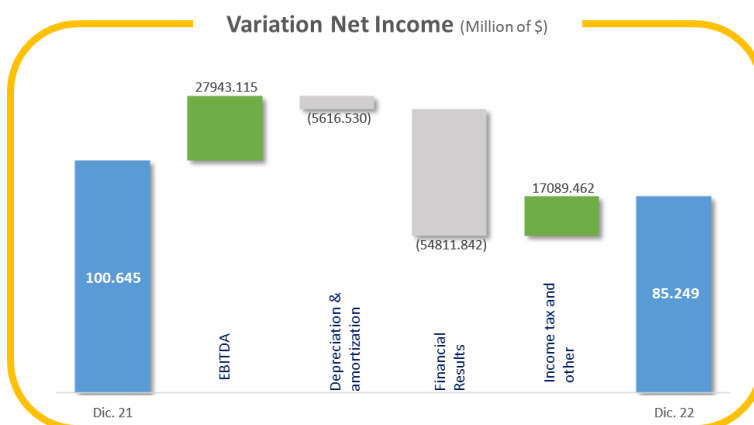
- Higher network maintenance and repair costs of \$3,655 million were generated due to a significant increase in customer requirements and workload.

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

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

In addition, initiatives aimed at improving metering management, detecting leaks in networks, purchasing efficiencies, and **commercial actions for debt recovery have been deployed, which have allowed to reduce bad debt expenses**, from a ratio of 3.1% of revenues in 2021 to 2.4% at the end of the current period.

- 💧 **Net income as of December 31, 2022 amounted to \$85,249 million**, representing a decrease of 15.3% regarding previous year. The main variations are presented in the following chart:



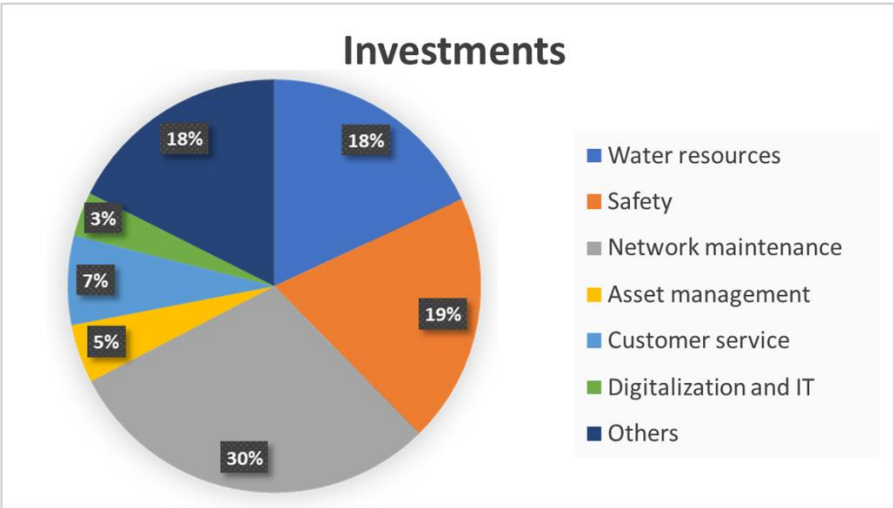
- 💧 At the non-operating level, there is a lower financial result of \$54,812 million regarding previous year, mainly associated with a higher revaluation of the financial debt due to the variation of the Unidad de Fomento (13.3% in 2022 versus 6.6% in 2021). It should be noted that the price-level restatement of the UF is an accounting impact with no significant effect on the Company's cash flow.
- 💧 As of December 31, 2022, income tax had a positive accounting effect in relation to the previous year of ThCh\$22,241 million, as a result of a lower result in income before taxes added to the inflationary effect of deductible permanent differences, the main difference being the price-level restatement of tax equity. On the other hand, the high inflationary effects also generated a significant increase in taxable temporary differences, the most important being the tax price-level restatement of property, plant and equipment, which has led to a significant increase in deferred tax assets. The aforementioned has accounting impacts, at the level of effective income tax payments, the Company disbursed ThCh\$30,088 million during 2022.

This is partially offset by the reversal of the 2021 contingency provision associated with the ESSAL sale contract for ThCh\$10,750 million.

Cash Generation and Position. At the end of 2022, the balance of cash and cash equivalents was \$179,335 million, increasing by \$15,822 million regarding the end of 2021. The increase in this item is mainly explained by the higher operating cash flow for the period together with the issuance of two international currency bonds equivalent to proceeds of ThCh\$44,774 million, which is partially offset by the payment of investments and debt repayments. The Company's current cash stock, which continues to be higher than the minimum cash requirements to meet short-term obligations, is maintained at these levels in order to face possible liquidity shocks in the current volatile context.

