



## **Interim Consolidated Financial Statements**

**For the fiscal years ended on  
September 30, 2020 and 2019**

**AGUAS ANDINAS S.A. AND SUBSIDIARIES**

# **CONSOLIDATED FINANCIAL STATEMENTS AGUAS ANDINAS S.A. AND SUBSIDIARIES**

**This document includes:**

Consolidated Financial Position Statements  
Consolidated Statements of Comprehensive Income by Nature  
Consolidated Statements of Direct Cash Flows  
Consolidated Statements of Changes in Net Equity  
Explanatory Notes to the Consolidated Financial Statements



**Interim Consolidated Financial Position Statements**  
**As of September 30, 2020 (unaudited) and December 31, 2019**  
(In thousand pesos - Th\$)

<b>ASSETS</b>	<b>Note</b>	<b>30-09-2020 Th\$</b>	<b>31-12-2019 Th\$</b>
<b>CURRENT ASSETS</b>	-	-	-
Cash and cash equivalent	4	181.733.180	72.062.758
Other financial assets	9	5.219.587	-
Other non-financial assets		5.037.282	2.453.658
Commercial debtors and other accounts receivable	5	81.029.926	115.937.498
Accounts receivable from related entities	6	22.680	25.324
Inventories	7	4.752.789	3.810.599
Tax assets		456.012	3.386.809
<b>Total current assets other than the assets or groups of available assets classified as being retained for sale or being retained to be distributed among holders</b>		<b>278.251.456</b>	<b>197.676.646</b>
Non-current assets or groups of assets for disposal classified as held for sale	8	256.220.852	-
<b>TOTAL CURRENT ASSETS</b>		<b>534.472.308</b>	<b>197.676.646</b>
<b>NON-CURRENT ASSETS</b>			
Other financial assets	9	7.895.863	7.852.912
Other non-financial assets		2.539.693	3.037.505
Receivables	5	3.004.892	4.251.661
Intangible assets other than goodwill	10	216.514.923	223.786.740
Goodwill	11	33.823.049	36.233.012
Properties, plant and equipment	12	1.528.128.050	1.495.658.317
Usage rights assets	13	2.526.874	3.419.001
Deferred tax assets	14	1.022.459	29.528.508
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1.795.455.803</b>	<b>1.803.767.656</b>
<b>TOTAL ASSETS</b>		<b>2.329.928.111</b>	<b>2.001.444.302</b>

The accompanying notes 1 to 34 are an integral part of these interim consolidated financial statements.

**Interim Consolidated Financial Position Statements**  
**As of September 30, 2020 (unaudited) and December 31, 2019**  
(In thousand pesos - Th\$)

<b>EQUITY AND LIABILITIES</b>	<b>Note</b>	<b>30-09-2020 Th\$</b>	<b>31-12-2019 Th\$</b>
<b>CURRENT LIABILITIES</b>		-	-
Other financial liabilities	15	67.664.433	36.385.815
Lease liability	13	1.229.035	1.496.533
Trade debts and other accounts payable	16	80.720.524	132.451.851
Accounts payable from related entities	6	17.643.302	41.030.704
Other provisions	17	152.054	3.732.169
Tax liabilities		2.256.602	1.873.831
Provisions for employee benefits	18	3.388.011	5.184.148
Other non-financial liabilities	19	15.908.538	19.982.666
<b>Total current liabilities other than liabilities included in groups of liabilities for disposal classified as held for sale</b>		<b>188.962.499</b>	<b>242.137.717</b>
Liabilities included in groups of assets for disposal classified as held for sale	8	157.122.242	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>346.084.741</b>	<b>242.137.717</b>
<b>NON-CURRENT LIABILITIES</b>		-	-
Other financial liabilities	15	996.936.460	1.002.955.393
Lease liability	13	1.342.170	1.942.083
Other accounts payable	16	1.118.735	1.159.317
Other provisions	17	1.400.932	1.380.132
Deferred tax liabilities	14	31.353.812	33.595.773
Provisions for employee benefits	18	20.812.410	20.768.569
Other non-financial liabilities	19	10.149.283	10.031.855
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>1.063.113.802</b>	<b>1.071.833.122</b>
<b>TOTAL LIABILITIES</b>		<b>1.409.198.543</b>	<b>1.313.970.839</b>
<b>EQUITY</b>		-	-
Issued capital	20	155.567.354	155.567.354
Accumulated earnings (losses)	20	406.651.596	330.787.492
Share premium	20	164.064.038	164.064.038
Other equity interests	20	(5.965.550)	(5.965.550)
Other reserves	20	155.714.882	-
<b>Equity attributable to owners of the controller</b>		<b>876.032.320</b>	<b>644.453.334</b>
Non-controlling interests	21	44.697.248	43.020.129
<b>TOTAL EQUITY</b>		<b>920.729.568</b>	<b>687.473.463</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2.329.928.111</b>	<b>2.001.444.302</b>

The accompanying notes 1 to 34 are an integral part of these interim consolidated financial statements.



**Interim Consolidated Statements of Comprehensive Income by Nature**  
**For the fiscal years ended September 30, 2020 and 2019 (unaudited)**  
(In thousand pesos - Th\$)

INCOME STATEMENT BY NATURE	Note	30-09-2020 Th\$	30-09-2019 Th\$	01-07-2020 30-09-2020 Th\$	01-07-2019 30-09-2019 Th\$
Revenues for regular activities	22	349.052.377	360.956.940	105.371.352	106.306.948
Used raw materials and expendables		(32.757.564)	(26.647.191)	(11.576.215)	(9.260.272)
Provisions for employee benefits	18	(40.741.521)	(37.028.075)	(14.675.516)	(11.672.640)
Expenses related to depreciation and amortization	10- 12- 13	(49.717.345)	(46.873.101)	(16.254.350)	(15.724.751)
Depreciation and amortization expense	12	(1.370.426)	-	(1.370.426)	-
Other expenses by nature	23	(92.732.289)	(83.545.804)	(33.265.586)	(28.766.850)
Other (losses) earnings	24	(1.874.103)	(1.763.455)	(435.245)	(497.658)
<b>Earnings (losses) from operating activities</b>		<b>129.859.129</b>	<b>165.099.314</b>	<b>27.794.014</b>	<b>40.384.777</b>
Financial income	24	3.156.786	3.586.594	912.579	1.055.571
Financial costs	24	(21.714.056)	(20.182.153)	(7.740.837)	(6.515.610)
Earnings (losses) exchange differences	25	(1.782.268)	(86.533)	(1.860.175)	(19.099)
Results of indexation adjustments	26	(11.864.453)	(13.325.730)	(414.977)	(3.676.132)
<b>Earnings before taxes</b>		<b>97.655.138</b>	<b>135.091.492</b>	<b>18.690.604</b>	<b>31.229.507</b>
Expenses for earning taxes	14	(24.464.364)	(34.706.841)	(5.208.985)	(9.162.732)
<b>Profit (loss) from continuing operations</b>		<b>73.190.774</b>	<b>100.384.651</b>	<b>13.481.619</b>	<b>22.066.775</b>
Profit (loss) from discontinued operations	8	4.346.601	(1.753.935)	(101.388)	(5.635.727)
<b>Earnings</b>		<b>77.537.375</b>	<b>98.630.716</b>	<b>13.380.231</b>	<b>16.431.048</b>
Earnings due to					
<b>Earnings attributable to owners of the controller</b>		<b>75.864.104</b>	<b>99.946.358</b>	<b>13.535.561</b>	<b>19.336.161</b>
Earnings (losses) attributable to non-controlling shares	21	1.673.271	(1.315.642)	(155.330)	(2.905.113)
<b>Earnings</b>		<b>77.537.375</b>	<b>98.630.716</b>	<b>13.380.231</b>	<b>16.431.048</b>
<b>Earnings per share</b>					
Earnings per basic shares in continuous operations (\$)	28	12,398	16,334	2,212	3,160
<b>Earnings per basic shares (\$)</b>		<b>12,398</b>	<b>16,334</b>	<b>2,212</b>	<b>3,160</b>

The accompanying notes 1 to 34 are an integral part of these interim consolidated financial statements.



**Consolidated Statements of Comprehensive Income by Nature**  
**For the fiscal years ended September 30, 2020 and 2019**  
(In thousand pesos - Th\$)

COMPREHENSIVE INCOME STATEMENT	Note	30-06-2020 Th\$	30-06-2019 Th\$	01-04-2020 30-06-2020 Th\$	01-04-2019 30-06-2019 Th\$
Earnings		77.537.375	98.630.716	13.380.231	16.431.048
<b>TOTAL COMPREHENSIVE INCOME STATEMENT</b>		<b>77.537.375</b>	<b>98.630.716</b>	<b>13.380.231</b>	<b>16.431.048</b>
<b>Comprehensive income statement attributable to</b>					
Comprehensive income statement attributable to the owners of the controller	20	75.864.104	99.946.358	13.535.561	19.336.161
Comprehensive income statement attributable to non-controlling shares	21	1.673.271	(1.315.642)	(155.330)	(2.905.113)
<b>Total comprehensive income</b>		<b>77.537.375</b>	<b>98.630.716</b>	<b>13.380.231</b>	<b>16.431.048</b>

The accompanying notes 1 to 34 are an integral part of these interim consolidated financial statements.



**Consolidated Statements of Direct Cash Flows**  
**For fiscal years ended September 30, 2020 and 2019 (unaudited)**  
(In thousand pesos – Th\$)

<b>Direct cash flow statement</b>	<b>Note</b>	<b>30-09-2020 Th\$</b>	<b>30-09-2019 Th\$</b>
Collections from the sales of assets and services		412.894.069	440.452.856
Collections from premiums and services, annuities and other liabilities arising from contracted policies		82.000	9.604
Other collections from operational activities		11.406.826	2.992.863
<b>Types of payments in cash from operational activities</b>		<b>424.382.895</b>	<b>443.455.323</b>
Payments to suppliers for goods and services		(141.287.501)	(133.231.290)
Payments to and on behalf of the employees		(39.839.647)	(39.987.905)
Payments of premiums and services, annuities and other liabilities arising from contracted policies		(2.927)	(2.572.919)
Other payments for operational activities		(35.509.670)	(36.027.073)
<b>Cash flow from operational activities</b>		<b>(216.639.745)</b>	<b>(211.819.187)</b>
Interests paid		(23.081.167)	(19.344.102)
Interest received		544.755	616.770
Taxes on earnings paid (reimbursed)		(27.313.844)	(34.510.749)
Other cash in-flow (out-flow)		(2.282.837)	(2.031.067)
<b>Cash flow from (used in) operations</b>		<b>(52.133.093)</b>	<b>(55.269.148)</b>
<b>Cash flow from (used in) operational activities</b>		<b>155.610.057</b>	<b>176.366.988</b>
Amounts from the sale of property, plant and equipment		225.777	2.430.262
Purchase of property, plant and equipment		(107.207.801)	(108.156.023)
Purchase of intangible assets		-	(12.455)
Other cash in-flow (out-flow)		-	(2.020.253)
<b>Cash flow from (used in) investment activities</b>		<b>(106.982.024)</b>	<b>(107.758.469)</b>
Amounts from long-term loans		8.667.254	71.929.799
Amounts from short-term loans		133.300.000	57.284.683
<b>Amounts from loans, classified as financing activities</b>		<b>141.967.254</b>	<b>129.214.482</b>
Loans refund		(35.377.233)	(80.075.028)
Paid dividends		(44.427.642)	(127.111.672)
Other cash inflows (outflows)		(1.119.989)	(2.572.994)
<b>Cash flows from (used in) financing activities</b>		<b>61.042.389</b>	<b>(80.545.212)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>109.670.422</b>	<b>(11.936.693)</b>
Cash and cash equivalents at the beginning of the period		72.062.758	39.980.474
<b>Cash and equivalent cash at the end of the fiscal year</b>	<b>4</b>	<b>181.733.180</b>	<b>28.043.781</b>

The accompanying notes 1 to 34 are an integral part of these interim consolidated financial statements.



**Consolidated Statements of Changes in Net Equity**  
**For the fiscal years ended September 30, 2020 and 2019 (unaudited)**  
(In thousand pesos - Th\$)

Statements of changes in equity	Note	Capital issued	Issue premiums	Other equity interests	Accumulated gains (losses)	Bookings		Equity attributable to the owners of the controlling company
		Th\$	Th\$	Th\$	Th\$	Revaluation surplus	Total other reserves	
		Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$
<b>Opening balance as of 01-01-2020</b>		<b>155.567.354</b>	<b>164.064.038</b>	<b>(5.965.550)</b>	<b>330.787.492</b>	-	-	<b>644.403.842</b>
Gain		-	-	-	75.864.104	-	-	<b>75.864.104</b>
Other comprehensive income		-	-	-	-	-	-	-
<b>Integral result</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>75.864.104</b>	<b>-</b>	<b>-</b>	<b>75.864.104</b>
Dividends		-	-	-	-	-	-	-
Decrease for transfers and other changes		-	-	-	-	155.714.882	<b>155.714.882</b>	<b>155.714.882</b>
<b>Total changes in equity</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>75.864.104</b>	<b>155.714.882</b>	<b>155.714.882</b>	<b>231.579.986</b>
<b>Final balance as of 09-30-2020</b>		<b>155.567.354</b>	<b>164.064.038</b>	<b>(5.965.550)</b>	<b>406.651.596</b>	<b>155.714.882</b>	<b>155.714.882</b>	<b>876.033.832</b>

Statements of changes in equity	Note	Capital issued	Issue premiums	Other equity interests	Accumulated gains (losses)	Bookings		Equity attributable to the owners of the controlling company
		Th\$	Th\$	Th\$	Th\$	Revaluation surplus	Total other reserves	
		Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$
<b>Opening balance as of 01-01-2020</b>		<b>155.567.354</b>	<b>164.064.038</b>	<b>(5.965.550)</b>	<b>324.954.813</b>	-	-	<b>638.626.842</b>
Gain		-	-	-	99.946.358	-	-	<b>99.946.358</b>
Other comprehensive income		-	-	-	-	-	-	-
<b>Integral result</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>99.946.358</b>	<b>-</b>	<b>-</b>	<b>99.946.358</b>
Dividends		-	-	-	(89.626.929)	-	-	<b>(89.626.929)</b>
Decrease for transfers and other changes		-	-	-	-	-	-	-
<b>Total changes in equity</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>10.319.429</b>	<b>-</b>	<b>-</b>	<b>10.319.429</b>
<b>Final balance as of 09-30-2020</b>		<b>155.567.354</b>	<b>164.064.038</b>	<b>(5.965.550)</b>	<b>335.274.242</b>	<b>-</b>	<b>-</b>	<b>648.946.271</b>

The accompanying notes 1 to 34 are an integral part of these interim consolidated financial statements.





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## Note 1. OVERVIEW

Aguas Andinas S.A. (hereinafter the "Company") and its Subsidiaries are part of the Aguas Andinas Group (hereinafter the "Group"). Its legal address is Avenida Presidente Balmaceda 1398, Santiago, Chile and its Taxpayer Identification Number (RUT, for its acronym in Spanish) is 61.808.000-5.

Aguas Andinas S.A. was incorporated as an open stock Company by public deed on May 31, 1989 in Santiago, before the Notary Public Mr. Raúl Undurraga Laso. An excerpt of the by-laws was published in the Official Gazette on June 10, 1989 and was registered in the Registry of Commerce on page 13,981, No. 7,040 of 1989 of the Santiago Real Estate Registrar.

The Company's corporate purpose, in accordance with Article 2 of its bylaws, is the provision of water utility services, which includes the construction and operation of public services aimed at producing and distributing potable water and collecting and disposing of wastewater. Its current concession area is distributed in Greater Santiago and outlying towns.

The Company is the parent company of three water utility companies, two in the Greater Santiago ("Aguas Cordillera S.A." and "Aguas Manquehue S.A.") and one in the De Los Ríos and De Los Lagos region ("Empresa de Servicios Sanitarios De Los Lagos S.A.", "ESSAL"). In order to provide a comprehensive service within its line of business, the Company has non-water utility subsidiaries that provide services such as liquid industrial waste treatment (EcoRiles S.A.), laboratory analysis (Análisis Ambientales S.A.), sales of materials and other services related to the water utility business (Gestión y Servicios S.A.) and activities associated with water rights and energy projects arising from water utility facilities and assets (Aguas del Maipo S.A.).

The Company and its subsidiary ESSAL S.A., are registered in the Securities Registry of the Financial Market Commission under No. 346 and No. 524, respectively. The subsidiaries Aguas Cordillera S.A. and Aguas Manquehue S.A. are registered in the Special Registry of Reporting Entities of the Financial Market Commission under No. 170 and No. 2, respectively. As companies in the water utility business, they are regulated by the Superintendence of Sanitation Services (SISS, for its acronym in Spanish), in accordance with Law No. 18,902 of 1989 and Decrees with Force of Law No. 382 and No. 70, both of 1988.

For the purposes of preparing consolidated financial statements, a group is deemed to exist when the parent company has one or more Subsidiaries, over which the parent company has control either directly or indirectly. The accounting policies applied in the preparation of the Group's consolidated financial statements are detailed in Note 2.2.

