



Aguas Andinas Reasoned Analysis

Period ended as of September 30, 2022



1. Summary of the exercise

Aguas Andinas maintains a sustained growth of EBITDA reaching ThCh\$208,387 million as of September 30, 2022, which represents an increase of 8.7% over the same period of the previous year. Likewise, it continues with a solid cash flow generation, increasing by ThCh\$16,468 million regarding the end of June 2022, 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\$54,431 million, 31.7% 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 September 2022 compared to the same period of previous year of approximately ThCh\$(16,627) million.
- 💧 Operating costs of ThCh\$4,055 million, associated with increases in electric power prices (mainly for regulated customers) and chemical inputs, as well as the effects of fluctuations in the U.S. dollar exchange rate.

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

Inflation in Chile as of September 30, 2022 amounted to 10.8% and 13.7% accumulated over 12 months.

- 💧 **Increase in financial costs related to the price-level restatement of debt in UF:** the significant increase in the CPI of 10.8% negatively impacted our financial costs by ThCh\$94,369 million associated with the readjustment of the financial debt in UF (ThCh\$63,567 million higher than in the previous year). It should be noted that the price-level restatement of the UF is an accounting impact with no significant effect on the Company's cash flow.
- 💧 **Income Taxes:** Inflation has had a positive impact on income tax expenses, associated with the effect of the permanent differences derived from the monetary correction of the Tax Equity.
- 💧 **Rate indexations based on the polynomial:** On the other hand, during the period Aguas Andinas has registered tariff indexations that allow mitigating the increase in costs due to CPI.

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.

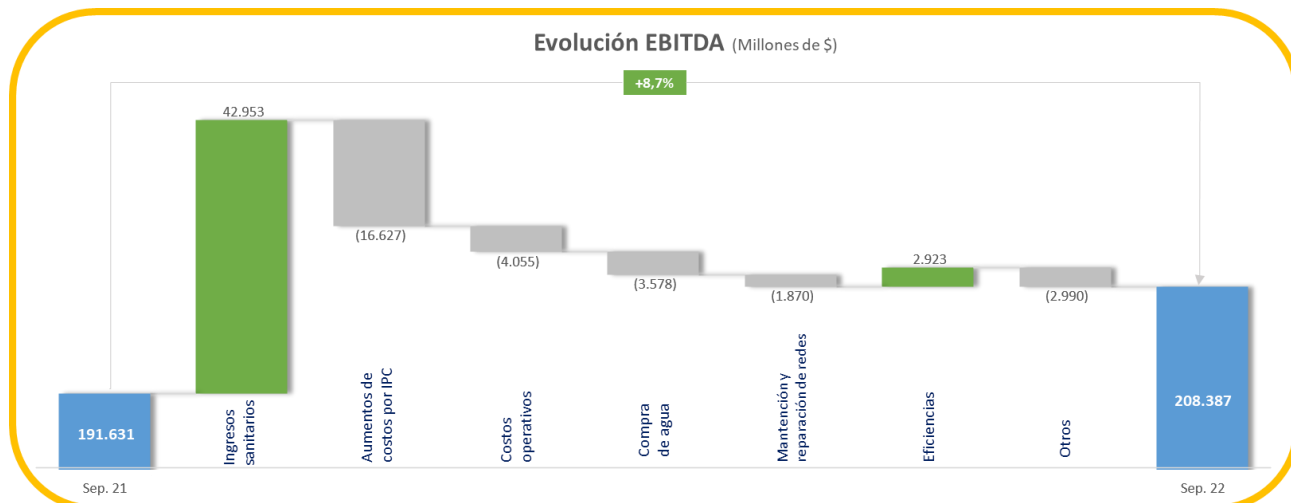
- 💧 In this context, water scarcity has continued to be managed by prioritizing water transfer agreements with other users, which has allowed securing supply during 2022 and maintaining the security level of the El Yeso reservoir at 150.0 hm³ (September 2022), in line with the Company's objective. It should be noted that precipitation at the El Yeso reservoir level has been better than the previous hydrological period by +40%.
- 💧 Additionally, we have continued to deploy our action plan to address water scarcity and the effects of climate change, which has materialized in an investment effort as of third quarter of 2022 in the amount of ThCh\$86,952 million. In this regard, it should be noted the completion of the works of the new Lo Mena - Cerro Negro well system, which will provide a flow of 1,500 l/s to supply 400,000 customers.
- 💧 Finally, actions have been deployed to raise public awareness of the importance of caring for water, such as "Every Drop Counts" campaign. At the end of September 2022, consumption decreased 2.3% compared to the same period of the previous year, mainly due to lower residential demand.

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

- 💧 The Company is implementing a Transformation plan, with a vision of a new sustainable business model focused on mitigating risks, capturing efficiencies, prioritizing investments and incorporating technology, supported by a new organizational culture. In line with the above, initiatives have been developed to improve processes and digital transformation that have generated Efficiencies of \$2,923 million as of September 30, 2022.

Standard & Poor's assigned Aguas Andinas its highest rating of 'A-'.