Investments

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



The main projects developed as of December 31, 2022 were as follows:

- Renovation of potable water and wastewater networks
- Renewal of starters and meters
- Replenishment of assets of La Farfana-Trebal Biofactories
- Cerro Negro – Lo Mena Wells
- Other boreholes and reinforcement of water supply system
- Filter Renovation Vizcachitas – Tagle
- Américo Vespucio Oriente wells
- Expansion and modernization of Padre Hurtado Potable Water Plant

- 💧 To face the effects of the prolonged drought, 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, the construction of Cerro Negro – Lo Mena wells has recently been completed, which will make it possible to deal with extreme turbidity events, increasing from 34 hours to 37 hours of autonomy. In addition, work is being carried out on the Manzano – Toma Independiente Connection project with the aim of increasing service autonomy to 48 hours.

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 SISA regarding its financing and execution deadlines:

- (i) Project of sustainable return of treated water in the Maipo-Mapocho Basin.
- (ii) Antonio Varas Bajo well batteries.
- (iii) Batteries of safety wells.

OTHER KEY FACTS

- 💧 **Issuance of bonds in international currency.** On December 13, 2022, the company issued and placed two bonds in international markets under Regulation S of the Securities and Exchange Commission of the United States of America, under the Securities Act of 1933, of the United States of America for an amount of (i) AUD \$20,000,000 (twenty million Australian dollars), maturing in 2037, at an interest rate of 6.82% semiannually; and (ii) JPY 5,000,000,000 (five billion Japanese yen), maturing in 2037, together with an interest rate of 2.16% semiannually, equivalent altogether to approximately USD 50,000,000.

The proceeds from the issuance of the Bonds will be used to finance eligible projects within the company's Green and Social Framework, which have made disbursements during the last 24 months prior to the issuance, corresponding to approximately 90% of the proceeds. The balance will be used for disbursements for projects scheduled to be executed at the latest within the next 24 months following the issuance.

- 💧 **Distribution of dividends.** On November 23, 2022, it was agreed to distribute an amount of ThCh\$35,000 million as interim dividends associated with the profits for 2022, which was paid in December.

Previously, at the Company's Ordinary Shareholders' Meeting held on March 2, 2022, it was agreed to distribute 89.4% of the recurring profits for 2021, excluding the interim dividend paid in November 2021 by an amount of ThCh\$40,000 million. Therefore, the amount to be distributed was set at ThCh\$43,000 million (additional dividend), which meant a final dividend of ThCh\$7.03 per share, payable as of March 29, 2022.

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

Regular Directors

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

Alternate Directors

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

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

- 💧 **Claim associated with the sale and transfer transaction of "ESSAL".** On August 25, the Company was notified of several claims for damages for alleged breaches of the indemnity guarantee and breaches of contract, as well as subsidiary claims filed in arbitration against it by Eco Acquisitionco SpA, which are related to the sale and transfer transaction of the direct and indirect participation of Aguas Andinas S.A. in Empresa de Servicios Sanitarios de Los Lagos S.A. ("ESSAL"), which took place in October 2020. The lawsuits filed claim in the payment of indemnities in the total amount of \$65,222,222,373.

In the opinion of Aguas Andinas S.A., the aforementioned claims are unfounded and, ultimately, should be rejected. However, in any case, in the aforementioned sale and transfer transaction, Aguas Andinas assumed the usual liabilities in a transaction of this nature, which is limited to the total amount of US\$ 11,500,000. In addition, the signed contracts provide for additional limitations of liability for individual loss amounts, opportunity for claims, insurance recovery, losses arising from certain facts previously known by the buyer, among others; circumstances that Aguas Andinas S.A. will assert in the corresponding procedural opportunities so that the claims at issue are rejected entirely.

- 💧 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 during last January the Takeover Bid launched by Veolia in France was successful, being an operation approved by the European Commission. In addition, on March 11, 2022, it was notified that the Competition & Markets Authority of the United Kingdom (the "CMA") allowed the integration of Veolia with Suez business units outside the United Kingdom. As an effect of the foregoing, the change of control by Veolia has occurred.