The direct controlling entity is Inversiones Aguas Metropolitanas S.A. ("IAM") with a 50.10234% ownership, a corporation controlled by Suez Inversiones Aguas del Gran Santiago Ltda. ("IAGSA"), which is controlled by Suez Andinas S.A., its controller is Suez Spain, S.L., a company based in Spain and one of the largest operators of water utility services in the world, which in turn is controlled by Suez Groupe S.A.S. (France).

## Note 2. PREPARATION BASIS AND ACCOUNTING POLICIES

### 2.1 Preparation basis

These interim consolidated financial statements correspond to the consolidated statements of financial position as of September 30, 2020 and December 31, 2019 and the consolidated statements of comprehensive income, changes in net equity and cash flows for the years ended June 30, 2020 and 2019, which have been prepared in accordance with International Accounting Standards (IAS), IAS 34 Interim Financial Information included in the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (hereinafter "IASB"), and represent the full, explicit and unreserved adoption of the aforementioned IFRS.



The Group complies with the legal conditions of the environment in which it operates, in particular the water utility Subsidiaries with respect to the regulations pertaining to the water utility sector. The Group companies present normal operating conditions in each area in which they develop their activities, their projections show a profitable operation and they have the capacity to access the financial system to finance their operations, which in the opinion of management determines their capacity to continue as a going concern, as established in the accounting standards under which these consolidated financial statements are issued.

### Functional and presentation currency

The financial statements of each of the Group Companies are presented in the currency of the main economic environment in which the companies operate (functional currency). For purposes of the consolidated financial statements, the results and financial position of each Group Company are expressed in Chilean pesos (rounded to thousands of pesos), which is the functional currency of the Company and its Subsidiaries, and the presentation currency for the consolidated financial statements.

### New accounting pronouncements

The standards and interpretations, as well as the improvements and modifications to IFRS, that have been issued, effective as of the date of these financial statements, are detailed below. The Company has applied these standards and concluded that they did not significantly affect the financial statements.

Standards and Interpretations	Mandatory application date
Conceptual framework	Annual periods beginning on or after January 1, 2020
Amendments	Mandatory application date
IFRS 3, Business Combinations - Definition of a business	Annual periods beginning on or after January 1, 2020
IAS 1, Presentation of financial statements and IAS 8, Investments in associates - Definition of material	Annual periods beginning on or after January 1, 2020
IFRS 9, IAS 39 and IFRS 7 Financial Instruments - Reform of the benchmark interest rate	Annual periods beginning on or after January 1, 2020
IFRS 16, Leases - Rent reductions related to Covid-19	Annual periods beginning on or after January 1, 2020

\* Early application is permitted, including financial statements not yet authorized for publication as of May 28, 2020.

The Company's management considers that the adoption of the aforementioned Standards, Amendments and Interpretations, which could be applied to Aguas Andinas S.A. and Subsidiaries, is in the process of being assessed and it is estimated that, to date, they would not have a significant impact on the Group's consolidated financial statements in the period of their first application. Management is periodically assessing these implications.

### Responsibility for the information and estimates made

The information contained in these consolidated financial statements is the responsibility of the Company's Board of Directors, which states that all principles and criteria included in International Financial Reporting Standards (IFRS) have been applied. The Board of Directors, at its meeting held on November 25, 2020, approved these consolidated financial statements.



The consolidated financial statements of Aguas Andinas S.A. and Subsidiaries corresponding to fiscal year 2019 were approved by its Board of Directors in a session held on March 25, 2020.

Estimates have been used in the preparation of the consolidated financial statements, such as

- Useful life of property, plant and equipment and intangibles
- Valuation of assets and purchased goodwill (goodwill or lower investment value)
- Impairment losses on assets
- Assumptions used in the actuarial calculation of employee termination benefits
- Assumptions used for the calculation of the fair value of financial instruments
- Income from supplies pending billing
- Provisions for commitments to third parties
- Risks arising from current litigation

Although these estimates and judgments were made on the basis of the best information available at the date of issuance of these consolidated financial statements, it is possible that events that may occur in the future may require them to be modified (upwards or downwards) in future periods which would be recorded prospectively, when the variation is known, recognizing the effects of such changes in the corresponding future consolidated financial statements.

## 2.2 Accounting policies

The main accounting policies adopted in the preparation of these consolidated financial statements are described below.

### A. Basis of consolidation

The consolidated financial statements include the financial statements of the Company and the entities controlled by the Company (its Subsidiaries). Subsidiaries are those entities over which the Group has the power to direct the relevant activities, is entitled to variable returns from its shareholding and has the ability to use that power to influence the amounts of the investor's returns. Subsidiaries are consolidated from the date on which control is transferred to the Group and are excluded from consolidation on the date on which control ceases.

All transactions, balances, gains and losses between Group entities are eliminated on consolidation.

The Company and its Subsidiaries have uniformity in the policies used by the Group.

The subsidiaries included in the consolidated financial statements of Aguas Andinas S.A. are the following:

Tax ID	Company Name	Direct %	Indirect %	Total 2020 %	Direct %	Indirect %	Total 2019 %
96.809.310-K	Aguas Cordillera S.A.	99,99003	-	99,99003	99,99003	-	99,99003
89.221.000-4	Aguas Manquehue S.A.	0,00043	99,99957	100,00000	0,00043	99,99957	100,00000
96.897.320-7	Inversiones Iberaguas Ltda.	99,999998	0,000002	100,00000	99,999998	0,000002	100,00000
96.579.800-5	ESSAL S.A.	2,50650	51,00000	53,50650	2,50650	51,00000	53,50650
96.945.210-3	EcoRiles S.A.	99,03846	0,96154	100,00000	99,03846	0,96154	100,00000
96.828.120-8	Gestión y Servicios S.A.	97,84783	2,15217	100,00000	97,84783	2,15217	100,00000
96.967.550-1	Análisis Ambientales S.A.	99,00000	1,00000	100,00000	99,00000	1,00000	100,00000
76.190.084-6	Aguas del Maipo S.A.	82,64996	17,35004	100,00000	82,64996	17,35004	100,00000



## B. Operating Segments

IFRS 8 sets out standards for operating segment reporting and related product and service disclosures. Operating segments are defined as components of an entity for which separate financial information exists and is regularly reviewed by Management to make decisions about the resources to be allocated to the segments and to evaluate their performance.

The Group manages and measures the performance of its operations by business segment. The operating segments reported internally are as follows

- Operations related to the water utility business operations (Water).
- Operations not related to water utility business operations (No Water).

## C. Intangible assets other than goodwill

The Company recognizes an identifiable intangible asset when it can demonstrate that it is probable that the future economic benefits that have been attributed to the asset will flow to the entity and the cost can be measured reliably.

### i. Separately acquired intangible assets:

Separately acquired intangible assets are shown at cost less accumulated amortization and accumulated impairment losses. Amortization is calculated on a straight-line basis over the estimated useful lives. The estimated useful lives and the amortization method are reviewed at the end of each statement of financial position, with the effect of any changes in the estimate recorded prospectively.

### ii. Amortization method for intangibles:

#### Intangibles with a defined useful life

The depreciation method applied by the Company reflects the pattern in which the future economic benefits of the asset are expected to be used by the entity. For this purpose, the Company uses the straight-line method of depreciation.

#### Software

The estimated useful life for the software is 4 years. For other assets with a defined useful life, the period of useful life over which they are amortized corresponds to the periods defined in the contracts or rights that give rise to them.

#### Intangibles of indefinite useful life

Intangible assets with indefinite useful lives correspond mainly to water and easement rights, which were obtained indefinitely, as established in the acquisition contracts and the rights obtained from the Directorate General of Water, dependent on the Ministry of Public Works.

#### Determination of useful life

The factors to be considered for the estimation of the useful life are, among others, the following:

- Legal, regulatory or contractual limitations.
- Predictable business or industry life.
- Economic factors (product obsolescence, changes in demand).
- Expected reactions from actual or potential competitors.
- Natural, climatic and technological changes that affect the ability to generate benefits.

The useful life may require modifications over time due to changes in estimates as a result of changes in assumptions about the above factors.



#### **D. Goodwill**

Capital gains (goodwill) generated in the business combination represent the excess of the cost of acquisition over the Group's interest in the fair value of the assets and liabilities, including the identifiable contingent liabilities of a Subsidiary at the date of acquisition.

The valuation of the assets and liabilities acquired is carried out provisionally on the date on which control is taken of the Company, and is reviewed within a maximum period of one year from the date of acquisition. Until the fair value of the assets and liabilities is definitively determined, the excess between the acquisition price and the carrying amount of the Company acquired is recorded provisionally as goodwill.

In the event that the definitive determination of the goodwill is made in the financial statements for the year following that in which the interest was acquired, the prior year items presented for comparison purposes are modified to include the value of the assets and liabilities acquired and the definitive goodwill from the date of acquisition of the interest.

The goodwill generated prior to the date of our transition to IFRS, i.e., January 1, 2008, is maintained at the net value recorded at that date, while that generated subsequently is recorded using the acquisition method.

The goodwill is not amortized, instead at the end of each accounting period it is estimated whether there has been any impairment reducing its recoverable value to an amount lower than the net cost recorded, proceeding, if necessary, to the appropriate adjustment for impairment, as required by IAS 36.

#### **E. Property, plant and equipment**

The Company uses the cost method for the valuation of Property, Plant and Equipment. The historical cost includes expenses that are directly attributable to the acquisition of the good.

Subsequent costs are included in the value of the initial asset or recognized as a separate asset only when it is probable that future economic benefits associated with the fixed asset items will flow to the Group and the cost of the item can be reliably determined. The value of the replaced component is written off. All other repairs and maintenance are expensed in the year in which they are incurred.

##### **Depreciation method and estimated useful life for properties, plant and equipment:**

The depreciation method applied by the Company reflects the pattern in which the assets are expected to be used by the entity during the period in which they generate economic benefits. For this purpose, the Company uses the method of straight-line depreciation over its technical useful life, which is based on studies prepared by independent experts (specialized external companies). The residual value and useful life of assets are reviewed, and adjusted if necessary, at each close of the Statement of Financial Position.

When the value of an asset exceeds its estimated recoverable amount, its value is immediately reduced to its recoverable amount (Note 30).

##### **Useful lives**

The useful lives considered for the purposes of calculating depreciation are based on technical studies prepared by specialized external companies, which are reviewed to the extent that background information emerges that would allow the useful life of an asset to be considered modified.

The allocation of the total useful life for assets is made on the basis of several factors, including the nature of the equipment. Such factors generally include:

1. Nature of the materials that make up the equipment or construction.
2. Means of operation of the equipment
3. Intensity of use
4. Legal, regulatory or contractual limitations.



The useful life range (in years) by type of Asset is as follows:

Item	Minimum useful life (years)	Maximum useful life (years)
Buildings	25	80
Plant and equipment	5	50
IT equipment	4	4
Fixed installations and accessories	5	80
Motor vehicles	7	10
Leasehold improvements	5	5
Other property, plant & equipment	5	80





### **Cost estimate policy for dismantling, decommissioning or restoration of property, plant and equipment:**

Due to the nature of the assets that are built in the Company and given that there are no contractual obligations or other constructive requirements such as those mentioned by IFRS and, within the regulatory framework, the concept of decommissioning costs is not applicable at the date of these consolidated financial statements.

### **Property, plant and equipment sales policy**

The result from the sale of property, plant and equipment is calculated by comparing the income obtained with the carrying amount and is recorded in the Consolidated Statement of Comprehensive Income.

### **F. Impairment of tangible and intangible assets other than goodwill**

At each reporting date in the consolidated Statement of Financial Position, the Group reviews the carrying amounts of its tangible and intangible assets with defined useful lives to determine whether there are indications that those assets have suffered an impairment loss. If such indicators exist, the recoverable value of the assets is estimated to determine the amount of the impairment loss (if any). When it is not possible to estimate the recoverable amount of a particular asset, the Group estimates the recoverable value of the Cash Generating Unit to which the asset belongs.

Intangible assets with indefinite useful lives are tested annually for impairment and, where there are indicators that the asset may be impaired, before the end of that period.

Recoverable value is the higher of fair value less costs to sell and value in use. For the estimation of value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects both current market conditions of the value of money over time and the specific risks associated with the asset.

When the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of that asset (or cash-generating unit) is adjusted to its recoverable amount and an impairment loss is recognized immediately in income. When an impairment loss reverses, the carrying amount of the asset (or cash-generating unit) is adjusted to the revised estimate of its recoverable amount, provided that the adjusted carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years.

### **G. Leases**

The Group evaluates its lease contracts in accordance with IFRS 16, i.e. if the right to control the use of an identified asset for a period of time is transferred in exchange for a consideration. Control is deemed to exist if the customer has (i) the right to obtain substantially all of the economic benefits from the use of an identified asset; and (ii) the right to direct the use of the asset.

When the Group acts as a lessee, at the beginning of the lease (i.e. on the date the underlying asset is available for use) it records in the statement of financial position an asset for the right of use and a liability for the lease.

The Group initially recognizes the right-to-use asset at cost, adjusted by any new measurement of the lease liability, less accumulated depreciation and accumulated impairment losses. The right-to-use asset is depreciated over the term of the lease. To determine whether the right-of-use asset is impaired, the same criteria detailed in Note 2.2.F is applied.

The lease liability is initially measured at the present value of the lease payments, discounted at the company's incremental lending rate, if the interest rate implicit in the lease cannot be easily determined.

After the start date, the lease liability is increased to reflect the accumulation of interest and is reduced by the lease payments made. In addition, the carrying value of the liability is remeasured if there is a change in the terms of the lease (changes in the term, in the amount of the payments or in the assessment of an option to purchase or change in the amounts to be paid). Interest expense is recognized as a financial cost in the result of the period.



Short-term leases of one year or less, or leases of low value assets are exempted from the application of the recognition criteria described above, with payments associated with the lease being recognized as an expense on a straight-line basis over the term of the lease.

When the Group acts as the lessor, it classifies at the beginning of the agreement whether the lease is an operating or finance lease, based on the essence of the transaction. Leases that transfer substantially all the risks and rewards incidental to ownership of the underlying asset are classified as finance leases. All other leases are classified as operating leases.

## **H. Financial assets**

Acquisitions and disposals of financial instruments are recognized on the trading date, i.e. the date on which the Group undertakes to acquire or sell the asset. Investments are derecognized when the rights to receive cash flows from them have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Financial assets are classified in the following categories:

- Financial assets at fair value through profit or loss
- Financial assets at fair value through other comprehensive income
- Financial assets at amortized cost

The classification depends on the nature and purpose of the financial assets and is determined at initial recognition.

Aguas Andinas S.A. and its Subsidiaries invest in low risk instruments, which comply with classification standards established in their investment policies. Thus, mutual investment funds must have an AAfm / M1 rating (Quotas with very high protection against loss, associated with credit / quotas risks with the lowest sensitivity to changes in economic conditions). Fixed-term deposits and covenants, contracted are instruments with a N-1 classification (Instruments with the highest capacity to pay the capital and interest in the terms and conditions agreed).

The issuing institutions of these instruments correspond to banking companies or banks subsidiaries, with N-1 risk classification and their instruments have a risk classification of at least AA (with a very high capacity to pay capital and interest in the terms agreed, which would not be significantly affected by possible changes in the issuer, the industry to which it belongs or the economy).

### **i. Effective interest rate method**

The effective interest rate method is the method of calculating the amortized cost of a financial asset or liability and the allocation of the interest income or expense over the entire relevant period. The effective interest rate corresponds to the rate that exactly discounts estimated future cash flows receivable during the expected life of the financial asset, and makes the Net Present Value (NPV) equal to its nominal amount.

### **ii. Fair value through other comprehensive income**

For the classification of an asset with fair value through other comprehensive income, the selling of financial assets for which the principal amount is expected to be recovered in a given period of time in addition to interest, if applicable, must be complied with as a principle.

### **iii. Fair value through profit or loss**

Financial assets are presented at fair value through profit or loss when the financial asset is held for trading or is designated as at fair value with changes in results.

Financial assets at fair value through profit or loss are measured at fair value and any resulting gains or losses are recognized in profit or loss. The net gain or loss recognized in income includes any dividends or interest received on the financial asset.



The Company and its Subsidiaries hold shares in Sociedad Eléctrica Puntilla S.A., which have been measured at fair value at the date of acquisition in accordance with IFRS 9. They are subsequently measured at cost since there is no active market in accordance with the provisions of the same standard.

#### **iv. Financial assets at amortized cost**

##### **Loans and accounts receivable**

Trade debtors, loans and other accounts receivable are non-derivative financial assets which have fixed or determinable payments and are not quoted in an active market and are classified as loans and accounts receivable. Loans and accounts receivable are measured at amortized cost using the effective interest rate method, less any impairment losses, except for short-term accounts receivable where recognition of interest would be immaterial.

##### **Trade debtors and other accounts receivable**

Trade debtors correspond to the amounts billed for consumption of potable water, sewage services, wastewater treatment and other services and to the earned income from consumption between the date of the last meter reading (according to the established monthly calendar) and the closing date of the Financial Statement. These are recorded at the net value of the estimated bad debts or those with a low probability of being collected.