- 💧 Aguas Andinas completed its international rating process with Standard & Poor's, obtaining an 'A-' rating, becoming the first non-state corporate company in Chile to receive the highest international rating, in addition to the local ratings issued by Fitch and ICR with AA+. This occurs in the context of seeking new financing opportunities internationally, where Aguas Andinas has focused on achieving this rating and which translates into a great milestone because it demonstrates the strength of the Company.
- 💧 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 September 30, 2022 amounted to \$208,387 million**, an increase of 8.7% regarding the same period of previous year. Without the one-off effect of year 2021 revenues of ThCh\$5,698 million, the increase in EBITDA with respect to year 2021 would be 12.1%. The main variations are shown in the following chart:



- Higher sanitation revenues of \$42,953 million, mainly associated with higher average tariffs of \$48,609 million due to the latest tariff indexations by polynomial and the entry into operation of new investment projects (La Farfana/Trebal-Mapocho Nitrogens and Aguas Cordillera safety ponds). However, lower sales volumes were recorded for \$7,314 million, mainly explained by a decrease in sales to Residential customers by -4.4%, which is partially offset by higher sales to non-Residential customers by +1.7%.
- 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 September 2022, the index accumulated an increase of 10.8% and 13.7% in 12 months. Additionally, operating costs for the entry into operation of new facilities and assets are considered.
- Operating costs of ThCh\$4,055 million, associated with increases in the price of electric power and chemical inputs, as well as the increase in the U.S. dollar exchange rate.
- Higher raw water of \$3,578 million necessary to continue facing the extreme drought situation that the region has been experiencing for the last 13 years.

Since lower hydrological conditions were recorded this summer, the lower flow available in the Maipo river basin resulted in a higher price per cubic meter of water purchased. Likewise, the volume stored in the El Yeso reservoir as of September 2022 was 150.0 Hm³ vs. 169.5 Hm³ as of September 2021, also due to a greater need to supply the demand for the period.

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

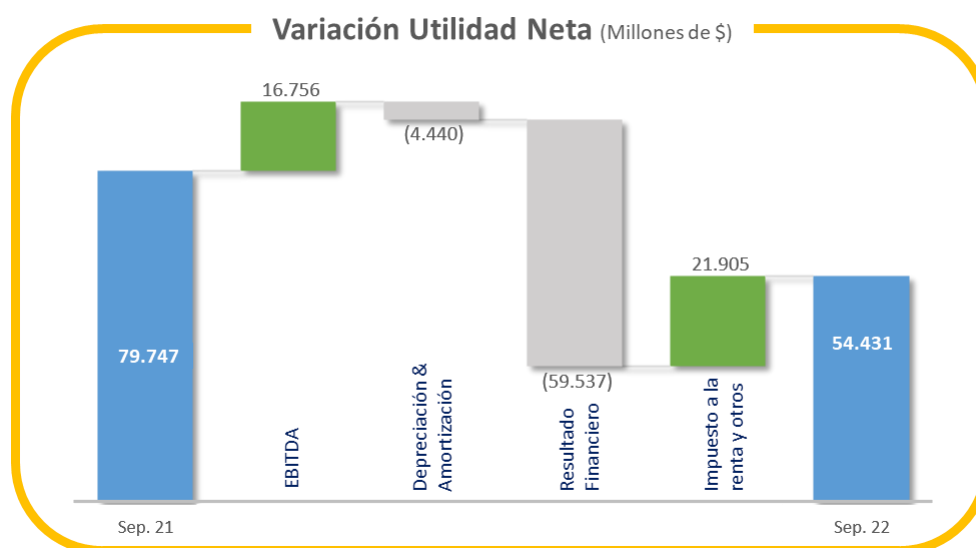
The collaboration agreement with the Irrigation Associations is in operation, and thus, the Board of Directors of the Junta de Vigilancia de la Primera Sección del Río Maipo (Maipo River First

Section Oversight Board) has coordinated water transfers, ensuring sufficient reserves in the El Yeso Reservoir to ensure the supply to the customers.

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

- Higher network maintenance and repair costs of \$1,870 million were generated due to a significant increase in customer requirements and workload.
- The Company is implementing a Transformation plan, with a vision of a new sustainable business model focused on mitigating risks, capturing efficiencies, prioritizing investments and incorporating technology, supported by a new organizational culture. In line with the above, initiatives have been developed to improve processes and digital transformation that have allowed us to generate **Efficiencies** for \$2,923 million as of September 30, 2022.

💧 **Net income as of September 30, 2022 amounted to \$54,431 million**, representing a decrease of 31.7% regarding the same period of previous year. The main variations are presented in the following chart:



💧 At the non-operating level, there is a lower financial result of \$59,537 million regarding the same period of previous year, mainly associated with a higher revaluation of the financial debt due to the variation of the Unidad de Fomento (10.5% in 2022 versus 3.5% 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.