2. Results for the year

2.1. Accumulated results

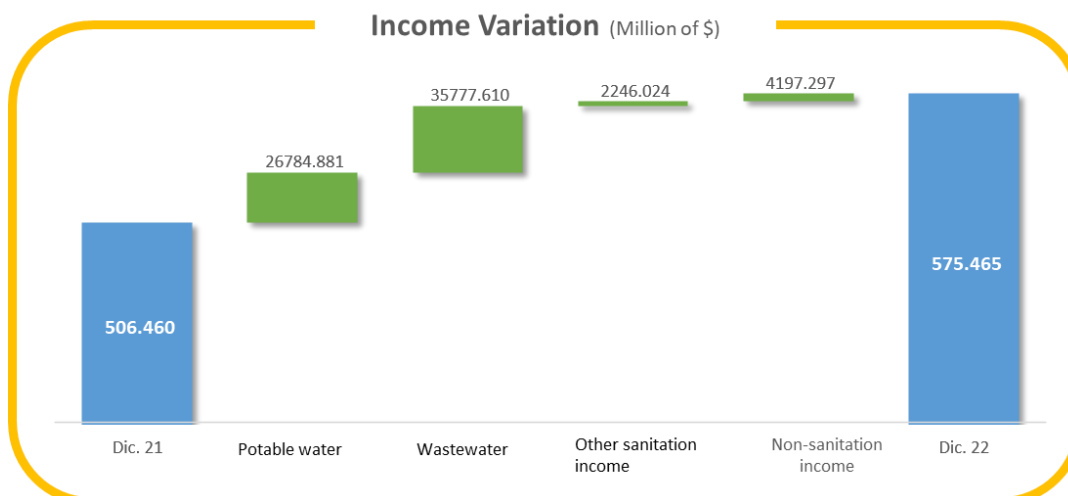
Income Statement (Th\$)	Dec. 22	Dec. 21	% Var.	2022 / 2021
Ordinary Revenues	575,465,445	506,459,633	13.6%	69,005,812
Operational Costs and Expenses	(284,703,939)	(243,641,242)	16.9%	(41,062,697)
EBITDA	290,761,506	262,818,391	10.6%	27,943,115
Depreciation and Amortization	(74,811,690)	(69,195,160)	8.1%	(5,616,530)
Income From Operations	215,949,816	193,623,231	11.5%	22,326,585
Other earnings (losses)	(1,521,833)	3,629,839	(141.9%)	(5,151,672)
Financial Result*	(131,755,492)	(76,943,650)	71.2%	(54,811,842)
Tax expense	2,578,383	(19,662,886)	(113.1%)	22,241,269
Minority interest	(2,140)	(2,005)	6.7%	(134)
Net earnings	85,248,734	100,644,529	(15.3%)	(15,395,795)

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

2.2. Revenue analysis

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

	Dec. 22		Dec. 21	
	Sales Thousands \$	Participation	Sales Thousands \$	Participation
Potable Water	231,961,337	40.3%	205,176,456	40.5%
Wastewater	265,582,171	46.2%	229,804,561	45.4%
Other Sanitation Income	61,854,474	10.7%	57,657,178	11.4%
Non-Sanitation Income	16,067,463	2.8%	13,821,438	2.7%
Total	575,465,445	100.0%	506,459,633	100.0%



Sales Volume (Thousands of m ³ accrued)	Dec. 22	Dec. 21	% Var.	Difference
Potable Water	524,299	535,738	(2.1%)	(11,439)
Wastewater Collection	503,656	514,218	(2.1%)	(10,562)
Wastewater Treatment and Disposal	435,874	443,596	(1.7%)	(7,722)
Interconnections*	120,227	124,277	(3.3%)	(4,050)

Customers	Dec. 22	Dec. 21	% Var.	Difference
Potable Water	2,257,165	2,207,344	2.3%	49,821
Wastewater Collection	2,212,631	2,162,909	2.3%	49,722

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

Sanitation income

a) Potable Water

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

b) Wastewater

Revenues from wastewater as of December 31, 2022, amounted to ThCh\$265,582,171, an increase of ThCh\$35,777,610 (15.6%) compared to the previous year. This is mainly due to higher average rate associated to the latest polynomial tariff indexing, together with the tariff associated with nitrogen treatments at La Farfana and Trebal-Mapocho Biofactories, which is partially offset by lower sales volume.

c) Other sanitation income

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

Non-Sanitation income

a) Services

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

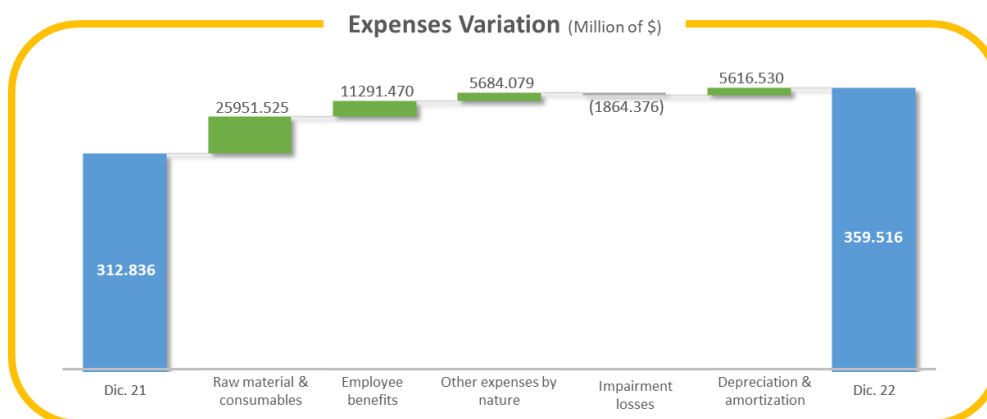
b) Non-sanitation subsidiaries

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

(ThCh\$)	Dec. 22	Dec. 21	% Var.
EcoRiles S.A.	20,730,872	17,137,411	0.0%
Hidrogística S.A.	7,943,754	6,526,953	0.0%
Anam S.A.	4,213,221	6,336,097	0.0%
Aguas del Maipo S.A.	1,966,052	896,583	0.0%
Non-regulated non-sanitation products	34,853,899	30,897,044	0.0%