Trade debtor policy is subject to the credit policy, which establishes the payment conditions, as well as the different scenarios to be agreed upon for delinquent customer.

##### **Policy on impairment of trade debtors and other accounts receivable**

The Company periodically assesses the losses in value affecting its financial assets. The amount is recorded in the uncollectible provisions account. The carrying amount of the asset is reduced as the provision account is used and the loss is recognized in the consolidated statement of comprehensive income under "other expenses". When an account receivable is uncollectible, it is recorded against the provision account for accounts receivable based on credit loss model expected according to IFRS 9.

The estimates are based on recovery statistics, which indicate that after the eighth month of unpaid billing, the possibility of recovery is marginal, in other words, the probability of recovering a billed value is minimal.

In Aguas Andinas S.A. and its subsidiaries Aguas Cordillera S.A., Aguas Manquehue S.A. and ESSAL S.A., the debt of customers with more than 8 balances is 100% provisioned.

Additionally, debts for consumption transformed into payment agreements are provisioned at 100% of the agreed balance.

Provisions are made for 100% of notes receivable that are overdue.

#### **I. Inventories**

Materials, spare parts and supplies are presented at acquisition cost, which does not exceed net realizable value. The costing method corresponds to the weighted average cost. Every six months, an estimate of impairment is made for those materials that are damaged, partially or totally obsolete, or have had no turnover during the last twelve months and their price in the market has fallen by more than 20%.

#### **J. Dividend policy**

The Company's dividend policy, as established in Article 79 of Law 18,046 which governs Public Limited Companies, is to distribute at least 30% of the net profits of each year. In the event that these dividends do not exist or are less than the minimum established by Law, the respective provision will be made.



In addition to this and with the prior authorization of the Ordinary Shareholders' Meeting, the remaining 70% may be distributed as an additional dividend, provided that the current level of capitalization of the Company is maintained and is compatible with the investment policies.

#### K. Foreign currency transactions

Assets and liabilities in foreign currencies are presented at the respective financial year-end exchange rates, according to the following parities:

Currency	30-09-2020 \$	31-12-2019 \$
US Dollar	788,15	748,74
Euro	923,11	839,58

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency gains and losses resulting from the liquidation of these transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of comprehensive income.

Exchange rate differences are recorded in the results of the period in which they are accrued.

#### L. Financial liabilities

Loans, obligations to the public and similar are initially recorded at fair value, net of transaction costs incurred. Subsequently, they are valued at amortized cost, using the effective interest rate, except for those operations for which hedge contracts have been entered into, which are valued in accordance with the following section.

#### M. Derivative financial instruments and hedge accounting

The use of derivative financial instruments by Aguas Andinas S.A. and Subsidiaries is based on the Group's financial risk management policies, which establish the guidelines for their use.

The Group uses derivative financial instruments as hedging instruments to mitigate inflation, interest rate and foreign currency risks on existing items to which it has been exposed due to its operations.

Derivatives are recorded at their fair value on the date of the statement of financial position. In the case of financial derivatives, if their value is positive, they are recorded under the heading "Other Financial Assets" and if it is negative, under the heading "Other Financial Liabilities".

Changes in fair value are recorded directly in the income statement, unless a derivative has been designated for accounting purposes as a hedging instrument and all the conditions set out in IFRS for applying hedge accounting are met.

The treatment of hedging transactions with derivative instruments is as follows:

**Fair value hedges.** Changes in the market value of derivative financial instruments designated as hedging instruments, as well as the items hedged, are recorded with a charge or credit to financial results in the respective income statements.

**Cash flow and net investment in foreign currency hedges.** Changes in the fair value of these derivative financial instruments are recorded for the effective part directly in an equity reserve called a "cash flow hedge", while the ineffective part is recorded in income. The amount recognized in net equity is not transferred to the income statement until the results of the hedged transactions are recorded therein, or until the maturity date of such transactions.

If the hedge is discontinued, the cumulative gain or loss at that date in net equity is maintained until the underlying hedged transaction is performed. At that time, the cumulative gain or loss in equity will be reversed to the income statement, affecting the transaction.



At the end of each fiscal year, financial instruments are presented at their fair value. In the case of derivatives not traded in formal markets, the Group uses assumptions based on market conditions at that date to measure them.

**Effectiveness.** A hedge is considered highly effective when the changes in fair value or cash flows of the underlying directly attributable to the hedged risk are offset by changes in the fair value or cash flows of the hedging instrument with effectiveness in the range of 80% to 125%.

**Implicit derivative.** The Group also assesses the existence of derivatives embedded in contracts and financial instruments to determine whether their characteristics and risks are closely related to the main contract, provided that the set is not being accounted for at fair value. If they are not closely related, they are recognized separately and changes in value are recognized directly in the consolidated income statement.

#### **N. Provisions and contingent liabilities**

Provisions are recognized when the Group has a present obligation resulting from past events, for which it is probable that the Group will use resources to settle the obligation and for which it can make a reasonable estimate of the amount of the obligation.

Provisions are quantified taking into consideration the best available information on the event and its consequences, and are re-estimated at the time of each accounting close. The provisions recorded are used to address the specific risks for which they were originally recognized and are revised, in full or in part, when these risks disappear or diminish.

Contingent liabilities are all possible obligations arising from past events, the future materialization of which and the associated loss in equity is considered to be of low probability. In accordance with IFRS, the Group does not recognize any provision for these items, although, as required by the same standard, they are detailed in Note 17.

#### **O. Employee benefits**

The obligation for the severance package, which is estimated to accrue to employees retiring from Aguas Andinas S.A., Aguas Cordillera S.A., Aguas Manquehue S.A., and ESSAL S.A., is recorded at actuarial value, determined using the projected unit credit method. Actuarial gains and losses on indemnities derived from changes in estimates of turnover rates, mortality rates, salary increases or discount rates, are determined in accordance with IAS 19 in other comprehensive income, directly affecting Equity, which is subsequently reclassified to accumulated results.

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

Severance package in Aguas Andinas S.A. is governed by the provisions of the Labor Code, except for the amount of severance payment for all events accrued as of July 31, 2002 and the payment of 1.45 salaries for termination, excluding voluntary resignation, without limit of amount or years, for workers who are part of the collective bargaining agreements in force and to whom the same benefit was extended through their individual work contract. The amount to any event accumulated to that date is readjusted quarterly according to the variation of the consumer price index. In addition, the aforementioned collective bargaining agreements establishes that workers who retire from Aguas Andinas S.A. and make their retirement effective within 120 days from the date on which they reach legal retirement age may access the benefit detailed in the collective bargaining agreements, and continue to accrue this benefit after July 2002.

##### **Aguas Cordillera S.A. y Aguas Manquehue S.A.**

Severance package in Aguas Cordillera S.A., and Aguas Manquehue S.A., is governed by the provisions of the Labor Code, except for the amount of severance pay for all events accrued as of December 31, 2002, and the payment for termination of one salary without limit of amount or years, for workers who are part of the collective bargaining agreements in force and to whom the same benefit was extended through their individual work contract. The amount for any event accumulated at that date is readjusted quarterly according to the variation of the consumer price index. In addition, the aforementioned collective bargaining agreements provide that workers who retire from Aguas Cordillera S.A. and Aguas Manquehue S.A. continue to accrue this benefit after December 2002.



## **ESSAL S.A.**

For employees who are part of the collective bargaining agreement in force or are incorporated to it at the date of the financial statements, an actuarial value is calculated only in the event of retirement and death. In such cases there is a limit of six months for payment purposes. In the other cases, it is governed by the provisions of the Labor Code.

The advances granted to personnel from these funds are presented as a deduction from current obligations. They will be charged in the final liquidation in a readjusted form, in accordance with the provisions of the aforementioned agreements.

There are no benefits of this nature for the other Subsidiaries.

## **P. Income tax and deferred taxes**

The income tax expense corresponds to the sum of the income tax payable and the change in deferred tax assets and liabilities.

The income tax payable is determined based on the taxable income of the period. The income tax payable by the Group is calculated using the tax rates that have been approved, or are in the final process of approval, on the closing date of the statement of financial position.

Deferred taxes are recognized on the basis of the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the calculation of the tax result and are accounted for in accordance with the balance sheet liability method. Deferred tax liabilities are recognized for all taxable temporary differences, and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the differences can be utilized. No deferred tax assets or liabilities are recognized if the temporary differences arise from the initial recognition (except in a business combination) of other assets and liabilities in a transaction that does not affect either taxable profit or financial performance.

The carrying value of deferred tax assets is reviewed at the date of each statement of financial position and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the recovery of all or part of the asset.

Deferred tax assets and liabilities are measured at the tax rates expected to apply in the period when the liability is settled or the asset is realized, based on tax rates that have been approved, or the approval process is substantially completed, at the end of the period of the statement of financial position. The measurement of deferred tax assets and liabilities reflects the tax consequences that would arise from the manner in which the Group expects, at the reporting date, to recover or settle the carrying value of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off tax assets against tax liabilities and the liabilities relate to the same entity and tax authority.

## **Q. Ordinary income**

### **Revenue recognition policy**

The Company determined its recognition and measurement of revenue from ordinary activities based on the principle that revenue is recognized for an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer. This fundamental principle should be applied on the basis of a five-step model:

- (1) identification of the contract with the customer;
- (2) identification of contract performance obligations;
- (3) determination of the transaction price;
- (4) allocation of the transaction price to performance obligations; and
- (5) recognition of revenue when (or as) performance obligations are met.



### **Revenue recognition policy for sales of goods**

Revenue from the sale of goods is recognized once the significant risk and rewards of ownership of the goods have been transferred, the Company retains no relationship with the goods sold, the amount of revenue can be reliably measured, it is probable that the economic benefits associated with the sale will flow to the Company and the costs incurred in the transaction are also reliably measurable.

### **Revenue recognition policy for sales of services**

Revenue from the sale of services is measured at fair value. Billings are made based on actual consumption or work performed of the consideration receivable, net of returns, trade discounts and rebates, so that revenue is recognized when it is transferred to the customer and recovery is considered probable, associated costs and possible discounts for erroneous collections can be reliably estimated.

The service area of the Water Utility Companies is divided into billing groups, which determines dates for readings and subsequent billing. This process is developed on the basis of a monthly calendar, which means that at the end of each month there is unread consumption and therefore not billed.

For those billing groups that have information on the basis of consumption actually read, the corresponding tariff will be applied.

In those cases, where the Company does not have all of the consumption read, the best estimate of the income pending billing will be made, that is, based on physical data from the previous month valued at the current rate, considering in both cases (billing or estimate) normal rate or over-consumption as appropriate.

The transfer of risks and benefits varies according to the business line. For the companies of Water Utility Services, the provision of services and all its associated charges are made according to the real consumption and a monthly provision is made on the consumptions made and not billed on the basis of previous invoicing. For the subsidiaries Análisis Ambientales S.A., EcoRiles S.A., Gestión y Servicios S.A. and Aguas del Maipo S.A., the billing and eventual provision is made based on work executed.

### **Method for determining completion of service status**

The provision of water utility services is verified by measuring consumption, in accordance with the provisions of the associated legal regulations, while for the non-water utility Subsidiaries, once the services have been completed and/or the respective reports issued.

Income from agreements with developers is recorded as ordinary income to the extent that certain conditions stipulated in each contract are met, which ensure that the associated economic benefit will flow to the Company.

### **R. Earnings per share**

Basic earnings per share is calculated as the ratio of the profit (loss) attributable to holders of equity instruments of the Parent Company to the weighted average number of ordinary shares outstanding.

The Group has not entered into any potentially dilutive transactions that would result in diluted earnings per share other than basic earnings per share.

### **S. Information on environment**

Assets of an environmental nature are considered to be those used on a lasting basis in the activity of the Company and its Subsidiaries, the main purpose of which is to minimize adverse environmental impacts and to protect and improve the environment, including the reduction or elimination of future pollution from the operations of Aguas Andinas S.A. and its Subsidiaries.



These assets are valued, like any other asset, at acquisition cost. The Company and its Subsidiaries depreciate these assets on a straight-line basis over the remaining years of estimated useful life of the various assets.

#### **T. Consolidated statements of cash flow**

The cash flow statement reflects the cash movements during the period, which include the value added tax (VAT), determined by the direct method and with the following criteria:

**Cash and cash equivalents:** these represent inflows and outflows of cash and cash equivalents, which are short-term, highly liquid investments with a low risk of changes in value (less than 3 months from the date they are contracted and without restrictions).

**Operating activities:** these represent activities typical of the normal operation of the business of the Company and its Subsidiaries, as well as other activities not classified as investment or financing activities.

**Investing activities:** represent activities of acquisition, sale or disposal by other means of long-term assets and other investments not included in cash and cash equivalents.

**Financing activities:** represent activities that produce changes in the amount and composition of equity and liabilities that are not part of ordinary activities.

#### **U. Construction contracts**

For construction contracts, the Group uses the "Percentage of Completion Method" to recognize income and expenses relating to a contract in progress. Under this method, contract income is compared with contract costs incurred at the stage of completion, thereby disclosing the amount of income from ordinary activities, expenses and profits that can be attributed to the portion of the contract executed.

Contract costs are recognized when incurred. When the outcome of a construction contract can be reliably estimated and it is probable that the contract will be profitable, contract income is recognized over the period of the contract. When it is probable that total contract costs will exceed total contract income, the estimated loss is immediately recognized as an expense for the year. When the outcome of a construction contract cannot be estimated with sufficient reliability, contract incomes are recognized only up to the extent of contract costs incurred that it is probable that they will be recovered.

The Group presents as an asset the gross amount owed by customers for work on all contracts in progress for which the costs incurred plus recognized profits (less recognized losses) exceed partial turnover. Unpaid partial billings from customers and withholdings are included in "Commercial debtors and other accounts receivable".

The Group presents as a liability the gross amount owed to customers for work on all contracts in progress for which partial billing exceeds costs incurred plus recognized profits (less recognized losses).

#### **V. Capitalized financing costs**

##### **Policy on interest-bearing loans:**

Loan costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of those assets.

##### **Policy on capitalization of interest costs:**

Interest paid or accrued on debts that finance qualified assets is capitalized, as required by IAS 23. IAS 23 establishes that when the entity acquires debt to finance investments, the interest on that debt must be deducted from interest expense and incorporated into the financed construction work, up to the total amount of such interest, applying the respective rate to disbursements made at the date of presentation of the financial statements.





## W. Non-current assets held for sale or for distribution to owners

Non-current assets are classified as: held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use or held for distribution to owners when the entity undertakes to distribute the assets (or group of assets for disposal) to owners.

For the above classification, the assets must be available for immediate sale or distribution in their current condition and the sale or distribution must be highly probable.

Assets or groups subject to divestment classified as held for sale or held for distribution to owners are measured at the lower of carrying amount or fair value less costs to sell or distribute.

## X. Reclassifications

For the year ended December 31, 2019, certain reclassifications have been made to facilitate comparison on September 30, 2020, as follows:

Reclassifications	Increase/(Decrease) Th\$
<b>Statement of financial position:</b>	
Usage rights assets	3.419.001
Properties, plant and equipment	(3.419.001)
Current lease liabilities	1.496.533
Other current financial liabilities	(1.496.533)
Non-current lease liabilities	1.942.083
Other non-current financial liabilities	(1.942.083)

Additionally, as indicated in Note 8, the Company reached full agreement with the Canadian company Algonquin Power & Utilities Corp. ("APUC") for the sale of 100% of the direct and indirect participation that Aguas Andinas S.A. has in the subsidiary ESSAL. In this regard, and by application of IFRS 5 "Non-current assets held for sale and discontinued operations", the consolidated statements of comprehensive income and consolidated cash flows for the period ended September 30, 2019, included for comparative purposes, have been restated to facilitate comparison.

## Y. Change in accounting policy

As of September 30, 2020, the Aguas Group decided to use the revaluation model for the "Land" asset class classified within the property, plant and equipment group. In this way, the value of this asset class will be periodically updated in accordance with its market value. The prospective application of this policy implied an increase in the value of the property, plant and equipment grouping of \$ 211,945 million.

For more information see Note 12.



### **Note 3. RISK MANAGEMENT**

The main objectives of financial risk management are to ensure the availability of funds to meet financial commitments and to protect the value of the Group's economic flows, assets and liabilities.

This management is based on the identification of risks, the determination of the tolerance for each risk, the hedging of these financial risks and the control of the established hedge transactions. To achieve the objectives, financial risk management is based on hedging all significant exposures, provided that suitable instruments are available and the cost is reasonable.

#### **i. Credit risk**

Credit risk is the possibility of financial loss arising from the failure of our counterparties (customers) to meet their obligations.

Sanitary Subsidiaries have an atomized market, which means that the credit risk of a particular customer is not significant.

The Company's objective is to maintain minimum levels of bad debt. There is a credit policy, which establishes the conditions and types of payment, as well as conditions to be agreed upon by defaulting customers. The management processes are: control, estimate and evaluate the uncollectible in order to take corrective actions to achieve the proposed compliance. One of the main actions and measures to maintain low levels of bad debt is to cut off the supply.