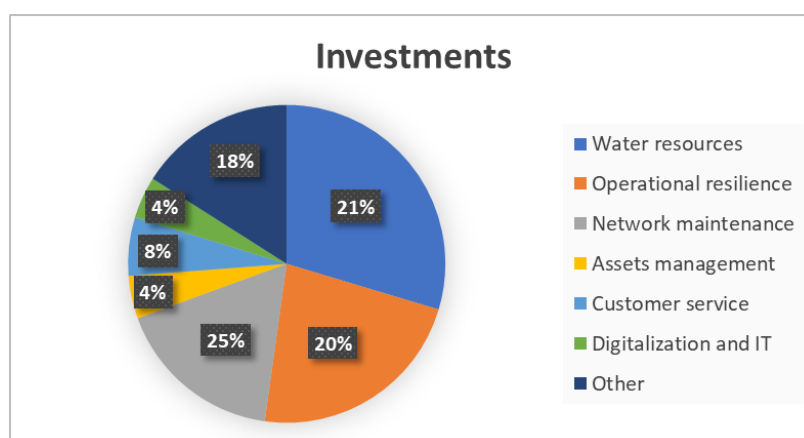
💧 As of September 30, 2022, income tax had a positive effect in relation to the same period of the previous year of ThCh\$28,900 million, as a result of a lower result in income before taxes added to the inflationary effect of deductible permanent differences, the main difference being the price-level restatement of tax equity. On the other hand, the high inflationary effects also generated a significant increase in taxable temporary differences, the most important being the tax price-level restatement of property, plant and equipment, which has led to a significant increase in deferred tax assets.

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

- 💧 **Cash Generation and Position.** During the third quarter of 2022, the balance of cash and cash equivalents was \$163,331 million, increasing by \$16,468 million compared to the end of June 2022. The increase in this item is mainly explained by the higher operating cash flow for the period together with a bank loan of \$30,000 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 September 30, 2022, investments of \$86,952 million were executed, as detailed in the following chart:



- 💧 The main projects developed as of September 30, 2022 were as follows:

- 🔧 It should be noted that the **Cerro Negro - Lo Mena Wells project** has been completed. This infrastructure will strengthen the supply of potable water to the southern sector of the city and consists of 14 wells for the extraction of groundwater, in addition to a 20,000 m3 tank, a lifting plant and a chlorination and fluoridation unit. This backup infrastructure will be activated only in case of emergencies and will have a flow of 1,500 liters per second.
- 🔧 Renovation of potable water and wastewater networks
- 🔧 Renewal of starters and meters
- 🔧 Replenishment of assets of La Farfana-Trebal Biofactories
- 🔧 Filter Renovation Vizcachitas – Tagle
- 🔧 Other boreholes and reinforcement of water supply system
- 🔧 Américo Vespucio Oriente wells

Expansion and modernization of Padre Hurtado Potable Water Treatment Plant, 97% complete, which will increase the plant's maximum production flow from the current 1,300 liters per second to 2,300 liters per second.

To face the effects of the prolonged Megadrought, which has lasted more than 13 years, the Company is developing an investment plan to ensure the security of supply standards committed for Greater Santiago under climate change conditions, which includes new boreholes in wells, reinforcements in the potable water supply system, the expansion of the Padre Hurtado Potable Water Treatment Plant. Additionally, the Hydraulic Efficiency Plan is being implemented to reduce potable water losses in the network and the new Operational Control Center for the constant monitoring of the networks.

On the other hand, projects are being developed that will allow facing extreme turbidity events, going from the current 34 hours of autonomy to 37 hours and then to 48 hours, works that include the construction of the Cerro Negro - Lo Mena Wells and the Manzano - Toma Independiente Connection, respectively.

In the medium and long term, Aguas Andinas has an ambitious plan of new fundamental works to address the impacts of climate change and a scenario of structural scarcity, infrastructure aimed at increasing the service standards currently committed and that require an agreement with the SISS regarding its financing and execution deadlines:

- (i) Infrastructure for the reuse of 3.0 m³/s of treated water in the Biofactories.
- (ii) New drilling in the Central aquifer for 1.2 m³/s.
- (iii) Drilling in canal strips for water exchange with canal associations under conditions of scarcity decree.

OTHER KEY FACTS

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.

- 💧 In April 2022, Fitch Ratings successfully completed the solvency and issuance rating process for Aguas Andinas. **Fitch assigned an AA+ rating** based on:
- 📖 The strong business profile of the company, which has a solid business position and is the country's leading sanitation company, with about 40% market share at the consolidated level.
 - 📖 Technological development and efficiency levels that stand out in the industry.
 - 📖 The defensive nature of the sanitation services industry, the stability of operating cash flow generation given the exclusivity of its concession area and operating in an industry that has historically had a strong regulatory framework.
 - 📖 A conservative and stable credit profile over time, with an operating cash flow that allows it to finance the distribution to its shareholders and a large part of its investments.
- 💧 **Internalization of Operation and Maintenance of Biofactories.** On March 31, 2022, the contract for the "Development of the Biofactories Plan for the Wastewater Treatment Plants of Greater Santiago and Management of Generated Resources" between Aguas Andinas and SUBIAN was terminated in advance. This means that Aguas Andinas has internalized the operation and maintenance of the La Farfana and Mapocho/Trebal Biofactories, managing these service infrastructures with its own resources and personnel as of April 1, 2022. This decision aims to guarantee in the best possible way, the sanitation service that the Company provides to its users in a context of extreme drought affecting our country, which requires an integral management of the water cycle, while favoring the extension of the successful model of Biofactories to all the other treatment plants of the company.
- 💧 **Change of indirect control over Aguas Andinas S.A.** On March 14, 2022, it was communicated through an Essential Fact that the Takeover Bid launched by Veolia in France was declared successful last January, and that the operation was approved by the European Commission in accordance with the EU Merger Regulation of the Council of the European Union, and, also, that, on March 11, 2022, it has been notified that the Competition & Markets Authority of the United Kingdom (the "CMA"), has permitted the integration of Veolia with certain business units of Suez outside the United Kingdom, subject to certain conditions and as an effect of the foregoing, the change of control by Veolia has occurred.
- 💧 **Dividend distribution:** On March 2, 2022, at the Company's Ordinary Shareholders' Meeting, it was agreed to distribute 89.4% of the recurring profits for the year 2021, excluding the interim dividend paid in November 2021 by an amount of \$40,000 million. Therefore, the amount to be distributed was set at \$43,000 million (additional dividend), which meant a final dividend of \$7.03 per share, payable as of March 29, 2022.
- 💧 **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.