2.3. Expense analysis

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



a) Raw materials and consumables

As of December 31, 2022, raw materials and consumables costs amounted to ThCh\$79,574,233. The main variations are explained by the increase in the transfer of water

for ThCh\$2,480,611 to increase the security of supply of our customers due to the low flow in the Maipo River basin, higher CPI costs, higher costs of sale of materials together with price increase of chemical input and electric power. In addition, as of April 1, the costs resulting from the internalization of the Biofactories are included.

b) Employee benefits

At the end of 2022, employee benefit expenses amounted to ThCh\$66,369,413, which was ThCh\$11,291,470 higher than the one obtained in the same period of the previous year. The increase is mainly associated with CPI adjustments and personnel expenses incurred by the Company as a result of the internalization of Biofactories.

c) Other expenses by nature

At the end of December 31, 2022, these expenses amounted to ThCh\$124,929,936, which increased by ThCh\$5,684,079 compared to the previous year, mainly due to higher expenses readjustments for CPI, higher expenses in maintenance of potable water and sewage networks by ThCh\$3,655,367 and higher expenses in services to customers by ThCh\$1,941,356 and higher costs of sales of home services and modifications of sanitation infrastructure. The above is partially offset by lower costs resulting from the internalization of Biofactories together with higher efficiencies.

d) Impairment losses

At the end of 2022, the provision for bad debts was ThCh\$13,830,357, which is ThCh\$1,864,376 lower than the previous year. The percentage of bad debts over total revenues was 2.4% in 2022 compared to 3.1% in 2021.

e) Depreciation and amortization

At the end of 2022, depreciation and amortization amounted to ThCh\$74,811,690, ThCh\$5,616,530 higher than the one obtained the previous year, result of depreciation associated with the new assets incorporated in the period.

2.4. Analysis of financial results and others

a) Other gains (losses)

As of December 31, 2022, the Company obtained a higher result than the previous year by ThCh\$5,151,672 mainly due to the reversal of the provision for contingencies (sale of Essal) made in 2021.

b) Financial income

At the end of 2022, financial income amounted to ThCh\$20,981,379, which meant an increase of ThCh\$15,907,114 compared to the previous year, mainly explained by higher financial interest for cash surpluses, higher interest on customer debt and higher repurchase of promissory notes for AFRs (refundable financial contributions).

c) Financial costs

As of December 31, 2022, financial costs amounted to ThCh\$36,630,374, which meant an increase of ThCh\$8,767,531 regarding previous year, mainly due to higher interest on financial debt, which is partially offset by higher activation of financial expenses.

d) Results per readjustment unit

At the end of 2022, the adjustment unit charge was ThCh\$114,738,552, resulting in a higher expense of ThCh\$59,769,575, mainly due to the higher revaluation of the debt as a result of the variation of the Unidad de Fomento (13.3% in 2022 versus 6.6% in 2021). It should be noted that the price-level restatement of UF is an accounting impact with no significant effect on the Company's cash flow.

e) Income tax expense

The income tax expense at the end of 2022 was lower than the previous year by ThCh\$22,241,269, as a result of a lower result in income before taxes added to the inflationary effect of deductible permanent differences, the main difference being the price-level restatement of tax equity. On the other hand, the high inflationary effects also generated a significant increase in taxable temporary differences, the most important being the tax price-level restatement of property, plant and equipment, which has led to a significant increase in deferred tax assets.

f) Earnings

Net income at the end of 2022 amounted to ThCh\$85,248,734, which was ThCh\$15,395,795 lower than the figure obtained in the previous year, representing a decrease of 15.3%.

2.5. Results by segment

a) Accumulated results Water segment

Income Statement (Th\$)	Dec. 22	Dec. 21	% Var.	2022 / 2021
External Revenue	540,270,195	475,494,190	13.6%	64,776,005
Revenues Segments	898,163	606,007	48.2%	292,156
Operating Costs and Expenses	-257,403,965	-219,944,218	17.0%	(37,459,747)
EBITDA	283,764,393	256,155,979	10.8%	27,608,414
Depreciation and Amortization	-72,764,097	-67,120,199	8.4%	(5,643,898)
Income from Operations	211,000,296	189,035,780	11.6%	21,964,516
Other Earnings (Losses)	-1,094,059	3,687,752	<(200%)	(4,781,811)
Financial Results*	-131,459,995	-76,921,617	70.9%	(54,538,378)
Tax Expense	2,935,457	-19,007,029	(115.4%)	21,942,486
Minority interest	-2,140	-2,005	6.7%	(135)
Net earnings	81,379,559	96,792,881	(15.9%)	(15,413,322)