The credit risk analysis method is based on the expected credit loss model, as established in IFRS 9. The estimates are based on recovery statistics, which indicate that after the eighth month of unpaid billing, the probability of recovering a billed value is minimal. Consequently, as of the ninth month's billing, an impairment of the account receivable is immediately recognized, i.e. the delinquent customer is identified and the amount of the provision is determined (it is not a percentage of the total portfolio). Additionally, debts for consumption transformed into agreements and documents receivable with overdue debt are provisioned 100%.

As of September 30, 2020 and December 31, 2019, the credit risk balances are ThCh \$ 38,221,682 and ThCh \$ 32,275,945 respectively (see Note 5).

#### **ii. Liquidity risk**

Liquidity risk is the possibility that the Group will have difficulty in meeting its obligations associated with financial liabilities that are settled by delivering cash or another financial asset and will be unable to fund commitments, such as long-term investments and working capital requirements, at reasonable market prices.

Management monitors the Group's liquidity reserve forecasts on the basis of expected cash flows.

Various preventive measures are used to manage liquidity risk, such as:

- Diversify funding sources and instruments.
- Agree with creditors on maturity profiles that do not concentrate high amortizations in one period.



### Maturity profile (undiscounted flows)

Expiry profile	Up to 90 days		From 91 days to 1 year		From 13 months to 3 years		More than 3 years to 5 years		More than 5 years	
	Th\$	Interest rate contract	Th\$	Interest rate contract	Th\$	Interest rate contract	Th\$	Interest rate contract	Th\$	Interest rate contract
AFR	1.500.656	2,83%	13.643.845	3,22%	56.255.759	4,01%	39.146.039	3,11%	106.291.378	2,46%
Bank loans	4.562.824	0,62%	29.568.793	3,62%	104.369.985	1,24%	66.417.221	1,54%	-	0,00%
Bonuses	7.238.104	2,14%	27.168.386	2,14%	74.993.948	2,00%	57.817.284	1,80%	834.124.277	3,45%
Lease liability	336.759	3,84%	892.276	3,84%	1.202.324	3,84%	75.653	3,84%	64.193	3,84%
Trade accounts and other accounts payable	64.637.732	0,00%	16.082.792	0,00%	391.962	0,00%	173.701	0,00%	553.072	0,00%
<b>Totals</b>	<b>78.276.075</b>		<b>87.356.093</b>		<b>237.213.978</b>		<b>163.629.899</b>		<b>941.032.920</b>	

Liquidity risk is periodically monitored in order to perceive, detect and correct deviations to minimize possible impacts on results.

### iii. Interest rate risk

The Company has a rate structure that combines fixed and variable rates as detailed below

Debt instruments	Rate	%
Bank loans	Variable	7,85%
Bank loans	Fixed	10,65%
Bonuses	Fixed	63,57%
AFR	Fixed	17,69%
Lease liability	Fixed	0,24%
<b>Total</b>		<b>100,00%</b>

### Interest rate awareness analysis

A rate analysis is performed, with respect to the Active Bank Rate (TAB, for its acronym in Spanish), assuming that all other variables remain constant. The method consists of measuring the positive or negative variation of the nominal TAB at the date of presentation of the report with respect to the average TAB of the last fixing of the loans.

The analysis is based on historical data with respect to the average daily market price of the 180-day TAB for the last 3 years at the time of reporting.

Company	Nominal debt amount (Th\$)	Variable Rate	Points (+/-)	Annual Impact on result (Th\$) (+/-)
Aguas Andinas Consolidated	83.613.828	TAB 180	214	1.787.826



#### iv. COVID-19 risk

The Company has developed an action plan to ensure the continuity of service in the regions it operates, implementing various measures to manage the exceptional situation derived from the Coronavirus Pandemic.

As of September 30, 2020, a global impact of \$ 29,213 million is estimated for the direct and indirect effects, presumably derived from the exceptional situation caused by Covid-19, which are explained below:

A decrease in sales volumes of \$ 16,810 million, associated with a decrease in sales to Residential customers by 1.3% and to non-Residential customers by 13.8%; a lower collection of accounts from regulated clients that increased the aging of the balance of accounts receivable, having to recognize an amount of \$ 12,114 million as a provision for bad debts, generating a higher expense for bad debts of \$ 9,125 million compared to the same period of the previous year; Direct costs of \$ 4,842 million were recorded associated with confinement plans, personnel transportation, hygiene supplies, teleworking, security measures, the workers' health monitoring program, logistics and communications; a decrease in activity associated with unregulated revenues of \$ 1,208 million, mainly due to residential and engineering services, with a decrease in business volume close to 40%; and the lower expenses of \$ 2,773 million, are mainly associated with customer services due to lower supply cutting and replacement services, meter reading, savings in printing commercial documents, together with lower corporate activities and administration expenses.

#### Note 4. CASH AND CASH EQUIVALENTS

The composition of the item is as follows:

Cash and cash equivalents	30-09-2020 Th\$	31-12-2019 Th\$
Banks	40.723.180	10.658.547
Term deposits	70.000.000	496.943
Mutual Funds	71.010.000	60.907.268
<b>Totals</b>	<b>181.733.180</b>	<b>72.062.758</b>

The cash equivalent corresponds to financial assets in time deposits and mutual funds with a maturity of less than 90 days from the date of the transaction giving rise to them.

#### Details of some items in the cash flow statement

- **Other charges for operating activities:** these correspond to services attached to the operation of the business, mainly agreements signed with developers.
- **Other payments for operating activities:** correspond to the payment of monthly taxes.
- **Other outflows from investment activities:** correspond mainly to interest associated with bond issues, which have been capitalized, as an income from investments made in property, plant and equipment.

There are no legal restrictions preventing the immediate availability of the cash and cash equivalent balances used by the Group.



#### 4.1 Cash equivalents

The detail by type of financial instrument in each company is as follows:

Company	Instruments	30-09-2020 Th\$	31-12-2019 Th\$
Aguas Andinas S.A.	Term deposit	70.000.000	-
Aguas Andinas S.A.	Mutual Funds	71.000.000	56.906.947
Aguas Cordillera S.A.	Mutual Funds	-	3.050.281
Aguas Manquehue S.A.	Mutual Funds	-	250.040
Gestión y Servicios S.A.	Mutual Funds	-	700.000
ANAM S.A.	Mutual Funds	10.000	-
Essal S.A.	Term deposit	-	496.943
<b>Totals</b>		<b>141.010.000</b>	<b>61.404.211</b>

The Company and its Subsidiaries make investments with portfolio limits of a maximum of 40% of the total per issuing Institution, and instrument limits corresponding to: mutual funds, 10% of the effective equity of the mutual fund and time deposits, 10% of the effective equity of the bank.

#### Note 5. COMMERCIAL DEBTORS AND OTHER ACCOUNTS RECEIVABLE AND RIGHTS TO BE COLLECTED

The composition of trade receivables (current and non-current) on September 30, 2020 and March 31, 2019 is as follows:

Credit risk	30-09-2020 Th\$	31-12-2019 Th\$
Gross exposure of commercial debtors	110.865.370	136.266.844
Gross exposure documents receivable	6.068.465	6.172.403
Gross exposure other accounts receivable	2.317.773	5.774.196
<b>Trade debtors and other accounts receivable, gross</b>	<b>119.251.608</b>	<b>148.213.443</b>
Estimates for risks of accounts receivable	(38.221.682)	(32.275.945)
<b>Trade debtors and other accounts receivable, neto</b>	<b>81.029.926</b>	<b>115.937.498</b>
Gross exposure documents receivable	1.015.793	2.217.792
Gross exposure other accounts receivable	1.989.099	2.033.869
<b>Rights receivable, non-current</b>	<b>3.004.892</b>	<b>4.251.661</b>
Estimates for accounts receivable risks	-	-
<b>Non-current rights receivable, net</b>	<b>3.004.892</b>	<b>4.251.661</b>
<b>Net exposure, risk concentrations</b>	<b>84.034.818</b>	<b>120.189.159</b>



The movement in the estimate of bad debts is as follows:

<b>Movement credit risk accounts receivable</b>	<b>30-09-2020 Th\$</b>	<b>31-12-2019 Th\$</b>
<b>Beginning balance</b>	<b>(32.275.945)</b>	<b>(34.211.483)</b>
Increase in existing provisions	(12.113.816)	(4.547.485)
Decreases(*)	6.168.079	6.483.023
<b>Changes, totals</b>	<b>(5.945.737)</b>	<b>1.935.538</b>
<b>Closing balance</b>	<b>(38.221.682)</b>	<b>(32.275.945)</b>

(\*) The decreases are made up of two concepts: group of assets for disposal classified as held for sale by the company ESSAL S.A. for ThCh \$ 6,152,495 and write-offs for the period for ThCh \$ 15,584.

In accordance with the Group's policy, the debts for consumption transformed into payment agreements are provided for in full.

The following is a breakdown of the gross debt by age:

<b>Age of gross debt</b>	<b>30-09-2020 Th\$</b>	<b>31-12-2019 Th\$</b>
less than three months	68.605.233	109.083.468
between three and six months	5.307.868	5.882.475
between six and eight months	7.453.237	2.258.606
greater than eight months	40.890.162	35.240.555
<b>Totals</b>	<b>122.256.500</b>	<b>152.465.104</b>

In accordance with IFRS 7 Financial Instruments, a detail of gross debt due by age is presented:

<b>Non-provisioned gross overdue debt</b>	<b>06-30-2020 Th\$</b>	<b>12-31-2019 Th\$</b>
less than three months	9.870.266	10.240.018
between three and six months	3.801.377	2.439.194
between six and eight months	5.988.106	1.128.956
<b>Totals</b>	<b>19.659.749</b>	<b>13.808.168</b>

The overdue debt is made up of all those amounts where the counterparty failed to make a payment when contractually due. In accordance with the Company's policy, no provision has been made for customers with balances less than 9 months old.

As of September 30, 2020 and December 31, 2019, the analysis of gross exposure of current commercial debtors and current and non-current collectables accounts, for the non-securitized, rescheduled and non-rescheduled portfolio, is as follows:



September 30, 2020						
Debtor tranche	Non-rescheduled portfolio		Rescheduled portfolio		Total gross portfolio	
Commercial	No of customers	Gross amount Th\$	No of customers	Gross amount Th\$	No of customers	Gross amount Th\$
To date	14.515	4.302.948	4	96	14.519	4.303.044
Between 1 and 30 days	979.200	53.927.040	210	12.241	979.410	53.939.281
Between 31 and 60 days	153.452	7.025.419	1.693	71.549	155.145	7.096.968
Between 61 and 90 days	43.033	2.144.394	3.596	191.615	46.629	2.336.009
Between 91 and 120 days	23.266	1.443.984	3.282	193.246	26.548	1.637.230
Between 121 and 150 days	18.219	1.428.242	3.564	308.943	21.783	1.737.185
Between 151 and 180 days	17.200	1.551.050	3.409	354.444	20.609	1.905.494
Between 181 and 210 days	23.376	2.906.751	3.317	421.453	26.693	3.328.204
Between 211 and 250 days	22.444	3.620.697	3.385	526.034	25.829	4.146.731
More than 251 days	67.373	21.124.887	28.893	16.394.595	96.266	37.519.482
<b>Total</b>	<b>1.362.078</b>	<b>99.475.411</b>	<b>51.353</b>	<b>18.474.216</b>	<b>1.413.431</b>	<b>117.949.628</b>

December 31, 2019						
Debtor tranche	Non-rescheduled portfolio		Rescheduled portfolio		Total gross portfolio	
Commercial	No of customer s	Gross amount Th\$	No of customer s	Gross amount Th\$	No of customer s	Gross amount Th\$
To date	42.140	6.317.555	6	194	42.146	6.317.749
Between 1 and 30 days	1.228.100	79.432.080	215	9.354	1.228.315	79.441.434
Between 31 and 60 days	232.125	12.309.276	2.903	88.523	235.028	12.397.799
Between 61 and 90 days	49.118	3.811.927	8.542	280.687	57.660	4.092.614
Between 91 and 120 days	17.071	2.181.312	5.692	244.503	22.763	2.425.815
Between 121 and 150 days	8.848	961.131	4.822	294.859	13.670	1.255.990
Between 151 and 180 days	5.486	1.515.934	3.737	296.042	9.223	1.811.976
Between 181 and 210 days	3.831	1.158.152	2.947	275.195	6.778	1.433.347
Between 211 and 250 days	2.739	885.437	2.583	278.550	5.322	1.163.987
More than 251 days	23.116	12.928.208	38.098	21.388.120	61.214	34.316.328
<b>Total</b>	<b>1.612.574</b>	<b>121.501.012</b>	<b>69.545</b>	<b>23.156.027</b>	<b>1.682.119</b>	<b>144.657.039</b>



As of September 30, 2020 and December 31, 2019, the analysis of protested and judicially collected documents receivable of the non-securitized portfolio is as follows:

Portfolio protested and in judicial collection	NON-SECURITIZED PORTFOLIO			
	Non-rescheduled portfolio 30-09-2020		Non-rescheduled portfolio 31-12-2019	
	No of	Portfolio amount	No of	Portfolio amount
	Customers	Th\$	Customers	Th\$
Protested documents receivables	27	43.615	12	19.944
Documents receivable in judicial collection	5	273.705	5	306.728
<b>Total</b>	<b>32</b>	<b>317.320</b>	<b>17</b>	<b>326.672</b>

As of June 30, 2020 and December 31, 2019, the analysis of credit risk is as follows

September 30, 2020				
Provision			Period punishment Th\$	Recovery of the period Th\$
Non-rescheduled portfolio Th\$	Rescheduled portfolio Th\$	Total Provision Th\$		
(19.747.466)	(18.474.216)	<b>(38.221.682)</b>	15.584	-

December 31, 2019				
Provision			Period punishment Th\$	Recovery of the period Th\$
Non-rescheduled portfolio Th\$	Rescheduled portfolio Th\$	Total Provision Th\$		
(9.119.916)	(23.156.029)	<b>(32.275.945)</b>	6.483.023	-

## Note 6. INFORMATION TO BE DISCLOSED ABOUT RELATED ENTITIES

### Balances and transactions with related entities

Transactions between the Company and its Subsidiaries are carried out on an arm's length basis. These transactions have been eliminated on consolidation and are not disclosed in this note.

### Accounts receivable from related entities

Accounts receivable from related entities originate in Chile, the currency of the transactions is in pesos, the maturities are 30 days and do not have guarantees.

Tax ID related company	Related company name	Nature of relationship	Nature of transactions with related parties	30-09-2020 Th\$	31-12-2019 Th\$
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal Ltda.	Related to the Controller	Laboratory analysis and sampling services	5.378	6.141
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the Controller	Laboratory analysis and sampling services	13.744	-
65.113.732-2	Corporación Chilena de Investigación del Agua SpA.	Related to the Controller	Laboratory analysis and sampling services	-	86
65.113.732-2	Corporación Chilena de Investigación del Agua SpA.	Related to the Controller	Office lease	2.900	-
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Related to the Controller	Sales of materials	237	18.681
77.274.820-5	Inversiones Aguas Metropolitanas S.A.	Controler	Office lease	421	416
<b>Totals</b>				<b>22.680</b>	<b>25.324</b>





## Accounts payable to related entities

Accounts payable to related entities originate in Chile, the currency of the transactions is in pesos.

Tax ID related company	Related company name	Nature of relationship	Nature of transactions with related parties	30-09-2020	31-12-2019
				Th\$	Th\$
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the Controller	Proyecto Actualización Centro de Control Operativo CCO 2.0	441.050	586.835
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the Controller	Plataforma SCADA	-	5.979
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the Controller	Planta Arsénico San Antonio	-	249.326
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the Controller	Planta Chamisero	-	350.000
76.746.454-1	Suez Biofactoría Andina Spa.	Related to the Controller	Plan de adecuación a biofactoría de la planta de tratamiento La Farfana	5.527.932	4.564.482
76.746.454-1	Suez Biofactoría Andina Spa.	Related to the Controller	Remoción de nitrógeno y plan de adecuación a biofactoría de la planta de tratamiento Mapocho-Trebal	9.802.644	10.575.060
65.113.732-2	Corporación Chilena de Investigación del Agua SpA.	Related to the Controller	Estudios y Consultorías	653.382	270.081
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Related to the Controller	Compra de materiales	3.876	36.268
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Related to the Controller	Plataforma virtual , Siebel	83.287	81.579
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Related to the Controller	Servicio de consultoría mantención evolutiva	203.568	701.861
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Related to the Controller	Contrato de servicio de reingeniería de procesos e implantación de nuevos sistemas de información para servicio al cliente	19.347	141.217
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal Ltda.	Related to the Controller	Rehabilitación de Digestores Planta de Aguas Servidas Mapocho - Trebal	720.569	787.428
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal Ltda.	Related to the Controller	Operación planta purificadora Biogás La Farfana, control seguimiento de costos de energía eléctrica	103.429	59.739
Sin Rut	Aqua Development Network S.A.	Related to the Controller	Contrato gestión talento integrado	-	28.197
77.274.820-5	Inversiones Aguas Metropolitanas S.A.	Controller	Dividendos por pagar	-	22.262.210
96.817.230-1	EPSA Eléctrica Puntilla S.A.	Common Director	Compra electricidad	-	11.552
96.817.230-1	EPSA Eléctrica Puntilla S.A.	Common Director	Compra de agua	84.218	226.250
70.009.410-3	Asociación canalistas sociedad del canal del Maipo	Common Director	Compra de agua	-	92.640
<b>Totales</b>				<b>17.643.302</b>	<b>41.030.704</b>



## Transactions with related entities

The transactions with related entities originate in Chile, the currency of the transactions is in pesos.