2. Results for the year

2.1. Accumulated results

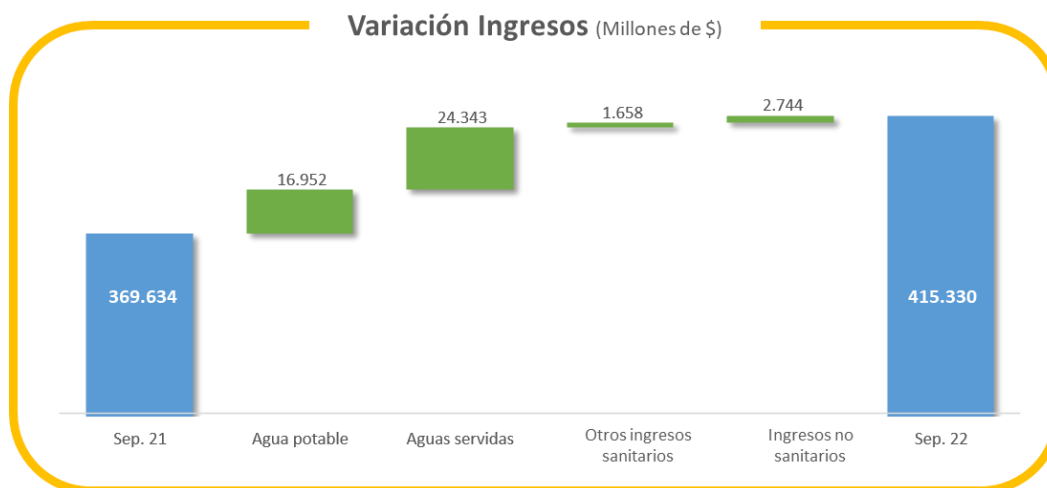
Income Statement (Th\$)	Sep. 22	Sep. 21	% Var.	2022 / 2021
Ordinary Revenues	415,330,473	369,633,708	12.4%	45,696,765
Operational Costs and Expenses	(195,865,286)	(166,813,870)	17.4%	(29,051,416)
EBITDA	219,465,187	202,819,838	8.2%	16,645,349
Depreciation and Amortization	(55,466,815)	(51,026,514)	8.7%	(4,440,301)
Income From Operations	163,998,372	151,793,324	8.0%	12,205,048
Other Earnings	(1,481,148)	5,513,661	(126.9%)	(6,994,809)
Financial Result*	(105,745,329)	(46,208,601)	128.8%	(59,536,728)
Tax expense	8,739,137	(20,160,741)	(143.3%)	28,899,878
Discontinued operations	-	-	#DIV/0!	-
Net earnings	54,430,903	79,747,238	(31.7%)	(25,316,335)

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

2.2. Revenue analysis

Revenues increased by 12.4% with respect to the same period of previous year, as follows:

	Sep. 22		Sep. 21	
	Sales Thousands \$	Participation	Sales Thousands \$	Participation
Potable Water	166,171,726	40.0%	149,219,448	40.4%
Wastewater	190,329,236	45.8%	165,986,332	44.9%
Other Sanitation Income	11,789,503	2.8%	10,131,954	2.7%
Non-Sanitation Income	47,040,008	11.3%	44,295,974	12.0%
Total	415,330,473	99.9%	369,633,708	100.0%



Sales Volume (Thousands of m³ accrued)	Sep. 22	Sep. 21	% Var.	Difference
Potable Water	384,121	393,319	(2.3%)	(9,198)
Wastewater Collection	368,931	377,627	(2.3%)	(8,696)
Wastewater Treatment and Disposal	318,733	325,162	(2.0%)	(6,429)
Interconnections*	89,402	92,599	(3.5%)	(3,197)

Customers	Sep. 22	Sep. 21	% Var.	Difference
Potable Water	2,245,345	2,201,100	2.0%	44,245
Wastewater Collection	2,200,739	2,156,625	2.0%	44,114

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

Sanitation income

a) Potable Water

Potable water revenues at the end of September 2022 amounted to ThCh\$166,171,726, which represents an increase of 11.4% regarding the same period of the previous year, due to polynomial indexing applied during 2021 and 2022, which is partially offset by lower volume supplied (Residential customers in -4.4% and non-residential customers in +1.7%).

b) Wastewater

Revenues from wastewater as of September 30, 2022, amounted to ThCh\$190,329,236, an increase of ThCh\$24,342,904 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 Biofactory, which is partially offset by lower sales volume.

c) Other sanitation income

This item increased by ThCh\$1,657,549, which was due to higher activity in services not associated with sales volume.