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

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

- Increase in external revenues, mainly associated with sanitation revenues due to higher average tariffs associated with the latest indexations, which was partially offset by lower sales volumes recorded in the period.
 - Costs increased mainly due to higher CPI expenses, potable water and sewage network maintenance, higher customer service expenses, chemical inputs, electric power and home services sales costs, and sanitation infrastructure modifications. This is partially offset by the internalization of the Biofactories and higher efficiencies.
- Additionally, due to the extreme drought affecting the central zone of the country, there have been increases in raw water transfer expenses of ThCh\$2,480,611 due to the low flow in the Maipo river basin.
- Depreciation was ThCh\$5,643,898 higher than the one obtained in the previous year, as a result of the depreciation associated with the new assets incorporated in the period.
 - In other gains (losses), there was a higher result than the previous year, mainly due to the reversal of the provision for contingencies (sale of Essal) made in 2021.
 - The financial result presented a net expense of ThCh\$131,459,995, higher by ThCh\$54,538,378 compared to the previous year, mainly due to the higher revaluation of the debt as a result of the variation of the Unidad de Fomento (13.3% in 2022 versus 6.6% in 2021).
 - Income tax expense at the end of 2022 was lower than the previous year by ThCh\$21,942,486, mainly explained by lower income before taxes together with the effect of the permanent differences arising from the price-level restatement of the Tax Equity.

b) Accumulated results of the Non-Water segment

Income Statement (Th\$)	Dec. 22	Dec. 21	% Var.	2022 / 2021
External Revenue	35,195,250	30,965,443	13.7%	4,229,807
Revenues Segments	6,002,529	4,615,666	30.0%	1,386,863
Operating Costs and Expenses	-34,200,667	-28,918,697	18.3%	(5,281,970)
EBITDA	6,997,112	6,662,412	5.0%	334,700
Depreciation and Amortization	-2,091,863	-2,119,231	(1.3%)	27,368
Income from Operations	4,905,249	4,543,181	8.0%	362,068
Other Earnings (Losses)	-383,505	-13,642	2711.2%	(369,863)
Financial Results*	-295,495	-22,034	1241.1%	(273,461)
Tax Expense	-357,074	-655,857	(45.6%)	298,783
Net earnings	3,869,175	3,851,648	0.5%	17,527

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

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

- The higher revenues were mainly explained by higher activity and new projects of the company EcoRiles together with increased analysis and sampling of potable water at Análisis Ambientales.
- The increase in costs of 18.3% is mainly associated with higher sales activity together with higher CPI expenses.
- 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 at the end of 2022 was ThCh\$357,074, ThCh\$298,783 lower than the previous year, mainly explained by a lower income before taxes together with the effect of deferred taxes.

3. Quarterly results

Income Statement (Th\$)	4Q22	4Q21	% Var.	4Q22 – 4Q21
Ordinary Revenues	160,134,972	136,825,925	17.0%	23,309,048
Operational Costs and Expenses	(77,760,034)	(65,638,268)	18.5%	(12,121,765)
EBITDA	82,374,938	71,187,656	15.7%	11,187,282
Depreciation and Amortization	(19,344,875)	(18,168,646)	6.5%	(1,176,229)
Income From Operations	63,030,063	53,019,010	18.9%	10,011,053
Other earnings (losses)	(40,686)	(1,883,821)	(97.8%)	(1,843,136)
Financial Result*	(26,010,164)	(30,735,049)	(15.4%)	4,724,886
Tax expense	(6,160,754)	497,856	<(200%)	(6,658,610)
Minority interest	(629)	(704)	(10.6%)	75
Net earnings	30,817,831	20,897,291	47.5%	9,920,539

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

3.1 Income analysis

a) Operating income

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

3.2 Expenses analysis

a) Raw materials and consumables used

During the fourth quarter of 2022, raw materials and consumables costs amounted to ThCh\$22,228,515, ThCh\$7,088,491 higher than the one obtained in the same quarter of 2021, mainly associated with chemical input and electric power costs and higher material sales costs, which are partially offset by lower water transfer costs. To the above, costs are added, which will be included as of April 1 due to the internalization of the Biofactories and exchange rate fluctuations.

b) Employee benefits

Employee benefit expenses for the fourth quarter of 2022 amounted to ThCh\$18,606,073, ThCh\$3,520,557 higher than the one obtained in 2021. This increase is mainly due to expenses of personnel incorporated to the Company as a result of the internalization of Biofactories.

c) Other expenses

In the fourth quarter of 2022, other expenses amounted to ThCh\$34,173,707, ThCh\$3,266,608 higher than the one obtained in 2021, mainly explained by higher expenses in potable water and sewage network maintenance, customer services, together with cost of home services sales. This is partially offset by lower costs resulting from the internalization of Biofactories and higher efficiencies.

d) Depreciation and amortization

During the fourth quarter of 2022, depreciation and amortization amounted to ThCh\$19,344,875, ThCh\$1,176,229 higher than the one obtained in 2021, due to the depreciation associated with the new assets incorporated during the period.