Tax ID related company	Related company name	Nature of relationship	Country of origin	Nature of transactions with related parties	M\$		M\$		M\$		M\$	
					30-09-2020		30-09-2019		01-07-2020 30-09-2020		01-07-2019 30-09-2019	
					Amount	Effects on Result (Charge) / Credit	Amount	Effects on Result (Charge) / Credit	Amount	Effects on Result (Charge) / Credit	Amount	Effects on Result (Charge) / Credit
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Relacionada al Controlador	Compra de materiales	CLP	563.764	(184.101)	638.262	(639.063)	213.039	(70.200)	114.482	(212.0)
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Relacionada al Controlador	Venta de materiales	CLP	6.978	5.864	157.142	132.052	671	564	35.760	30.0
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Relacionada al Controlador	Mantenimiento plataforma virtual Siebel y Aquacis, consultoría y mantenimiento evolutiva y Licencias Aquacis	CLP	2.108.824	(910.081)	670.534	(770.236)	998.080	(229.079)	(374.492)	(163.8)
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal Ltda.	Relacionada al Controlador	Rehabilitación de Digestores	CLP	1.860.683	-	1.212.318	-	12.896	-	104.435	-
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal Ltda.	Relacionada al Controlador	Servicios de operación y mantenimiento Planta Biogás	CLP	137.622	(128.615)	154.469	(140.654)	47.046	(47.047)	65.645	(61.9)
77.441.870-9	Suez Medioambiente Chile S.A.	Relacionada al Controlador	Proyecto Actualización Centro de Control Operativo CCO 2.0 y detección de Fuga con gas Trazador	CLP	2.584.140	(768.388)	1.596.168	(101.735)	626.514	(236.298)	491.848	319.0
77.441.870-9	Suez Medioambiente Chile S.A.	Relacionada al controlador	Construcción de Planta Chamisero (canal Batuco)	CLP	423.118	-	163.531	-	(0)	-	0	-
77.441.870-9	Suez Medioambiente Chile S.A.	Relacionada al controlador	Construcción de Planta de Arsénico San Antonio	CLP	146.296	-	-	-	87.405	-	-	-
77.441.870-9	Suez Medioambiente Chile S.A.	Relacionada al controlador	Puesta en marcha, explotación y mantenimiento integral de la micro sectorización	CLP	-	-	412.785	-	-	-	(355.311)	84.0

					M\$	M\$	M\$	M\$
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Tax ID related company	Related company name	Nature of relationship	Nature of transactions with related parties	Currency	30-09-2020		30-09-2019		01-07-2020 30-09-2020		01-07-2019 30-09-2019	
					Monto	Efectos en Resultado (Cargo)/Abono	Monto	Efectos en Resultado (Cargo)/Abono	Monto	Efectos en Resultado (Cargo)/Abono	Monto	Efectos en Resultado (Cargo)/Abono
Sin Rut	Aqua Development Network S.A.	Related to the Controlled	Proyecto de Gestión del Talento	CLP	-	-	271.112	(271.112)	-	-	(10.191)	10.
96.817.230-1	EPSA Eléctrica Puntilla S.A.	Director Común	Compra de agua y energía eléctrica	CLP	2.966.787	(2.493.099)	1.053.641	(885.412)	1.258.721	(1.057.749)	885.026	(743.
76.746.454-1	Suez Biofactoría Andina spa.	Related to the Controlled	Operación, mantenimiento y adecuación de planta de tratamiento de Biofactoría.	CLP	37.144.216	(19.934.875)	41.719.926	(20.819.819)	13.881.222	(6.271.204)	11.773.431	(6.776.
70.009.410-3	Asociación Canalistas Sociedad del Canal del Maipo	Common Director	Compra de Agua	CLP	1.091.257	(917.022)	359.448	190.780	360.472	(302.918)	359.448	190.
70.009.410-3	Asociación de Canalistas del Canal del Maipo	Common director	Arriendo derechos de agua Canal Batuco	CLP	74.948	(62.981)	-	-	-	-	(132.420)	
65.113.732-2	Corporación Chilena de Investigación del Agua	Related to the Controlled	Estudio sobre modelos de gestión de infraestructuras hidráulicas urbanas resilientes en relación con los riesgos hidrológicos y geológicos, valorización lodos	CLP	720.992	(720.992)	573.095	(573.095)	193.077	(193.077)	383.783	(383.
77.274.820-5	Inversiones Aguas Metropolitanas S.A.	Controller	Dividendos pagados	CLP	22.262.210	-	66.561.303	-	-	-	-	

El criterio de materialidad para informar las transacciones con entidades relacionadas es de montos superiores a M\$75.000 acumulados.

ompensation paid to directors of Aguas Andinas S.A. and Subsidiaries and directors' committee

	30-09-2020 Th\$	30-09-2019 Th\$	01-07-2020 30-09-2020 Th\$	01-07-2019 30-09-2019 Th\$
Board of Directors	315.415	260.974	105.773	45.458
Directors Committee	49.380	38.336	17.069	14.417
	<b>364.795</b>	<b>299.310</b>	<b>122.842</b>	<b>59.875</b>

They correspond only to fees associated with their functions as defined and agreed at the Ordinary Shareholders' Meeting.

#### Details of related entities and transactions with related entities between Directors and Executives

The Company's management is not aware of the existence of transactions between related parties and directors and/or executives, other than their allowances and compensation.



## Note 7. INVENTORIES

The detail by type of inventory as of September 30, 2020 and December 31, 2019 is as follows:

<b>Inventory classes</b>	<b>30-09-2020 Th\$</b>	<b>31-12-2019 Th\$</b>
Merchandise	2.118.556	1.629.763
Supplies for production	2.209.758	1.871.849
Other inventories	553.452	437.964
Obsolescence estimation	(128.977)	(128.977)
<b>Totals</b>	<b>4.752.789</b>	<b>3.810.599</b>

The cost of inventories recognized as an expense in the income statement as of September 30, 2020 and 2019 amounts to ThCh \$ 9,206,494 and ThCh \$ 8,889,648, respectively.

Additionally, an inventory impairment estimate is presented that includes amounts related to obsolescence derived from low turnover, obsolescence due to damage and / or its market price is greater than 20%. The movement of the aforementioned estimate is as follows:

<b>Obsolescence estimation movement</b>	<b>30-09-2020 Th\$</b>	<b>31-12-2019 Th\$</b>
Beginning balance	(128.977)	(99.268)
Provision for price	-	(2.294)
Provision of obsolescence	-	(87.959)
Provision for damage	-	(38.724)
Reverse provision	-	99.268
<b>Totals</b>	<b>(128.977)</b>	<b>(128.977)</b>



## Note 8. NON-CURRENT ASSETS HELD FOR SALE

Non-current assets or groups of assets for disposal classified as held for sale	30-09-2020 Th\$
Land	80.974
<b>Property, plant and equipment:</b>	<b>80.974</b>
Capital gain Iberaguas Ltda.	2.066.631
Capital gain ESSAL S.A.	343.332
<b>Total capital gains from company sale plan</b>	<b>2.409.963</b>
Assets of Iberaguas Ltda. And ESSAL S.A.	253.729.915
<b>Total assets per company sale plan</b>	<b>253.729.915</b>
<b>Total non-current assets or groups of assets for disposal classified as held for sale</b>	<b>256.220.852</b>

(1) Includes the allocation at market value of the assets and liabilities originated in the purchase of the Companies, at the time of the business combination.

As of September 30, 2020, the company classified lands by Th\$80,974 as held for sale according to established in IFRS 5. The company has started actively a sale plan for lands located in different communes of Metropolitan Region. That transaction is expected to take place within next 12 months.

Additionally, on September 11, 2020, the Company reached a full agreement with the Canadian-based company Algonquin Power & Utilities Corp. ("APUC") for the sale of 100% of the direct and indirect participation that Aguas Andinas S.A. has in the subsidiary ESSAL S.A.

For the purposes of carrying out the operation, APUC will launch a public offer for the acquisition of shares ("OPA") for the total number of ESSAL shares.

During the term of the tender offer, Aguas Andinas S.A. It will concur to the OPA accepting the sale of its direct participation in ESSAL, which amounted to 2.5065% of the total issued shares, but it did not concur regarding its indirect participation through Inversiones Iberaguas Limitada ("Iberaguas"), corresponding 51% of the shares, given that, prior to the expiration of the tender offer, it sold to APUC all of its rights in Iberaguas, including those of its subsidiary Aguas Cordillera SA

As of September 30, 2020, having met the requirements established in IFRS 5, "Non-current assets available for sale", the aforementioned Companies were classified as a disposal group held for sale and as a discontinued operation.

The following is a summary of the assets available for sale:

The main classes of assets and liabilities of Iberaguas Ltda. And ESSAL S.A. (1) classified as held for sale as of September 30, 2020 are the following:

ACTIVOS	30-09-2020 M\$
<b>ACTIVOS CORRIENTES</b>	
Efectivo y equivalentes al efectivo	3.930.205
Otros activos no financieros	1.700.827
Deudores comerciales y otras cuentas por cobrar	18.716.254
Inventarios	392.822
Activos por impuestos	3.647.783
<b>Total activos corrientes</b>	<b>28.387.891</b>
<b>ACTIVOS NO CORRIENTES</b>	



Otros activos financieros	17.517
Derechos por cobrar	182.349
Activos intangibles distintos de la plusvalía	6.674.358
Propiedades, planta y equipo	218.039.549
Activos por derecho de uso	428.251
<b>Total activos no corrientes</b>	<b>225.342.024</b>
<b>Total de activos por plan de venta de sociedades</b>	<b>253.729.915</b>

<b>PATRIMONIO Y PASIVOS</b>	<b>30-09-2020 M\$</b>
<b>PASIVOS CORRIENTES</b>	
Otros pasivos financieros	12.075.927
Pasivos por arrendamientos	251.926
Cuentas comerciales y otras cuentas por pagar	9.803.038
Cuentas por pagar a entidades relacionadas	13.870
Otras provisiones	2.424.250
Pasivos por impuestos	885.893
Provisiones por beneficios a los empleados	349.604
Otros pasivos no financieros	767.857
<b>Total pasivos corrientes</b>	<b>26.572.365</b>
<b>PASIVOS NO CORRIENTES</b>	
Otros pasivos financieros	101.455.971
Pasivos por arrendamientos	179.815
Otras cuentas por pagar	48.786
Pasivo por impuestos diferidos	28.095.470
Provisiones por beneficios a los empleados	769.835
<b>Total pasivos no corrientes</b>	<b>130.549.877</b>
<b>Total de pasivos por plan de venta de sociedades</b>	<b>157.122.242</b>

<b>Participaciones no controladoras de activos por plan de venta de sociedades</b>	<b>44.671.782</b>
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The income statements by nature of Iberaguas Ltda. And ESSAI (1) S.A. as of September 30, 2020 and 2019, with their respective quarters are presented below:

<b>ESTADOS DE RESULTADOS POR NATURALEZA</b>	<b>30-09-2020 M\$</b>	<b>30-09-2019 M\$</b>	<b>01-07-2020 30-09-2020 M\$</b>	<b>01-07-2019 30-09-2019 M\$</b>
Ingresos de actividades ordinarias	47.298.245	44.421.727	14.413.677	14.171.771
Materias primas y consumibles utilizados	(7.256.365)	(6.212.774)	(2.482.924)	(2.084.154)
Gastos por beneficios a los empleados	(7.824.215)	(6.696.156)	(2.719.826)	(2.152.731)
Gastos por depreciación y amortización	(8.925.878)	(9.433.688)	(3.009.215)	(3.012.752)
Otros gastos, por naturaleza	(14.719.326)	(19.706.209)	(5.525.477)	(11.982.024)
Otras (pérdidas) ganancias	512.818	(78.745)	(59.635)	(95.402)
<b>Ganancias (pérdidas) de actividades operacionales</b>	<b>9.085.279</b>	<b>2.294.155</b>	<b>616.600</b>	<b>(5.155.292)</b>
Ingresos financieros	230.761	429.148	68.548	136.364
Costos financieros	(2.528.959)	(2.588.185)	(877.838)	(893.165)
Resultados por unidades de reajuste	(1.111.627)	(1.297.145)	(33.671)	(403.812)
<b>Ganancia (pérdida) antes de impuestos</b>	<b>5.675.454</b>	<b>(1.162.027)</b>	<b>(226.361)</b>	<b>(6.315.905)</b>
(Gasto) ingreso por impuestos a las ganancias	(1.328.853)	(591.908)	124.973	680.178



<b>Ganancia (pérdida) procedente de operaciones discontinuadas</b>	<b>4.346.601</b>	<b>(1.753.935)</b>	<b>(101.388)</b>	<b>(5.635.727)</b>
<b>Ganancia (pérdida) atribuible a participaciones no controladoras de operaciones discontinuadas</b>	<b>1.672.121</b>	<b>(1.317.211)</b>	<b>(155.406)</b>	<b>(2.905.507)</b>

The net cash flows incurred by Iberaguas Ltda. And ESSAL S.A. are as follows:

<b>ESTADOS DE FLUJOS DE EFECTIVO</b>	<b>30-09-2020</b>	<b>30-09-2019</b>
	<b>M\$</b>	<b>M\$</b>
Cobros procedentes de las ventas de bienes y prestación de servicios	49.895.883	51.744.825
Cobros procedentes de primas y prestaciones, anualidades y otros beneficios de pólizas suscritas	1.913.692	551.665
Otros cobros por actividades de operación	-	150.000
Pagos a proveedores por el suministro de bienes y servicios	(30.307.009)	(24.770.265)
Pagos a y por cuenta de los empleados	(9.875.638)	(7.564.213)
Otros pagos por actividades de operación	(3.704.911)	(6.800.646)
Impuestos a las ganancias pagados (reembolsados)	(32.731)	(31.445)
<b>Flujos de efectivo procedentes de (utilizados en) actividades de operación</b>	<b>7.889.286</b>	<b>13.279.921</b>
Compras de propiedades, planta y equipo	(15.553.501)	(14.339.525)
<b>Flujos de efectivo procedentes de (utilizados en) actividades de inversión</b>	<b>(15.553.501)</b>	<b>(14.339.525)</b>
Importes procedentes de préstamos de largo plazo	554.583	630.727
Importes procedentes de préstamos de corto plazo	12.909.796	12.504.268
Reembolsos de préstamos	(2.989.948)	(3.122.065)
Dividendos pagados	-	(10.819.546)
<b>Flujos de efectivo procedentes de (utilizados en) actividades de financiación</b>	<b>10.474.431</b>	<b>(806.616)</b>
<b>Incremento (disminución) neto de efectivo y equivalentes al efectivo</b>	<b>2.810.216</b>	<b>(1.866.220)</b>
Efectivo y equivalentes al efectivo al principio del periodo	1.119.989	2.131.795
<b>Efectivo y equivalentes al efectivo al final del periodo</b>	<b>3.930.205</b>	<b>265.575</b>



## Note 9. OTHER FINANCIAL ASSETS

### 9.1 Current

As of September 30, 2020, and in accordance with the provisions of the respective contracts, an advance payment of ThCh \$ 5,219,587 was delivered to the Paying Bank and Representative of the Bondholders, corresponding to the amounts available for the payment of the interest and amortization of the bonds, which became effective on October 1, 2020.

### 9.2 Non-current

Corresponds mainly to the acquisition of shares in Sociedad Eléctrica Puntilla S.A. (EPSA), for a value of ThCh \$ 7,895,863 and ThCh \$ 7,835,395 as of September 30, 2020 and December 31, 2019 respectively (note 2.2 letter H, iii), over which the Group has no control or significant influence. Additionally, there are other investments for ThCh \$ 17,517 in the 2019 period.

Associated with this acquisition an obligation is maintained with the Asociación Sociedad de Canalistas del Maipo, referring to the commitment not to transfer the water rights in force on the contract date for an amount of ThCh \$ 7,355,177 and ThCh \$ 7,294,709 as of September 30 2020 and December 31, 2019 respectively.

## Note 10. INTANGIBLE ASSETS OTHER THAN GOODWILL

Below is the required information regarding the Company's intangible assets, according to IAS 38 Intangible Assets:

Intangible assets other than goodwill	30-09-2020 Th\$	31-12-2019 Th\$
Trademarks, gross	15.933	15.933
Computer programs, gross	51.079.606	52.879.096
Other intangible assets, gross	225.958.035	231.888.852
<b>Intangible assets, gross</b>	<b>277.053.574</b>	<b>284.783.881</b>
Computer programs, accumulated depreciation	(47.480.641)	(47.868.188)
Other intangible assets, accumulated amortization	(13.058.010)	(13.128.953)
<b>Intangible assets, accumulated amortization</b>	<b>(60.538.651)</b>	<b>(60.997.141)</b>
Trademarks, net	15.933	15.933
Computer programs, net	3.598.965	5.010.908
Other intangible assets, net	212.900.025	218.759.899
<b>Intangible assets, net</b>	<b>216.514.923</b>	<b>223.786.740</b>

\* Corresponds to water rights, easements and others.