Non-Sanitation income

a) Services

An increase of ThCh\$292,841 was reflected, mainly due to higher activity in home services, sanitation infrastructure modifications and the sale of materials, which is partially offset by lower activity in agreements with developers and non-recurring effects of year 2021.

b) Non-sanitation subsidiaries

The increase in income of ThCh\$2,451,193 was mainly explained by higher activity and new projects of company EcoRiles, together with increased analysis and sampling of potable water in Análisis Ambientales.

(Thousands of \$)	Sep. 22	Sep. 21	% Var.
EcoRiles S.A.	14,994,567	12,587,338	19.1%
Hidrogística S.A.	3,677,602	5,392,165	(31.8%)
Anam S.A.	5,751,263	4,793,012	20.0%
Aguas del Maipo S.A.	1,493,910	693,635	115.4%
Non-regulated non-sanitation products	25,917,342	23,466,150	10.4%

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 September 30, 2022, raw materials and consumables costs amounted to ThCh\$57,345,716. The main variations are explained by the increase in the purchase of water for ThCh\$3,577,691 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 September 2022, employee benefit expenses amounted to ThCh\$47,763,341, which was ThCh\$7,770,914 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

As of September 30, 2022, these expenses amounted to ThCh\$90,756,229, which increased by ThCh\$2,417,471 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\$2,323,255 and higher expenses in services to customers by ThCh\$936,022, insurance by ThCh\$706,921 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 September 2022, the provision for bad debts was ThCh\$11,078,618, which is ThCh\$110,485 lower than the previous year. The percentage of bad debts over total revenues was 2.7% in 2022 compared to 3.0% in 2021.

e) Depreciation and amortization

As of September 30, 2022, depreciation and amortization amounted to ThCh\$55,466,815, ThCh\$4,440,301 higher than the one obtained the same period of the previous year. This was the 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 September 30, 2022, the Company obtained a higher result than the previous year by ThCh\$6,994,809 mainly due to the reversal of the provision for contingencies (sale of Essal) made in 2021.

b) Financial income

At the end of September 2022, financial income amounted to ThCh\$12,834,930, which meant an increase of ThCh\$10,317,342 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 September 30, 2022, financial costs amounted to ThCh\$24,605,328, which meant an increase of ThCh\$4,500,089 regarding the same period of 2021. The above was mainly explained by higher interest on financial debt, which is partially offset by higher activation of financial expenses.

d) Results per readjustment unit

At the end of September 2022, the adjustment unit charge was ThCh\$92,260,214, resulting in a higher expense of ThCh\$63,219,336, mainly due to the higher revaluation of the debt as a result of the variation of the Unidad de Fomento (10.5% in 2022 versus 3.5% 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 as of September 30, 2022 was lower than the previous year by ThCh\$28,899,878, 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 as of September 30, 2022 amounted to ThCh\$54,430,903, which was ThCh\$25,316,335 lower than the figure obtained in the previous year, representing a decrease of 31.7%.

2.5. Results by segment

a) Accumulated results Water segment

Income Statement (Th\$)	Sep. 22	Sep. 21	% Var.	2022 / 2021
External Revenue	389,311,795	346,145,245	12.5%	43,166,550
Revenues Segments	784,677	573,996	36.7%	210,681
Operating Costs and Expenses	-186,990,464	-159,844,588	17.0%	(27,145,876)
EBITDA	203,106,008	186,874,653	8.7%	16,231,355
Depreciation and Amortization	-53,915,848	-49,476,132	9.0%	(4,439,716)
Income from Operations	149,190,160	137,398,521	8.6%	11,791,639
Other Earnings (Losses)	-1,213,785	5,240,769	<(200%)	(6,454,554)
Financial Results*	-105,618,595	-46,161,606	128.8%	(59,456,989)
Tax Expense	8,996,954	-19,649,403	(145.8%)	28,646,357
Minority interest	-1,511	-1,302	16.1%	(209)
Net earnings	51,353,223	76,826,979	(33.2%)	(25,473,756)

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

The net result of this segment showed a decrease of 33.2%, mainly due to:

- 💧 Increase in external revenues, mainly associated with sanitation revenues due to higher average tariffs associated with the latest indexations, which was partially offset by lower sales volumes recorded in the period.
- 💧 Costs increased mainly due to higher CPI expenses, potable water and sewage network maintenance, higher customer service expenses, insurance and home services sales costs, and sanitation infrastructure modifications. This is partially offset by the internalization of the Biofactories and higher efficiencies.
Additionally, due to the extreme drought affecting the central zone of the country, there have been increases in raw water purchase expenses of ThCh\$3,577,691 due to the low flow in the Maipo river basin.
- 💧 Depreciation was ThCh\$4,439,716 higher than the one obtained in the same period of the previous year, as a result of the depreciation associated with the new assets incorporated in the period.
- 💧 In other gains (losses), there was a higher result than the previous year, mainly due to the reversal of the provision for contingencies (sale of Essal) made in 2021.
- 💧 The financial result presented a net expense of ThCh\$105,618,595, higher by ThCh\$59,456,989 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 (10.5% in 2022 versus 3.5% in 2021).