3.3 Financial result analysis and others

a) Financial result

In the financial result for the fourth quarter of 2022, losses of ThCh\$26,010,164 were obtained, which decreased by ThCh\$4,724,886 for 2021, mainly explained by a lower debt revaluation, due to the lower variation of the Unidad de Fomento (2.5% in 2022 versus 3.0% in 2021) compared to the same quarter of 2021.

b) Income tax expense

The income tax expense at the end of the fourth quarter of 2022 was higher than the previous year by ThCh\$6,658,610, mainly explained by higher income before taxes, which is partially offset by the effect of the permanent differences derived from the price-level restatement of Tax Equity.

c) Earnings

Net income for the last quarter of 2022 amounted to ThCh\$30,817,831, ThCh\$9,920,539 higher than the one obtained in the same quarter of 2021.

4. Statement of financial position

Assets	Dec. 22	Dec. 21	% Var.
Current Assets	324,838,124	283,854,689	14.4%
Non-Current Assets	2,054,511,436	1,945,366,921	5.6%
Total assets	2,379,349,560	2,229,221,610	6.7%
Liabilities and equity			
Current Liabilities	265,797,147	248,642,211	6.9%
Non- Current Liabilities	1,274,661,314	1,138,031,686	12.0%
Total liabilities	1,540,458,461	1,386,673,897	11.1%
Shareholders' Equity	838,861,526	842,520,215	(0.4%)
Minority Interest	29,573	27,498	7.5%
Total Shareholders' Equity	838,891,099	842,547,713	(0.4%)
Total Liabilities and Shareholders' Equity	2,379,349,560	2,229,221,610	6.7%

4.1. Asset analysis

The total assets of Aguas Andinas at the consolidated level as of December 31, 2022 presented an increase of ThCh\$150,127,950 regarding December 31, 2021.

Current assets increased by ThCh\$40,983,435, mainly due to the increase of trade debtors and other accounts receivable of ThCh\$21,671,540, together with a higher balance of inventories of ThCh\$7,604,674, mainly associated with the internalization of the Biofactories. This is partially offset by a decrease in tax assets of ThCh\$6,912,944 associated with tax refunds.

Non-current assets increased by ThCh\$109,144,515, mainly explained by higher property, plant and equipment and intangible assets of ThCh\$65,276,534, associated with investments made during the period, together with higher deferred taxes of ThCh\$43,896,472. The main investment works are reflected in the following table:

Investments (ThCh\$)	Dec. 22
Renovation of wastewater networks	33,288,562
Renewal of starters and meters	9,916,110
Replenishment of assets of La Farfana-Trebal Biofactories	9,371,298
Cerro Negro - Lo Mena Wells	8,763,406
Drilling and reinforcement of water supply system	7,877,596
Renovation of potable water networks	5,594,072
Filter Renovation Vizcachitas - Tagle	4,990,363
Américo Vespucio Oriente Wells	4,621,827
Expansion and modernization of Padre Hurtado Potable Water Treatment Plant	4,317,727

4.2. Analysis of liabilities and equity

Liabilities payable as of December 2022 increased by ThCh\$153,784,564 regarding December 2021.

Current liabilities increased by ThCh\$17,154,936. This variation was mainly due to an increase in other financial liabilities of ThCh\$5,323,350, together with higher trade accounts payable of ThCh\$11,557,519 associated with expenses.