## Movements in intangible assets as of September 30, 2020

Movements in intangible assets	Trademarks, net	Computer programs, net	Other Intangible Assets, net	Total
	Th\$	Th\$	Th\$	Th\$
<b>Initial balance</b>	<b>15.933</b>	<b>5.010.908</b>	<b>218.759.899</b>	<b>223.786.740</b>
Amortization	-	(1.940.540)	(140.412)	(2.080.952)
<b>Total amortization</b>	<b>-</b>	<b>(1.940.540)</b>	<b>(140.412)</b>	<b>(2.080.952)</b>
Increases (decreases) by transfers	-	744.747	(18.833)	725.914
Increases (decreases) due to other changes	-	(23.394)	886.265	862.871
<b>Total increases (decreases) due to transfers and other changes</b>	<b>-</b>	<b>721.353</b>	<b>867.432</b>	<b>1.588.785</b>
<b>Held for sale</b>	<b>-</b>	<b>(192.756)</b>	<b>(6.584.760)</b>	<b>(6.777.516)</b>
Disposals and withdrawals of service	-	-	(2.134)	(2.134)
<b>Total disposals and withdrawals of service</b>	<b>-</b>	<b>(192.756)</b>	<b>(6.586.894)</b>	<b>(6.779.650)</b>
<b>Changes, Total</b>	<b>-</b>	<b>(1.411.943)</b>	<b>(5.859.874)</b>	<b>(7.271.817)</b>
<b>Closing balance</b>	<b>15.933</b>	<b>3.598.965</b>	<b>212.900.025</b>	<b>216.514.923</b>

## Movements in intangible assets as of December 31, 2019

Movements in intangible assets	Trademarks, net	Computer programs, net	Other Intangible Assets, net	Total
	Th\$	Th\$	Th\$	Th\$
<b>Initial balance</b>	<b>15.933</b>	<b>5.700.799</b>	<b>219.147.692</b>	<b>224.864.424</b>
Amortization	-	(2.851.203)	(187.215)	(3.038.418)
<b>Total amortization</b>	<b>-</b>	<b>(2.851.203)</b>	<b>(187.215)</b>	<b>(3.038.418)</b>
Increases (decreases) by transfers	-	1.293.583	(133.582)	1.160.001
Increases (decreases) due to other changes	-	867.729	116.320	984.049
<b>Total increases (decreases) due to transfers and other changes</b>	<b>-</b>	<b>2.161.312</b>	<b>(17.262)</b>	<b>2.144.050</b>
Disposals and withdrawals of service	-	-	(183.316)	(183.316)
<b>Total disposals and withdrawals of service</b>	<b>-</b>	<b>-</b>	<b>(183.316)</b>	<b>(183.316)</b>
<b>Changes, Total</b>	<b>-</b>	<b>(689.891)</b>	<b>(387.793)</b>	<b>(1.077.684)</b>
<b>Closing balance</b>	<b>15.933</b>	<b>5.010.908</b>	<b>218.759.899</b>	<b>223.786.740</b>

## Detailed disclosure of intangible assets (gross value)

### Current period: September 30, 2020

Movements in intangible assets	Trademarks, gross	Computer programs, gross	Other Intangible Assets, gross	Total
	Th\$	Th\$	Th\$	Th\$
<b>Initial balance</b>	<b>15.933</b>	<b>52.879.096</b>	<b>231.888.852</b>	<b>284.783.881</b>
Increases (decreases) by transfers	-	744.747	(18.833)	725.914
Increases (decreases) due to other changes	-	(23.167)	886.265	863.098
<b>Total increases (decreases) due to transfers and other changes</b>	<b>-</b>	<b>721.580</b>	<b>867.432</b>	<b>1.589.012</b>
Held for sale	-	(2.521.070)	(6.796.115)	(9.317.185)
Disposals and withdrawals of service	-	-	(2.134)	(2.134)
<b>Total disposals and withdrawals of service</b>	<b>-</b>	<b>(2.521.070)</b>	<b>(6.798.249)</b>	<b>(9.319.319)</b>
<b>Changes, Total</b>	<b>-</b>	<b>(1.799.490)</b>	<b>(5.930.817)</b>	<b>(7.730.307)</b>
<b>Closing balance</b>	<b>15.933</b>	<b>51.079.606</b>	<b>225.958.035</b>	<b>277.053.574</b>



Previous period: December 31, 2019

Movements in intangible assets	Trademarks, gross	Computer programs, gross	Other Intangible Assets, gross	Total
	Th\$	Th\$	Th\$	Th\$
<b>Initial balance</b>	<b>15,933</b>	<b>50,717,784</b>	<b>232,089,430</b>	<b>282,823,147</b>
Increases (decreases) by transfers	-	1,293,583	(133,582)	1,160,001
Increases (decreases) due to other changes	-	867,729	116,320	984,049
<b>Total increases (decreases) due to transfers and other changes</b>	<b>-</b>	<b>2,161,312</b>	<b>(17,262)</b>	<b>2,144,050</b>
Disposals and withdrawals of service	-	-	(183,316)	(183,316)
<b>Total disposals and withdrawals of service</b>	<b>-</b>	<b>-</b>	<b>(183,316)</b>	<b>(183,316)</b>
<b>Changes, Total</b>	<b>-</b>	<b>2,161,312</b>	<b>(200,578)</b>	<b>1,960,734</b>
<b>Closing balance</b>	<b>15,933</b>	<b>52,879,096</b>	<b>231,888,852</b>	<b>284,783,881</b>

Detailed disclosure of intangible assets (accumulated amortization)

Current period: September 30, 2020

Movements in intangible assets	Trademarks, accumulated depreciation	Computer programs, accumulated depreciation	Other Intangible Assets, accumulated depreciation	Total
	Th\$	Th\$	Th\$	Th\$
<b>Initial balance</b>	<b>-</b>	<b>(47.868.188)</b>	<b>(13.128.953)</b>	<b>(60.997.141)</b>
Amortization	-	(1.940.540)	(140.412)	(2.080.952)
<b>Total amortization</b>	<b>-</b>	<b>(1.940.540)</b>	<b>(140.412)</b>	<b>(2.080.952)</b>
Increases (decreases) due to other changes	-	(227)	-	(227)
<b>Total increases (decreases) due to transfers and other changes</b>	<b>-</b>	<b>(227)</b>	<b>-</b>	<b>(227)</b>
Held for sale	-	2.328.314	211.355	2.539.669
<b>Total disposals and withdrawals of service</b>	<b>-</b>	<b>2.328.314</b>	<b>211.355</b>	<b>2.539.669</b>
<b>Changes, Total</b>	<b>-</b>	<b>387.547</b>	<b>70.943</b>	<b>458.490</b>
<b>Closing balance</b>	<b>-</b>	<b>(47.480.641)</b>	<b>(13.058.010)</b>	<b>(60.538.651)</b>



Previous period: December 31, 2019

Movements in intangible assets	Trademarks, accumulated depreciation	Computer programs, accumulated depreciation	Other Intangible Assets, accumulated depreciation	Total
	Th\$	Th\$	Th\$	Th\$
Initial balance	-	(45,016,985)	(12,941,738)	(57,958,723)
Amortization	-	(2,851,203)	(187,215)	(3,038,418)
<b>Total amortization</b>	-	<b>(2,851,203)</b>	<b>(187,215)</b>	<b>(3,038,418)</b>
Increases (decreases) by transfers	-	-	-	-
Increases (decreases) due to other changes	-	-	-	-
<b>Total increases (decreases) due to transfers and other changes</b>	-	-	-	-
Disposals and withdrawals of service	-	-	-	-
<b>Total disposals and withdrawals of service</b>	-	-	-	-
<b>Changes, Total</b>	-	<b>(2,851,203)</b>	<b>(187,215)</b>	<b>(3,038,418)</b>
<b>Closing balance</b>	-	<b>(47,868,188)</b>	<b>(13,128,953)</b>	<b>(60,997,141)</b>

#### Details of significant individual intangible assets (other):

Water rights and easements are the main intangible assets with an indefinite useful life and the breakdown by company is as follows:

Company	30-09-2020			31-12-2019		
	Water rights	Easement	Others	Water rights	Easement	Others
	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$
Aguas Andinas S.A.	77.072.254	8.671.830	4.246.328	76.459.202	8.422.025	4.387.051
Aguas Cordillera S.A.	92.745.249	7.761.932	-	92.745.249	7.761.932	-
Aguas Manquehue S.A.	21.928.667	866.673	-	21.925.915	866.673	-
Essal S.A.	-	-	-	5.422.410	1.162.350	-
Aguas del Maipo S.A.	13.700	-	-	13.700	-	-
Ecoriles S.A.	13.700	-	-	13.700	-	-
Gestión y Servicios S.A.	13.700	-	-	13.700	-	-
Análisis Ambientales S.A.	13.700	-	-	13.700	-	-
Ajustes de Consolidación	(333.913)	(113.795)	-	(333.913)	(113.795)	-
<b>Totals</b>	<b>191.467.057</b>	<b>17.186.640</b>	<b>4.246.328</b>	<b>196.273.663</b>	<b>18.099.185</b>	<b>4.387.051</b>

Intangible assets with indefinite life



Both water rights and easements are rights held by the Company for which it is not possible to establish a finite useful life, i.e. the terms of the economic benefits associated with these assets are indefinite. Both assets constitute legal rights that are not extinguished and are not subject to restrictions.

### Commitments for the acquisition of intangible assets

The commitments for the acquisition of intangible assets for 2020 relate to water rights, easements and software required for the normal operation of the Group companies and, in particular, for the new projects under development or in the preliminary study stages, as well as the extension of the concession areas, which are presented below:

Company	Th\$
Aguas Andinas S.A.	1.411.136
<b>Total</b>	<b>1.411.136</b>

### Note 11. GOODWILL

The following is a detail of the capital gain for the various Cash Generating Units (CGUs) or group of CGUs to which it is assigned as of September 30, 2020 and December 31, 2019:

Tax ID	Company	30-09-2020 Th\$	31-12-2019 Th\$
96.809.310-K	Aguas Cordillera S.A.	33.823.049	33.823.049
95.579.800-5	Empresa de Servicios Sanitarios de Los Lagos S.A.	-	343.332
96.897.320-7	Inversiones Iberaguas Ltda. (*)	-	2.066.631
<b>Total</b>		<b>33.823.049</b>	<b>36.233.012</b>

(\*) As of September 30, 2020, the Capital Gains of Inversiones Iberaguas Ltda. And ESSAL S.A. are presented. as non-current assets held for sale, see Note 8.



## Note 12. PROPERTY, PLANT AND EQUIPMENT

The balances of property, plant and equipment as of September 30, 2020 and March 31, 2019 are as follows:

Properties, plant and equipment	Gross values		Accumulated Depreciation		Net values	
	30-09-2020	31-12-2019	30-09-2020	31-12-2019	30-09-2020	31-12-2019
	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$
Land	350.656.500	155.968.467	-	-	350.656.500	155.968.467
Buildings	80.654.294	116.130.335	(21.290.360)	(37.621.456)	59.363.934	78.508.879
Subtotal land and buildings	<b>431.310.794</b>	<b>272.098.802</b>	<b>(21.290.360)</b>	<b>(37.621.456)</b>	<b>410.020.434</b>	<b>234.477.346</b>
Complementary works	42.770.181	46.084.005	(20.196.328)	(23.777.452)	22.573.853	22.306.553
Production facilities	377.898.499	354.410.675	(150.586.574)	(161.973.691)	227.311.925	192.436.984
Drinking water networks	493.181.582	542.162.844	(311.288.863)	(330.487.121)	181.892.719	211.675.723
Sewer networks	473.836.423	548.997.867	(261.590.883)	(298.268.788)	212.245.540	250.729.079
Wastewater treatment plants	216.755.115	236.840.131	(65.568.671)	(70.523.874)	151.186.444	166.316.257
Other facilities	156.278.107	168.257.935	(106.385.388)	(117.409.635)	49.892.719	50.848.300
Goods out of operation	1.862.554	1.861.200	(1.652.585)	(1.646.946)	209.969	214.254
Subtotal other properties, plant and equipment	<b>1.762.582.461</b>	<b>1.898.614.657</b>	<b>(917.269.292)</b>	<b>(1.004.087.507)</b>	<b>845.313.169</b>	<b>894.527.150</b>
Machinery	375.432.393	415.747.609	(263.941.448)	(288.474.760)	111.490.945	127.272.849
Transportation equipment	4.745.456	5.450.565	(4.268.756)	(4.566.416)	476.700	884.149
Appliances and accessories	6.114.657	6.328.520	(4.885.551)	(4.954.789)	1.229.106	1.373.731
Computer equipment	13.745.028	14.739.458	(12.604.791)	(13.120.492)	1.140.237	1.618.966
Leasehold rights improvements	759.124	821.872	(611.581)	(636.684)	147.543	185.188
Constructions in process	158.309.916	235.318.938	-	-	158.309.916	235.318.938
<b>Totals</b>	<b>2.752.999.829</b>	<b>2.849.120.421</b>	<b>(1.224.871.779)</b>	<b>(1.353.462.104)</b>	<b>1.528.128.050</b>	<b>1.495.658.317</b>



Below is information on the main holdings of the Group companies.

	30-09-2020	Aguas Andinas S.A.	Aguas Cordillera S.A.	Aguas Manquehue S.A.	Others
Properties, plant and equipment, net	Th\$	%	%	%	%
Land	350.656.500	84%	14%	2%	0%
Buildings	59.363.934	83%	8%	6%	4%
Machinery	22.573.853	87%	7%	5%	1%
Transportation equipment	227.311.925	75%	12%	14%	0%
Appliances and accessories	181.892.719	79%	18%	3%	0%
Computer equipment	212.245.540	93%	2%	5%	0%
Leasehold rights improvements	151.186.444	99%	0%	0%	1%
Constructions in process	49.892.719	82%	7%	9%	3%
Complementary works	209.969	28%	72%	0%	0%
Production facilities	111.490.945	82%	9%	7%	3%
Drinking water networks	476.700	99%	0%	0%	1%
Sewer networks	1.229.106	78%	3%	1%	17%
Wastewater treatment plants	1.140.237	96%	1%	0%	3%
Other facilities	147.543	85%	0%	0%	15%
Goods out of operation	158.309.916	85%	13%	1%	0%
<b>Totales</b>	<b>1.528.128.050</b>	<b>85%</b>	<b>9%</b>	<b>5%</b>	<b>1%</b>



In accordance with IAS 16 paragraph 79 letter d, the Group presents information regarding the fair value of its main assets:

<b>Assets classes</b>	<b>Cost 30-09-2020 Th\$</b>	<b>Fair Value 30-09-2020 Th\$</b>
Land	350.656.500	350.656.500
Buildings	59.363.934	79.162.436
Additional works	22.573.853	35.267.275
Production facilities	227.311.925	321.167.104
Drinking water networks	181.892.719	327.003.489
Sewer networks	212.245.540	320.948.323
Wastewater treatment plants	151.186.444	163.189.866
Other facilities	49.892.719	52.781.434
Machinery and equipment	111.490.945	114.116.036
<b>Totals</b>	<b>1.366.614.579</b>	<b>1.764.292.462</b>

#### **Reconciliation of changes in property, plant and equipment by class**

As noted in IAS 16 paragraph 73, information is provided for each class of property, plant and equipment of the entity.