- Income tax expense as of September 30, 2022 was lower than the previous year by ThCh\$28,646,357, 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\$)	Sep. 22	Sep. 21	% Var.	2022 / 2021
External Revenue	26,018,677	23,488,463	10.8%	2,530,214
Revenues Segments	3,433,636	2,570,074	33.6%	863,562
Operating Costs and Expenses	-24,171,754	-21,302,457	13.5%	(2,869,297)
EBITDA	5,280,559	4,756,080	11.0%	524,479
Depreciation and Amortization	-1,584,170	-1,583,583	0.0%	(587)
Income from Operations	3,696,389	3,172,497	16.5%	523,892
Other Earnings (Losses)	-234,159	306,095	(176.5%)	(540,254)
Financial Results*	-126,736	-46,996	169.7%	(79,740)
Tax Expense	-257,817	-511,338	(49.6%)	253,521
Net earnings	3,077,677	2,920,258	5.4%	157,419

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

The results of the Non-Water segment showed an increase of ThCh\$157,419 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 13.5% is mainly associated with higher sales activity together with higher CPI expenses.
- Depreciation was ThCh\$587 higher than the one obtained in the previous year, as a result of the depreciation associated with the new assets incorporated in the period.
- In other gains (losses), a lower result was obtained than in the previous year, mainly due to the recovery of performance bonds made in 2021.
- The income tax expense as of September 30, 2022 was ThCh\$257,817, ThCh\$253,521 lower than the same period of the previous year, mainly explained by a lower income before taxes together with the effect of deferred taxes.

3. Quarterly results

Income Statement (Th\$)	2Q22	2Q21	% Var.	2Q22 – 2Q21
Ordinary Revenues	134,107,867	112,685,638	19.0%	21,422,229
Operational Costs and Expenses	(71,057,449)	(56,720,963)	25.3%	(14,336,486)
EBITDA	63,050,418	55,964,675	12.7%	7,085,743
Depreciation and Amortization	(18,965,505)	(17,186,126)	10.4%	(1,779,379)
Income From Operations	44,084,913	38,778,549	13.7%	5,306,364
Other (Losses) Earnings	(292,555)	7,550,398	(103.9%)	(7,842,953)
Financial Result*	(35,624,449)	(15,899,096)	124.1%	(19,725,353)
Tax expense	6,285,854	(5,277,217)	(219.1%)	11,563,071
Discontinued operations	-	3,088,851	(100.0%)	(3,088,851)
Net earnings	10,731,192	21,456,096	(50.0%)	(10,724,904)

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

3.1 Income analysis

a) Operating income

Ordinary revenues for the third quarter of 2022 amounted to ThCh\$134,107,867, ThCh\$21,422,229 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 third quarter of 2022, raw materials and consumables costs amounted to ThCh\$22,476,599, ThCh\$7,899,124 higher than the one obtained in the same quarter of 2021, mainly related to the purchase of water, higher CPI costs, higher cost of sales of materials together with chemical inputs and electric power costs, together with costs included as of April 1 due to the internalization of the Biofactories and exchange rate fluctuations.

b) Employee benefits

Employee benefit expenses for the third quarter of 2022 amounted to ThCh\$17,306,833, ThCh\$3,934,099 higher than the one obtained in 2021. This increase is mainly due to CPI adjustments and expenses of personnel incorporated to the Company as a result of the internalization of Biofactories.

c) Other expenses

In the third quarter of 2022, other expenses amounted to ThCh\$31,274,017, ThCh\$2,503,263 higher than the one obtained in 2021, mainly explained by higher CPI adjustments, higher expenses in potable water and sewage network maintenance, customer services, insurance expenses and cost of home services sales. This is partially offset by lower costs resulting from the internalization of Biofactories and higher efficiencies.

d) Depreciation and amortization

During the third quarter of 2022, depreciation and amortization amounted to ThCh\$18,965,505, ThCh\$1,779,379 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 third quarter of 2022, losses of ThCh\$35,624,449 were obtained, which increased by ThCh\$19,725,353 for 2021, mainly explained by a higher debt revaluation, due to the higher variation of the Unidad de Fomento (3.5% in 2022 versus 1.3% in 2021) compared to the same quarter of 2021.

b) Income tax expense

The income tax expense at the end of the third quarter of 2022 was lower than the previous year by ThCh\$11,563,071, mainly explained by lower income before taxes together with the effect of the permanent differences derived from the price-level restatement of Tax Equity.

c) Earnings

Net income for the third quarter of 2022 amounted to ThCh\$10,731,192, ThCh\$10,724,695 lower than the one obtained in the same quarter of 2021.

4. Statement of financial position

Assets	Sep. 22	Dec. 21	% Var.
Current Assets	294,485,925	283,854,689	3.7%
Non-Current Assets	2,019,066,303	1,945,366,921	3.8%
Total assets	2,313,552,228	2,229,221,610	3.8%
Liabilities and equity			
Current Liabilities	252,578,630	248,642,211	1.6%
Non- Current Liabilities	1,206,938,906	1,138,031,686	6.1%
Total liabilities	1,459,517,536	1,386,673,897	5.3%
Shareholders' Equity	854,005,081	842,520,215	1.4%
Minority Interest	29,611	27,498	7.7%
Total Shareholders' Equity	854,034,692	842,547,713	1.4%
Total Liabilities and Shareholders' Equity	2,313,552,228	2,229,221,610	3.8%

4.1. Asset analysis

The total assets of Aguas Andinas at the consolidated level as of September 30, 2022 presented an increase of ThCh\$84,330,618 regarding December 31, 2021.