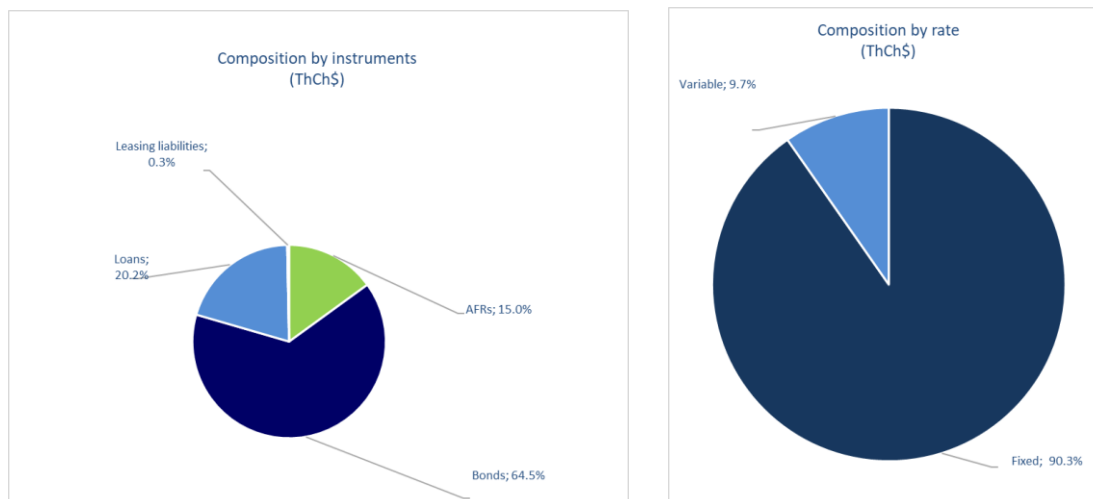
Non-current liabilities presented an increase of ThCh\$136,629,628. This variation corresponds mainly to higher other financial liabilities of ThCh\$138,830,365, mainly due to the revaluation of the UF for the period, together with the issuance of two bonds in international currency by an amount of ThCh\$44,260,200.

Total shareholders' equity decreased by ThCh\$3,656,614, mainly explained by hedge reserves and dividends paid during 2022, which is partially offset by the profit for the year.

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

Financial Debt Th\$	Currency	Total	12 months	1 to 3 years	3 to 5 years	More than 5 years
AFRs	\$	195,126,103	26,950,978	43,633,867	36,138,598	88,402,661
Bonds	\$	839,239,602	24,284,209	19,726,733	-	795,228,660
Loans	\$	262,852,430	23,076,961	170,967,507	68,807,962	-
Forward	EUR	34,991	34,991			
Total other financial liabilities		1,297,253,126	74,347,139	234,328,107	104,946,560	883,631,321
Leasing liabilities	\$	4,058,743	1,394,430	1,917,646	570,570	176,097
Total leasing liabilities		4,058,743	1,394,430	1,917,646	570,570	176,097
Total		1,301,311,869	75,741,569	236,245,753	105,517,130	883,807,418

4.3. Structure of financial liabilities



5. Cash flow statements

Cash Flow Statement (Th\$)	Dec. 22	Dec. 21	% Var.
Operating Activities	242,903,240	231,199,221	5.1%
Investment Activities	(165,900,708)	(157,685,839)	5.2%
Financing Activities	(61,180,505)	(84,945,654)	(28.0%)
Net Cash Flow for the Period	15,822,027	(11,432,272)	(238.4%)
Final Cash Balance	179,335,341	163,513,314	9.7%

Cash flows from operating activities decreased by ThCh\$11,704,019 when comparing December 2022 with December 2021. The main variations were as follows:

- 💧 Collections from sales of goods and provision of services generated an increase of ThCh\$82,002,595, associated with higher average tariffs due to the latest tariff indexations, in addition to an increase in sales to residential customers.
- 💧 Interest received generated an increase of ThCh\$11,286,179, due to higher interest rates regarding 2021.

These variations were partially offset by the following items:

- 💧 Increase in payments to suppliers of ThCh\$50,112,096, mainly associated with higher payments to suppliers of infrastructure.

- 💧 Increase in the payment to and on behalf of employees of ThCh\$10,417,021, mainly due to CPI adjustments and expenses of personnel incorporated to the Company as a result of the internalization of Biofactories.
- 💧 Increase in the payment of income taxes of ThCh\$15,916,353, due to an income tax refund for TY 2021 of ThCh\$26,271,659, produced by an excess between the PPM paid and the income tax for that year, which was negatively impacted by tax losses generated in the sale of Essal and Iberaguas.

The disbursements for investment activities increased by ThCh\$8,214,869, associated with higher investments made during the period, linked to the evolution of inflation (labor costs, construction materials, service contracts in UF).

Financing activities improved regarding previous year by ThCh\$23,765,149, mainly due to lower dividend payments, which is partially offset by lower bank loans.

6. Financial ratios

		Dec. 22	Dec. 21
Liquidity			
Current liquidity	times	1.22	1.14
Acid Test Ratio	times	0.67	0.66
Leverage			
Total Leverage	times	1.84	1.65
Current Leverage	times	0.17	0.18
Non-Current Leverage	times	0.83	0.82
Annualized Financial Expenses Coverage	times	3.26	5.32
Profitability			
Annualized equity profitability attributable to the controller's property owners	%	10.14	11.96
Annualized asset profitability	%	3.70	4.60
Annualized earnings per share	\$	13.93	16.45
Dividend yield (*)	%	6.51	11.09

Current liquidity: current assets/current liabilities.

Acid ratio: cash and cash equivalents / current liabilities.

Total indebtedness: total liabilities / total equity.

Current debt: current liabilities / liabilities due.

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

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

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

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

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

Dividend yield: dividends paid per share / share price.