**Movements in property, plant and equipment as of September 30, 2020 (net value)**

	Initial Balance	Increases (decreases) by transfers from constructions in process	Increases (decreases) due to other changes	Subtotal increases (decreases) for transfers and other changes	Depreciation	Dispositions and withdrawals of service	Subtotal depreciation, disposals and withdrawals	Closing balance
	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$
	155.968.467	314	211.946.626	211.946.940	-	(17.258.907)	-	(17.258.907)
	78.508.879	4.352.281	(460.142)	3.892.139	(971.764)	(22.065.320)	-	(23.037.084)
	<b>234.477.346</b>	<b>4.352.595</b>	<b>211.486.484</b>	<b>215.839.079</b>	<b>(971.764)</b>	<b>(39.324.227)</b>	-	<b>(40.295.991)</b>
	22.306.553	4.150.247	330.694	4.480.941	(1.009.871)	(3.203.681)	(89)	(4.213.641)
	192.436.984	56.231.228	6.172.242	62.403.470	(4.650.290)	(22.878.239)	-	(27.528.529)
	211.675.723	10.525.353	6.943.282	17.468.635	(5.071.789)	(42.179.850)	-	(47.251.639)
	250.729.079	8.092.628	2.650.899	10.743.527	(7.359.161)	(41.867.905)	-	(49.227.066)
	166.316.257	7.510.539	(4.456.061)	3.054.478	(3.543.931)	(14.640.360)	-	(18.184.291)
	50.848.300	10.496.873	311	10.497.184	(5.925.217)	(5.527.548)	-	(11.452.765)
	214.254	586	768	1.354	(5.639)	-	-	(5.639)
	<b>894.527.150</b>	<b>97.007.454</b>	<b>11.642.135</b>	<b>108.649.589</b>	<b>(27.565.898)</b>	<b>(130.297.583)</b>	<b>(89)</b>	<b>(157.863.570)</b>
	127.272.849	22.107.613	(226.277)	21.881.336	(16.825.880)	(20.837.037)	(323)	(37.663.240)
	884.149	81.115	(48.944)	32.171	(242.201)	(197.419)	-	(439.620)
	1.373.731	145.304	42.569	187.873	(157.895)	(174.603)	-	(332.498)
	1.618.966	1.242.559	(435.251)	807.308	(746.040)	(539.997)	-	(1.286.037)
	185.188	-	-	-	(37.647)	-	2	(37.645)
	235.318.938	(125.662.553)	82.004.995	(43.657.558)	-	(33.335.954)	(15.510)	(33.351.464)
	<b>1.495.658.317</b>	<b>(725.913)</b>	<b>304.465.711</b>	<b>303.739.798</b>	<b>(46.547.325)</b>	<b>(224.706.820)</b>	<b>(15.920)</b>	<b>(271.270.065)</b>





**Movements in property, plant and equipment as of December 31, 2019 (net value)**

Concept	Initial Balance	Increases (decreases) by transfers from constructions in process	Increases (decreases) due to other changes	Subtotal increases (decreases) for transfers and other changes	Depreciation	Dispos an withdra serv
	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$
Land	159,536,229	125,330	(514,915)	(389,585)	-	(3,1
Buildings	79,624,966	4,530,262	910,673	5,440,935	(5,536,059)	(1,0
<b>Subtotal land and buildings</b>	<b>239,161,195</b>	<b>4,655,592</b>	<b>395,758</b>	<b>5,051,350</b>	<b>(5,536,059)</b>	<b>(4,1</b>
Complementary works	21,892,366	2,752,384	(407,006)	2,345,378	(1,690,510)	(2
Production facilities	173,754,928	24,683,747	1,495,801	26,179,548	(7,468,380)	(
Drinking water networks	192,291,391	15,636,037	11,717,685	27,353,722	(7,939,808)	(
Sewer networks	249,193,038	8,447,992	6,109,050	14,557,042	(13,021,001)	(
Wastewater treatment plants	168,050,123	5,697,365	(366,990)	5,330,375	(6,486,803)	(5
Other facilities	47,699,634	9,754,590	865,427	10,620,017	(7,458,500)	(
Goods out of operation	222,036	-	-	-	(7,782)	(
<b>Subtotal other properties, plant and equipment</b>	<b>853,103,516</b>	<b>66,972,115</b>	<b>19,413,967</b>	<b>86,386,082</b>	<b>(44,072,784)</b>	<b>(8</b>
Machinery	115,993,853	21,567,698	10,024,991	31,592,689	(20,300,857)	(
Transportation equipment	958,353	511,654	(139,227)	372,427	(446,071)	(
Appliances and accessories	1,407,509	177,954	(23,185)	154,769	(188,349)	(
Computer equipment	2,460,174	461,212	(5,819)	455,393	(1,296,601)	(
Leasehold rights improvements	234,177	16,449	(1,508)	14,941	(63,930)	(
Constructions in process	226,774,354	(95,522,674)	104,423,444	8,900,770	-	(3
<b>Classes of properties, plant and equipment, net</b>	<b>1,440,093,131</b>	<b>(1,160,000)</b>	<b>134,088,421</b>	<b>132,928,421</b>	<b>(71,904,651)</b>	<b>(5,4</b>



## Detailed property, plant and equipment disclosures (gross value)

Current period: September 30, 2020

	Initial Balance	Increases (decreases) by transfers from constructions in process	Increases (decreases) due to other changes	Subtotal increases (decreases) for transfers and other changes	Dispositions and withdrawals of service	Subtotal depreciation, disposals and withdrawals	Closing balance
	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$
	155.968.467	314	211.946.626	211.946.940	(17.258.907)	-	(17.258.907)
	116.130.335	4.352.281	(460.142)	3.892.139	(39.315.190)	(52.990)	(39.368.180)
	<b>272.098.802</b>	<b>4.352.595</b>	<b>211.486.484</b>	<b>215.839.079</b>	<b>(56.574.097)</b>	<b>(52.990)</b>	<b>(56.627.087)</b>
	46.084.005	4.150.247	330.671	4.480.918	(7.779.776)	(14.966)	(7.794.742)
	354.410.675	56.231.228	6.171.731	62.402.959	(38.915.135)	-	(38.915.135)
	542.162.844	10.525.353	6.943.282	17.468.635	(66.449.897)	-	(66.449.897)
	548.997.867	8.092.628	2.650.899	10.743.527	(85.904.971)	-	(85.904.971)
	236.840.131	7.510.539	(4.456.199)	3.054.340	(23.139.356)	-	(23.139.356)
	168.257.935	10.496.873	822	10.497.695	(22.462.313)	(15.210)	(22.477.523)
	1.861.200	586	768	1.354	-	-	-
<b>Equipment</b>	<b>1.898.614.657</b>	<b>97.007.454</b>	<b>11.641.974</b>	<b>108.649.428</b>	<b>(244.651.448)</b>	<b>(30.176)</b>	<b>(244.681.624)</b>
	415.747.609	22.107.613	(208.774)	21.898.839	(62.121.179)	(92.876)	(62.214.055)
	5.450.565	81.115	(66.537)	14.578	(719.687)	-	(719.687)
	6.328.520	145.304	42.592	187.896	(361.030)	(40.729)	(401.759)
	14.739.458	1.242.559	(435.251)	807.308	(1.787.567)	(14.171)	(1.801.738)
	821.872	-	-	-	-	(62.748)	(62.748)
	235.318.938	(125.662.553)	82.004.995	(43.657.558)	(33.335.954)	(15.510)	(33.351.464)
<b>Equipment, gross</b>	<b>2.849.120.421</b>	<b>(725.913)</b>	<b>304.465.483</b>	<b>303.739.570</b>	<b>(399.550.962)</b>	<b>(309.200)</b>	<b>(399.860.162)</b>



Previous period: December 31, 2019

Concept	Initial Balance	Increases (decreases) by transfers from constructions in process	Increases (decreases) due to other changes	Subtotal increases (decreases) for transfers and other changes	Dispositions and withdrawals of service
	Th\$	Th\$	Th\$	Th\$	Th\$
Land	159,536,229	125,330	(514,915)	(389,585)	(3,178,177)
Buildings	113,252,042	4,530,262	910,673	5,440,935	(2,562,642)
<b>Subtotal land and buildings</b>	<b>272,788,271</b>	<b>4,655,592</b>	<b>395,758</b>	<b>5,051,350</b>	<b>(5,740,819)</b>
Complementary works	44,316,092	2,752,384	(407,006)	2,345,378	(577,465)
Production facilities	328,291,901	24,683,747	1,495,117	26,178,864	(60,090)
Drinking water networks	514,892,514	15,636,037	11,717,685	27,353,722	(83,392)
Sewer networks	534,440,825	8,447,992	6,109,050	14,557,042	-
Wastewater treatment plants	232,373,341	5,697,365	(366,990)	5,330,375	(863,585)
Other facilities	158,049,182	9,754,590	865,427	10,620,017	(411,264)
Goods out of operation	1,868,637	-	-	-	(7,437)
<b>Subtotal other properties, plant and equipment</b>	<b>1,814,232,492</b>	<b>66,972,115</b>	<b>19,413,283</b>	<b>86,385,398</b>	<b>(2,003,233)</b>
Machinery	384,958,947	21,567,698	10,025,675	31,593,373	(804,711)
Transportation equipment	5,102,427	511,654	(139,227)	372,427	(24,289)
Appliances and accessories	6,291,229	177,954	(23,185)	154,769	(117,478)
Computer equipment	14,284,065	461,212	(5,819)	455,393	-
Leasehold rights improvements	806,931	16,449	(1,508)	14,941	-
Constructions in process	226,774,354	(95,522,674)	104,423,444	8,900,770	(356,186)
<b>Classes of properties, plant and equipment, gross</b>	<b>2,725,238,716</b>	<b>(1,160,000)</b>	<b>134,088,421</b>	<b>132,928,421</b>	<b>(9,046,716)</b>



Detailed property, plant and equipment disclosures (accumulated depreciation)

Current period: September 30, 2020

Concept	Initial Balance	Increases (decreases) for other changes	Subtotal increases (decreases) due to transfer and other changes	Depreciation	Held for sale	Dispositions and withdrawals of service	Subtotal depreciation, held for sale and disposals and withdrawals from service
	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$
	(37.621.456)	-	-	(971.764)	17.249.870	52.990	16.331.096
<b>Buildings</b>	<b>(37.621.456)</b>	<b>-</b>	<b>-</b>	<b>(971.764)</b>	<b>17.249.870</b>	<b>52.990</b>	<b>16.331.096</b>
itary works	(23.777.452)	23	23	(1.009.871)	4.576.095	14.877	3.581.101
ilities	(161.973.691)	511	511	(4.650.290)	16.036.896	-	11.386.606
ter networks	(330.487.121)	-	-	(5.071.789)	24.270.047	-	19.198.258
orks	(298.268.788)	-	-	(7.359.161)	44.037.066	-	36.677.905
treatment plants	(70.523.874)	138	138	(3.543.931)	8.498.996	-	4.955.065
es	(117.409.635)	(511)	(511)	(5.925.217)	16.934.765	15.210	11.024.758
f operation	(1.646.946)	-	-	(5.639)		-	(5.639)
<b>Other properties, plant and</b>	<b>(1.004.087.507)</b>	<b>161</b>	<b>161</b>	<b>(27.565.898)</b>	<b>114.353.865</b>	<b>30.087</b>	<b>86.818.054</b>
	(288.474.760)	(17.503)	(17.503)	(16.825.880)	41.284.142	92.553	24.550.815
on equipment	(4.566.416)	17.593	17.593	(242.201)	522.268	-	280.067
nd accessories	(4.954.789)	(23)	(23)	(157.895)	186.427	40.729	69.261
quipment	(13.120.492)	-	-	(746.040)	1.247.570	14.171	515.701
ghts improvements	(636.684)	-	-	(37.647)		62.750	25.103
<b>Properties, plant and equipment, and depreciation</b>	<b>(1.353.462.104)</b>	<b>228</b>	<b>228</b>	<b>(46.547.325)</b>	<b>174.844.142</b>	<b>293.280</b>	<b>128.590.097</b>



Previous period: December 31, 2019

Concept	Initial Balance	Increases (decreases) for other changes	Subtotal increases (decreases) due to transfer and other changes	Depreciation	Dispositions and withdrawals of service	Subtotal depreciation, held for sale and disposals and withdrawals from service	Closing balance
	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$
Buildings	(33.627.076)	-	-	(5.536.059)	1.541.679	(3.994.380)	(37.621.456)
<b>Subtotal buildings</b>	<b>(33.627.076)</b>	<b>-</b>	<b>-</b>	<b>(5.536.059)</b>	<b>1.541.679</b>	<b>(3.994.380)</b>	<b>(37.621.456)</b>
Complementary works	(22.423.726)	-	-	(1.690.510)	336.784	(1.353.726)	(23.777.452)
Production facilities	(154.536.973)	684	684	(7.468.380)	30.978	(7.437.402)	(161.973.691)
Drinking water networks	(322.601.123)	-	-	(7.939.808)	53.810	(7.885.998)	(330.487.121)
Sewer networks	(285.247.787)	-	-	(13.021.001)	-	(13.021.001)	(298.268.788)
Wastewater treatment plants	(64.323.218)	-	-	(6.486.803)	286.147	(6.200.656)	(70.523.874)
Other facilities	(110.349.548)	-	-	(7.458.500)	398.413	(7.060.087)	(117.409.635)
Goods out of operation	(1.646.601)	-	-	(7.782)	7.437	(345)	(1.646.946)
<b>Subtotal other properties, plant and equipment</b>	<b>(961.128.976)</b>	<b>684</b>	<b>684</b>	<b>(44.072.784)</b>	<b>1.113.569</b>	<b>(42.959.215)</b>	<b>(1.004.087.507)</b>
Machinery	(268.965.094)	(684)	(684)	(20.300.857)	791.875	(19.508.982)	(288.474.760)
Transportation equipment	(4.144.074)	-	-	(446.071)	23.729	(422.342)	(4.566.416)
Appliances and accessories	(4.883.720)	-	-	(188.349)	117.280	(71.069)	(4.954.789)
Computer equipment	(11.823.891)	-	-	(1.296.601)	-	(1.296.601)	(13.120.492)
Leasehold rights improvements	(572.754)	-	-	(63.930)	-	(63.930)	(636.684)
<b>Classes of properties, plant and equipment, accumulated depreciation</b>	<b>(1.285.145.585)</b>	<b>-</b>	<b>-</b>	<b>(71.904.651)</b>	<b>3.588.132</b>	<b>(68.316.519)</b>	<b>(1.353.462.104)</b>

(33.627.076)	-	-	(5.536.059)	1.541.679	(3.994.380)	(37.621.456)
(33.627.076)	-	-	(5.536.059)	1.541.679	(3.994.380)	(37.621.456)
(22.423.726)	-	-	(1.690.510)	336.784	(1.353.726)	(23.777.452)
(154.536.973)	684	684	(7.468.380)	30.978	(7.437.402)	(161.973.691)
(322.601.123)	-	-	(7.939.808)	53.810	(7.885.998)	(330.487.121)
(285.247.787)	-	-	(13.021.001)	-	(13.021.001)	(298.268.788)
(64.323.218)	-	-	(6.486.803)	286.147	(6.200.656)	(70.523.874)
(110.349.548)	-	-	(7.458.500)	398.413	(7.060.087)	(117.409.635)
(1.646.601)	-	-	(7.782)	7.437	(345)	(1.646.946)
(961.128.976)	684	684	(44.072.784)	1.113.569	(42.959.215)	(1.004.087.507)
(268.965.094)	(684)	(684)	(20.300.857)	791.875	(19.508.982)	(288.474.760)
(4.144.074)	-	-	(446.071)	23.729	(422.342)	(4.566.416)
(4.883.720)	-	-	(188.349)	117.280	(71.069)	(4.954.789)



(11.823.891)	-	-	(1.296.601)	-	(1.296.601)	(13.120.492)
(572.754)	-	-	(63.930)	-	(63.930)	(636.684)
(1.285.145.585)	-	-	(71.904.651)	3.588.132	(68.316.519)	(1.353.462.104)



## Commitments for the acquisition of property, plant and equipment

The detail for each company of the consolidated Group by amount of future commitments for the acquisition of property, plant and equipment, for the year 2020 is as follows

Company	Th\$
Aguas Andinas S.A.	48.102.822
Aguas Cordillera S.A.	6.632.335
Aguas Manquehue S.A.	2.087.026
Gestión y Servicios S.A.	264.858
Análisis Ambientales S.A.	172.426
<b>Total</b>	<b>57.259.467</b>

Idle property, plant and equipment, temporarily as of September 30, 2020:

Company	Gross value	Accumulated depreciation	Net value
	Th\$	Th\$	Th\$
Aguas Andinas S.A.	1.588.222	(1.529.312)	58.910
Aguas Cordillera S.A.	274.332	(123.273)	151.059
<b>Total</b>	<b>1.862.554</b>	<b>(1.652.585)</b>	<b>209.969</b>

## Restrictions on ownership of property, plant and equipment

As of September 30, 2020 and December 31, 2019, property, plant and equipment are not subject to restrictions on title, nor are they subject to guarantees of compliance with obligations, as required by IAS 16 paragraph 74 (a).

## Financial leasing contracts

As of September 30, 2020 and December 31, 2019, the lease contracts are recorded in the item "Usage rights assets" under IFRS 16 (see Note 13).

## Impairment of assets

As of September 30, 2020 and December 31, 2019, the Company has not recognized in the profit or loss for the year, impairment losses on assets, reversals of impairment losses on assets, or compensation from third parties, as required by items (v) and (vi) of letter e) of paragraph 73 and letter d) of paragraph 74 of IAS 16, for which there is no indication of impairment in accordance with IAS 36 (see Note 30).

The detail by company is as follows:

Company	30-09-2020
	Th\$
Aguas Andinas S.A.	1.067.352
Aguas Cordillera S.A.	277.536
Aguas Manquehue S.A.	25.538
<b>Total</b>	<b>1.370.426</b>

As of September 30 and December 31, 2019, the Company has not recognized in profit or loss, impairment losses on the value of assets, reversals of these, as well as compensation from third parties, as established in points (v) and (vi) of letter e) of paragraph 73 and letter d) of paragraph 74 of IAS 16, product that there is no indication of impairment in accordance with IAS 36.



## Revaluation of property, plant and equipment land.

The land is initially recognized at its acquisition cost, and is subsequently revalued using the fair value revaluation method.

Property, plant and equipment appraisals are carried out whenever there are significant variations in the variables that affect the determination of their fair values. Such frequent revaluations will be unnecessary for items of Property, plant and equipment with insignificant variations in their fair value. For these, revaluations made every three or five years may be sufficient.