Current assets increased by ThCh\$10,631,236, mainly due to the increase in other current financial assets of ThCh\$6,235,969 due to the recording of the advance payment of principal and interest on bonds payable on October 1st of this year, together with higher trade debtors and other accounts receivable of ThCh\$3,282,768 and a higher balance of inventories of ThCh\$6,747,119, mainly associated with the internalization of the Biofactories. This is partially offset by a decrease in tax assets of ThCh\$7,092,020 associated with tax refunds.

Non-current assets increased by ThCh\$73,699,382, mainly explained by higher deferred taxes of ThCh\$36,126,701 together with higher property, plant and equipment and intangible assets of ThCh\$36,774,095, associated with investments made during the period. The main investment works are reflected in the following table:

Investments (ThCh\$)	Sep. 22
Renovation of wastewater networks	16,013,564
Cerro Negro - Lo Mena Wells	8,917,855
Renewal of starters and meters	6,700,583
Replenishment of assets of La Farfana-Trebal Biofactories	5,420,469
Renovation of potable water networks	5,338,357
Filter Renovation Vizcachitas - Tagle	4,330,358
Drilling and reinforcement of water supply system	3,823,844
Américo Vespucio Oriente Wells	3,774,618
Expansion and modernization of potable water treatment plant Padre Hurtado	2,932,096

4.2. Analysis of liabilities and equity

Liabilities payable as of September 2022 increased by ThCh\$72,843,642 regarding December 2021.

Current liabilities increased by ThCh\$3,936,420. This variation was mainly due to an increase in financial liabilities of ThCh\$11,687,948, which is partially offset by a decrease of accounts payable associated with investments and expenses.

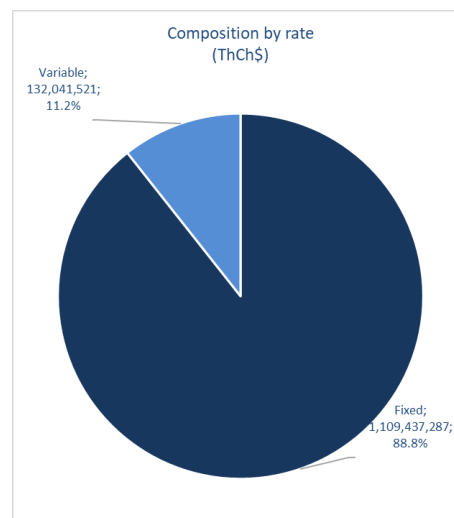
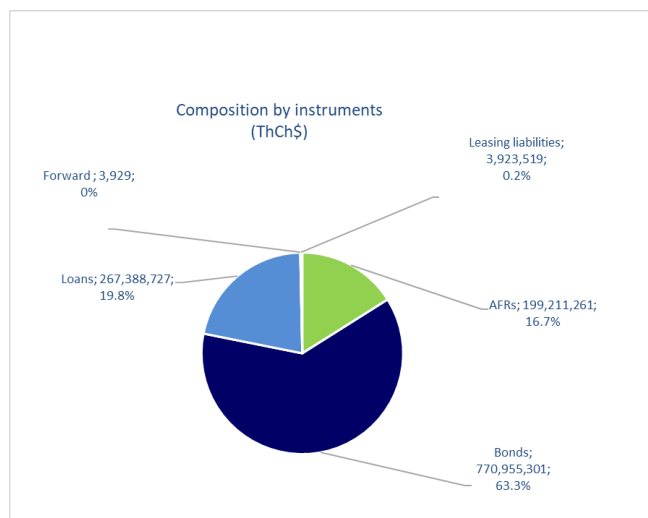
Non-current liabilities presented an increase of ThCh\$68,907,222. This variation corresponds mainly to higher financial liabilities of ThCh\$73,698,847, mainly due to the revaluation of the UF for the period, together with obtaining a bank loan for ThCh\$30,000,000.

Total shareholders' equity increased by ThCh\$11,486,976, mainly explained by the income for the period, which was partially offset by dividend distribution.