(*) The share price as of December 2022 amounts to 195.90, while as of December 2021 it amounts to \$155.

As of December 2022, current liquidity increased by 1.19% due to an increase in current assets of ThCh\$40,983,435, the foregoing produced by an increase in cash and cash equivalents of ThCh\$15,822,027, increase in other accounts receivable of ThCh\$21,671,541 and a higher balance of inventories of ThCh\$7,604,674 mainly associated with the internalization of the Biofactories. This is partially offset by a decrease in tax assets of ThCh\$6,912,944, associated with lower tax payments. Additionally, current liabilities increased by ThCh\$25,095,479, as a result of an increase in financial liabilities of ThCh\$13,263,893 and an increase in accounts payable associated with investments and expenses of ThCh\$11,557,519.

Indebtedness presented an increase of 1.84%, due to an increase in demandable liabilities of ThCh\$153,784,564, mainly associated with the issuance of two bonds in international currency, together with the revaluation of debt in UF. Meanwhile, total shareholders' equity shows a decrease by ThCh\$3,656,614.

The return on equity attributable to owners of the controlling company showed a decrease of 10.14%, due to a decrease in average equity of ThCh\$930,858, mainly explained by the payment of dividends and a decrease in income for the year of ThCh\$15,395,795.

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% (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	mar-21, aug-21, nov-21, feb-22, may-22, jul-22 and sep-22
Group 2	mar-21, jul-21, oct-21, jan-22, apr-22, jun-22 and sep-22

<u>Aguas Cordillera S.A.</u>	may-21, sep-21, dec-21, mar-22, jun-22 and sep-22
------------------------------	---

Aguas Manquehue S.A.

Santa María	jun-21, sep-21, dec-21, mar-22, jun-22 and sep-22
-------------	---



Los Trapenses	jun-21, sep-21, dec-21, mar-22, jun-22, aug-22 and sep-22
Chamisero	jul-21, oct-21, jan-22, apr-22, jun-22, aug-22 and sep-22
Chicureo	jun-21, sep-21, dec-21, feb-22, may-22, jul-22 and sep-22
Valle Grande 3	oct-21, jan-22, apr-22, jun-22 and sep-22

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)
Trebil-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 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% of sewage service and 100% in sewage treatment in the Santiago basin.

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

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

7.4 Capital investments

One of the variables that has the greatest impact on the results of our operations and financial situation is capital expenditures. There are two types of capital expenditures:

Committed Investments. We are required to agree on an investment plan with S.I.S.S., which describes the investments we are required to make during the 15 years following the date on which the related investment plan becomes effective. Specifically, the investment plan reflects a commitment on our part to carry out certain projects related to the maintenance of certain quality standards and service coverage. The aforementioned investment plan is subject to review every five years, and we may request modifications when certain relevant events occur.

Dates of approval and update of the Aguas Group's development plans:

Aguas Andinas S.A.

Greater Santiago: October 29, 2020

Locations: April 06, 2018, October 29, 2020, November 16, 2020, March 26, 2021, June 09, 2021 and August 19, 2021.

Aguas Cordillera S.A.

Aguas Cordillera and Villa Los Dominicos: October 29, 2020

Aguas Manquehue S.A.

Santa Maria and Los Trapenses: November 09, 2020

Chicureo, Chamisero and Valle Grande III: March 11, 2021

Alto Lampa: December 6, 2018



Uncommitted capital expenditures. Non-committed investments are those that are not contemplated in the investment plan and that we make voluntarily in order to ensure the quality of our services and replace obsolete assets. These are generally related to the replacement of network infrastructure and other assets, the acquisition of water rights and investments in non-sanitation businesses, among others.

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

7.5 Financial 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 dangers associated with the volatilities that we do not record significant risks that surround the environment and the foreign currency operations of the business, derivative instruments have been contracted, which facilitate the process of managing the matching and hedging of both accounting and financial risks to which the Company is exposed.

b) Interest rate risk

As of December 31, 2022, the interest rate risk held by Aguas Andinas S.A. is comprised of 90.3% at a fixed rate and 9.7% at a variable rate. The fixed-rate debt is composed of: short and long-term bond issues (63.9%), refundable financial contributions (15.0%), bank loans (20.2%), derivatives (0.6%) and lease liabilities (0.3%), while the variable-rate debt corresponds to loans with domestic banks.

As of December 31, 2021, the interest rate risk held by Aguas Andinas S.A. is comprised of 88.5% at a fixed rate and 11.5% 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 and ICR assigned us a first-class level 1 rating for series A and first-class level 4 rating for series B. In April 2022, Fitch Ratings assigned AA+ to Aguas Andinas S.A.'s credit rating and public debt issuance. Additionally, in September 2022, Standard & Poor's assigned Aguas Andinas an 'A-' rating, becoming the first non-state corporate company of Chile to receive this international rating.