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

Financial Debt Th\$	Currency	Total	12 months	1 to 3 years	3 to 5 years	More than 5 years
AFRs	\$	199,211,261	31,437,912	44,190,194	34,053,878	89,529,277
Bonds	\$	770,955,301	25,981,850	19,233,797	-	725,739,654
Loans	\$	267,388,727	23,288,045	145,344,617	98,756,065	-
Forward	USD	3,929	3,929	-	-	-
Total other financial liabilities		1,237,559,218	80,711,736	208,768,608	132,809,943	815,268,931
Leasing liabilities	\$	3,923,519	1,366,734	1,742,720	595,964	218,101
Total leasing liabilities		3,923,519	1,366,734	1,742,720	595,964	218,101
Total		1,241,482,737	82,078,470	210,511,328	133,405,907	815,487,032

4.3. Structure of financial liabilities



5. Cash flow statements

Cash Flow Statement (Th\$)	Sep. 22	Sep. 21	% Var.
Operating Activities	168,623,734	183,437,080	(8.1%)
Investment Activities	(109,281,916)	(112,098,985)	(2.5%)
Financing Activities	(59,523,651)	(61,984,111)	(4.0%)
Net Cash Flow for the Period	(181,833)	9,353,984	(101.9%)
Final Cash Balance	163,331,481	184,299,570	(11.4%)

* September 2022 includes \$43,000 million dividend payment

Cash flows from operating activities decreased by ThCh\$14,813,346 when comparing September 2022 with September 2021. The main variations were as follows:

- 💧 Collections from sales of goods and provision of services generated an increase of ThCh\$49,629,415, 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\$8,076,228, due to higher interest rates regarding the same period of 2021.

These variations were partially offset by the following items:

- 💧 Increase in payments to suppliers of ThCh\$48,654,796, mainly associated with higher payments to suppliers of infrastructure.
- 💧 Increase in the payment to and on behalf of employees of ThCh\$6,538,091, 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\$14,403,779, due to an income tax refund for TY 2021 of ThCh\$26,271,659, produced by an excess between the PPM paid and the income tax for that year, which was negatively impacted by tax losses generated in the sale of Essal and Iberaguas.

The disbursement for investment activities decreased by ThCh\$2,817,069, associated to lower investments made in the period.

Financing activities generated a net cash flow (decrease) of ThCh\$2,460,460. This is mainly explained by a lower payment of dividends, which is partially offset by higher loan repayment.

6. Financial ratios

		Sep. 22	Dec. 21
Liquidity			
Current liquidity	times	1.17	1.14
Acid Test Ratio	times	0.65	0.66
Leverage			
Total Leverage	times	1.71	1.65
Current Leverage	times	0.17	0.18
Non-Current Leverage	times	0.83	0.82
Annualized Financial Expenses Coverage	times	3.04	5.32
Profitability			
Annualized equity profitability attributable to the controller's property owners	%	8.79	11.96
Annualized asset profitability	%	3.34	4.60
Annualized earnings per share	\$	12.31	16.45
Dividend yield (*)	%	7.22	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 September 2022 amounts to \$187.94, while as of December 2021 it amounts to \$155.

As of September 2022, current liquidity increased by 1.17% due to an increase in current assets of ThCh\$10,631,236, as a result of an increase in other current financial assets of ThCh\$6,235,969 due to the recording of the advance payment of principal and interest on bonds, higher trade debtors, an increase in other accounts receivable of ThCh\$3,282,768 and a higher balance of inventories of ThCh\$6,747,119 mainly associated with the internalization of the Biofactories. This is partially offset by a decrease in tax assets of ThCh\$7,092,020, associated with lower tax payments. Additionally, current liabilities increased by ThCh\$3,936,419, as a result of an increase in financial liabilities of ThCh\$11,687,948 and a decrease in accounts payable associated with investments and expenses.

Indebtedness presented an increase of 1.71%, due to an increase in demandable liabilities of ThCh\$72,843,639, mainly associated to higher debt of loans with Banks, together with the revaluation of debt in UF. Meanwhile, total shareholders' equity shows an increase by ThCh\$11,486,979.

The return on equity attributable to owners of the controlling company showed a decrease of 8.79%, due to a decrease in average equity of ThCh\$15,489,731, mainly explained by the payment of dividends and a decrease in income for the year of ThCh\$25,316,335.

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	March 2021, August 2021, November 2021, February 2022, May 2022, July 2022 and September 2022.
Group 2	March 2021, July 2021, October 2021, January 2022, April 2022, June 2022 and September 2022.

Aguas Cordillera S.A.

May 2021, September 2021, December 2021, March 2022, June 2022 and September 2022.

Aguas Manquehue S.A.

Santa Maria	June 2021, September 2021, December 2021, March 2022, June 2022 and September 2022.
Los Trapenses and September 2022.	June 2021, September 2021, December 2021, March 2022, June 2022, August 2022
Chamisero	July 2021, October 2021, January 2022, April 2022, June 2022, August 2022 and September 2022.
Chicureo	June 2021, September 2021, December 2021, February 2022, May 2022, July 2022 and September 2022.
Valle Grande 3	October 2021, January 2022, April 2022, June 2022 and September 2022.

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

Aguas Andinas S.A.

Trebal-Mapocho Nitrate Treatment (April 2022)
La Farfana Nitrate Treatment (March 2021)

Safety works (September 2021)

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

7.2 Market risk

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

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

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

7.3 Market analysis

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

Aguas Andinas S.A. has 100% coverage in potable water, 98.9% 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 local currency. Therefore, our debt is mainly issued in local currency and we do not have significant foreign currency risks.

b) Interest rate risk

As of September 30, 2022, the interest rate risk held by Aguas Andinas S.A. is comprised of 89.4% at a fixed rate and 10.6% at a variable rate. The fixed-rate debt is composed of: short and long-term bond issues (69.5%), refundable financial contributions (18.0%), bank loans (12.2%) and lease liabilities (0.4%), 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 the highest international rating.