The fair value of property, plant and equipment land was determined using the Market Comparison methodology, where a value is assigned to the land associated with the properties, based on the comparison with other properties of similar characteristics or homologated, according to with objective criteria such as; location, aptitude, exposure level, surface, morphology, topography, building conditions, indicated in the respective current Municipal Regulatory Plans, among others.

The sources used correspond to transactions of the Real Estate Curator, in cases where such information and offers registered in written media or real estate portals are available.

The appraisal of these lands was carried out under the principle of greater and better land use, in accordance with IAS 16, IFRS 13 and the requirements of the regulatory authority. The services of the Transsa Real Estate Consultants Company were hired, who are specialized independent appraisers, with more than 35 years of experience throughout Chile and appraising all types of goods. Additionally, financial advice was hired from Valtin Capital, who performed an analysis of the real estate funds during the period from December 2019 to September 2020.

As indicated in note 2.2.E, the decision has been made to change the accounting policy of IAS 16, from the cost method to that of continuous revaluation. The increase due to the revaluation of assets has been as follows:

Reconciliation of the book value for land revaluation	Th\$
<b>Carrying amount of land as of January 1, 2020</b>	<b>155.968.467</b>
Recognized revaluation increase due to a change in accounting policy	213.315.374
Other increases	1.992
<b>Book value and fair value</b>	<b>369.285.833</b>
Revaluation loss	(1.370.426)
Held for sale (*)	(17.258.907)
<b>Book value and fair value of land as of September 30, 2020</b>	<b>350.656.500</b>

(\*) Corresponds to Land classified as non-current assets held for sale for ThCh \$ 17,177,933 of the subsidiary ESSAL S.A. and ThCh \$ 80,974 from Aguas Andinas S.A. (see Note 8).





### Note 13. LEASE

The following is a detail of the usage rights asset and the lease liability in accordance with IFRS 16.

#### 13.1 Usage right asset

The detail of usage rights assets as of September 30, 2020 and December 31, 2019, is as follows:

Usage rights assets	Gross values		Accumulated depreciation		Net values	
	30-09-2020 Th\$	31-12-2019 Th\$	30-09-2020 Th\$	31-12-2019 Th\$	30-09-2020 Th\$	31-12-2019 Th\$
Buildings	682.791	507.087	(208.484)	(139.222)	<b>474.307</b>	<b>367.865</b>
Transportation equipment	3.479.924	4.035.456	(1.427.357)	(984.320)	<b>2.052.567</b>	<b>3.051.136</b>
<b>Totals</b>	<b>4.162.715</b>	<b>4.542.543</b>	<b>(1.635.841)</b>	<b>(1.123.542)</b>	<b>2.526.874</b>	<b>3.419.001</b>

#### Usage rights movements:

##### Current period

Usage rights assets	01-01-2020 Th\$	Increases (decreases) due to other changes Th\$	Subtotal increases (decreases) for transfers and other changes	Depreciation Th\$	Dispositions and withdrawals of service Th\$	Subtotal depreciation, disposals and withdrawals Th\$	30-09-2020 Th\$
			Th\$				
Buildings	<b>367.865</b>	240.039	240.039	(133.580)	(17)	(133.597)	<b>474.307</b>
Transportation equipment	<b>3.051.136</b>	681.580	681.580	(955.488)	(724.661)	(1.680.149)	<b>2.052.567</b>
<b>Totals</b>	<b>3.419.001</b>	<b>921.619</b>	<b>921.619</b>	<b>(1.089.068)</b>	<b>(724.678)</b>	<b>(1.813.746)</b>	<b>2.526.874</b>

##### Previous period

Usage rights assets	01-01-2019 Th\$	Increases (decreases) due to other changes Th\$	Subtotal increases (decreases) for transfers and other changes	Depreciation Th\$	Dispositions and withdrawals of service Th\$	Subtotal depreciation, disposals and withdrawals Th\$	12-31-2019 Th\$
			Th\$				
Buildings	-	537,521	537,521	(169,656)	-	(169,656)	<b>367,865</b>
Transportation equipment	-	4,190,774	4,190,774	(1,139,640)	2	(1,139,638)	<b>3,051,136</b>
<b>Totals</b>	-	<b>4,728,295</b>	<b>4,728,295</b>	<b>(1,309,296)</b>	<b>2</b>	<b>(1,309,294)</b>	<b>3,419,001</b>



### 13.2 Lease liability

The present value of future payments under such contracts is as follows:

Lease liability	30-09-2020 Th\$	31-12-2019 Th\$
Up to 90 days	336.759	426.429
More than 90 days and no more than a year	892.276	1.070.104
<b>Current total</b>	<b>1.229.035</b>	<b>1.496.533</b>
More than one year and no more than two years	886.216	1.167.872
More than two years and no more than three years	316.109	647.193
More than three years and no more than four years	38.385	126.376
More than four years and no more than five years	37.268	642
More than five years	64.193	-
<b>Non-current total</b>	<b>1.342.170</b>	<b>1.942.083</b>
<b>Non-current total</b>	<b>2.571.205</b>	<b>3.438.616</b>

### 13.3 Disclosures for operating leases as lessee

Under this concept we present renting of transportation services and commercial agencies.

Minimum future payments of the non-cancelable lease, tenants	30-09-2020 M\$		30-09-2019 M\$	
	Renting	Inmuebles	Renting	Inmuebles
Minimum future payments of the non-cancelable lease, up to one year, lessee	299.330	37.428	298.155	60.670
Minimum future payments of non-cancelable lease, more than one year and less than five years, lessee	1.790.402	352.148	1.992.130	62.441
<b>Total minimum future payments of the non-cancelable lease, total</b>	<b>2.089.733</b>	<b>389.576</b>	<b>2.290.285</b>	<b>123.111</b>
Minimum payments for lease under operating leases (*)	1.633.358	420.820	1.094.449	410.556
<b>Total lease and sub-lease fees recognized in the income statement, total</b>	<b>1.633.358</b>	<b>420.820</b>	<b>1.094.449</b>	<b>410.556</b>

(\*) The interim consolidated statements of income for the periods ended September 30, 2020 and 2019 include an expense of ThCh \$ 2,054,177 and ThCh \$ 1,505,005, which is related to payments for short-term leases, which they are exempted from the application of IFRS 16 (see Note 2.2 letter G).



## Significant operating lease agreements

The most significant operating leases are related to vehicle leasing. For these cases, the contracts correspond to periods of less than 12 months. Rental services are paid on a monthly basis upon submission and approval of payment statements.

**Termination of contract:** The company may terminate the rental contracts in advance in the event of serious breach of any of the conditions and obligations set out in the administrative bases and technical specifications. In such cases, the company must be entitled to enforce the guarantee for the faithful, complete and timely performance of the contract, by way of compensation for damages.

## 13.4 Disclosures on operating leases as lessors

The Company has contracts of this type in which it acts as lessor, which refers mainly to parts of operating premises, mostly with telecommunications companies, which have automatic renewal from 1 to 5 years, however, the Company has the power to give notice of termination between 30, 60, 90 and 180 days depending on the contract.

Future minimum lease charges of non-cancellable, lessors	30-09-2020 Th\$	30-09-2019 Th\$
Future minimum non-cancellable lease charges of up to one year, lessors	324.561	317.107
Amount of contingent rents recognized in the income statement	605.622	662.390
<b>Total</b>	<b>930.183</b>	<b>979.496</b>

## Significant operating lease agreements of the lessor

Income from these items is not material to the Company.

## Note 14. DEFERRED TAXES AND PROFIT TAXES

In accordance with IAS 12, the net position of deferred tax assets and liabilities, determined by each individual company and presented in the consolidated statement of financial position by aggregating each position, is presented below.

States of financial situation	30-09-2020		31-12-2019	
	Deferred tax asset Th\$	Deferred tax liability Th\$	Deferred tax asset Th\$	Deferred tax liability Th\$
Gross deferred taxes	98.266.664	128.598.017	97.942.806	102.010.071
Compensation	(97.244.205)	(97.244.205)	(68.414.298)	(68.414.298)
<b>Net deferred tax position</b>	<b>1.022.459</b>	<b>31.353.812</b>	<b>29.528.508</b>	<b>33.595.773</b>



The net position presented has its origin in a variety of concepts constituting temporary and permanent differences which, at a consolidated level, allow it to be presented under the concepts mentioned below:

#### Disclosure of deferred tax assets

Deferred tax assets	30-09-2020	31-12-2019
	Th\$	Th\$
Water rights (amortization)	534.303	527.787
Provision for uncollectible receivables	10.319.854	8.707.858
Holiday provision	818.152	789.794
Litigation	41.055	1.007.686
Compensation for years of services	4.927.036	4.774.058
Other provisions	66.644	269.615
Amortization	1.610.658	1.668.123
Variation monetary correction and depreciation assets	74.970.068	75.108.148
Deferred income	1.985.898	1.969.571
Transaction Tranque La Dehesa	405.177	399.561
Liability for leases	697.367	931.568
Impairment losses due to changes in accounting criteria	370.015	-
Others	1.520.437	1.789.037
<b>Deferred tax asset</b>	<b>98.266.664</b>	<b>97.942.806</b>

#### Disclosure of deferred tax liabilities

Deferred tax liabilities	30-09-2020	31-12-2019
	Th\$	Th\$
Depreciation of properties, plant and equipment	1.005.791	19.301.796
Amortization	1.101.426	1.078.051
Investment expense related companies	114.266	114.266
Revaluation of land due to change in accounting criteria	57.595.151	-
Revaluations of land	22.484.085	24.279.526
Revaluations of water rights	45.611.780	46.829.517
Fair value of assets by business combination	-	9.339.856
Usage rights assets	685.518	926.392
Others	-	140.667
<b>Deferred tax liabilities</b>	<b>128.598.017</b>	<b>102.010.071</b>



## Movements of deferred tax assets

Movements of deferred tax assets	30-09-2020	31-12-2019
	Th\$	Th\$
<b>Movements of deferred tax liabilities</b>	<b>97.942.806</b>	<b>89.838.528</b>
Increases (decreases) in deferred tax assets	(1.150.058)	3.427.641
Increases (decreases) due to variation in monetary correction and depreciation assets	(138.080)	5.199.232
Increases (decreases) due to the provision of uncollectible debtors	1.611.996	(522.595)
<b>Changes in deferred tax assets</b>	<b>323.858</b>	<b>8.104.278</b>
<b>Changes in total deferred tax assets</b>	<b>98.266.664</b>	<b>97.942.806</b>

## Movements of deferred tax liabilities

Movements of deferred tax liabilities	30-09-2020	31-12-2019
	Th\$	Th\$
<b>Deferred tax liabilities, initial balance</b>	<b>102.010.071</b>	<b>102.205.544</b>
Increases (decreases) in deferred tax liabilities	35.927.802	1.004.130
Increases (decreases) in acquisitions through business combinations	(9.339.856)	(1.199.603)
<b>Changes in deferred tax liabilities</b>	<b>26.587.946</b>	<b>(195.473)</b>
<b>Changes in total deferred tax liabilities</b>	<b>128.598.017</b>	<b>102.010.071</b>

## Income Tax Expenses

Income (expense) for current and deferred income tax	30-09-2020	30-09-2019	01-07-2020 30-09-2020	01-07-2019 30-09-2019
	Th\$	Th\$	Th\$	Th\$
Expenditure on current taxes	(28.175.201)	(38.142.352)	(5.707.572)	(8.961.679)
Adjustment of tax expense for previous year	57.154	(401.763)	-	(320.044)
<b>Expenditure for current income taxes</b>	<b>(28.118.047)</b>	<b>(38.544.115)</b>	<b>(5.707.572)</b>	<b>(9.281.723)</b>
Deferred tax income (expense) related to the creation and reversal of temporary differences	3.771.042	4.047.339	428.350	182.863
Single tax expenses (expenses rejected)	(117.359)	(210.065)	70.237	(63.872)
Income (expenses) from other taxes	<b>3.653.683</b>	<b>3.837.274</b>	<b>498.587</b>	<b>118.991</b>
<b>Income tax expense</b>	<b>(24.464.364)</b>	<b>(34.706.841)</b>	<b>(5.208.985)</b>	<b>(9.162.732)</b>



**Numerical reconciliation between income (expense) for tax and the result of multiplying the accounting profit by the applicable tax rate or tariffs**

	30-09-2020	30-09-2019	01-07-2020 30-09-2020	01-07-2019 30-09-2019
	Th\$	Th\$	Th\$	Th\$
<b>Tax expenses using the legal rate</b>	<b>(27.540.470)</b>	<b>(36.001.140)</b>	<b>(5.019.089)</b>	<b>(6.910.320)</b>
Permanent difference due to monetary correction, tax assets	2.721.717	2.775.306	172.127	(165.714)
Permanent difference for discontinued operations	970.194	(771.712)	(90.081)	(1.689.814)
Permanent difference for rejected expenses	(117.359)	(210.065)	70.237	(63.872)
Permanent difference due to income tax from previous years	57.154	(401.763)	-	(320.044)
<b>Other permanent differences</b>	<b>(555.600)</b>	<b>(97.467)</b>	<b>(342.179)</b>	<b>(12.968)</b>
<b>Adjustments to tax expense using the legal rate</b>	<b>3.076.106</b>	<b>1.294.299</b>	<b>(189.896)</b>	<b>(2.252.412)</b>
<b>Tax expense using the effective rate</b>	<b>(24.464.364)</b>	<b>(34.706.841)</b>	<b>(5.208.985)</b>	<b>(9.162.732)</b>

**Reconciliation of the legal tax rate with the effective tax rate**

	30-09-2020	30-09-2019
Legal tax rate	27,00%	27,00%
Permanent difference for monetary correction tax assets	(2,67%)	(2,08%)
Permanent difference for discontinued operations	(0,95%)	0,58%
Permanent difference for rejected expenses	0,12%	0,16%
Permanent income tax difference from previous years	(0,06%)	0,30%
Other permanent differences	0,54%	0,07%
<b>Effective tax rate</b>	<b>23,67%</b>	<b>26,03%</b>

**Note 15. FINANCIAL INSTRUMENTS**

**15.1 Capital risk management**

The Group manages its capital to ensure that the Group entities will continue as a going concern by maximizing shareholder returns through the optimization of the debt and equity structure. The Group's overall strategy has remained unchanged since 2009. The Group's capital structure consists of debt, which includes the loans disclosed in point 15.4, and equity attributable to the parent company's equity holders, which includes capital, reserves and retained earnings which are disclosed in Note 20.

**15.2 Significant accounting policies**

Details of the significant accounting policies and methods adopted, including the recognition criteria, measurement bases and bases on which income and expenses are recognized, with respect to each class of financial assets and financial liabilities are described in Note 2.2 letter H, 2.2 letter L and 2.2 letter M of these consolidated financial statements.



### 15.3 Class of financial instruments

The following is a summary of the financial instruments as of September 30, 2020 and December 31, 2019:

Types of financial instruments	Currency	Note	30-09-2020 Th\$	31-12-2019 Th\$
<b>Current Financial Assets</b>				
bonds advance	CLP	9.1	5.219.587	-
<b>Other current financial assets</b>			<b>5.219.587</b>	-
Trade debtors and other accounts receivable	CLP	5	81.021.610	115.919.449
Trade debtors and other accounts receivable	USD	5	1.134	9.230
Trade debtors and other accounts receivable	EUR	5	7.182	8.819
<b>Total commercial debtors and other accounts receivable, current</b>			<b>81.029.926</b>	<b>115.937.498</b>
Accounts receivable to related entities	CLP	6	22.680	25.324
<b>Information on related entities, current</b>			<b>22.680</b>	<b>25.324</b>
<b>Total financial assets, current</b>			<b>86.272.193</b>	<b>115.962.822</b>
<b>Non-current financial assets</b>				
Rights receivable	CLP	5	3.004.892	4.251.661
Other financial assets	CLP	9.2	7.895.863	7.852.912
<b>Total financial assets, non-current</b>			<b>10.900.755</b>	<b>12.104.573</b>
<b>Total financial assets</b>			<b>97.172.948</b>	<b>128.067.395</b>
<b>Current financial liabilities</b>				
Bank Loans	CLP	15.4	31.246.556	13.876.507
Bonds	CLP	15.4	20.086.036	16.320.558
Reimbursable financial contributions	CLP	15.4	14.530.653	6.188.750
Forward		15.4	1.801.188	-
<b>Other financial liabilities, current</b>			<b>67.664.433</b>	<b>36.385.815</b>
Lease liability	CLP	13	1.229.035	1.496.533
<b>Lease liability, current</b>			<b>1.229.035</b>	<b>1.496.533</b>
Trade accounts and other payable accounts	CLP	16	79.533.432	131.416.429
Trade accounts and other payable accounts	USD	16	1.021.582	758.814
Trade accounts and other payable accounts	EUR	16	165.510	276.608
<b>Commercial accounts and other payable accounts, current</b>			<b>80.720.524</b>	<b>132.451.851</b>
Accounts payable to related entities	CLP	6	17.639.426	41.030.704
Accounts payable to related entities	EUR	6	3.876	-
<b>Information on related entities, current</b>			<b>17.643.302</b>	<b>41.030.704</b>
<b>Total financial liabilities, current</b>			<b>167.257.294</b>	<b>211.364.903</b>
<b>Financial liabilities non-current</b>				
Bank loans	CLP	15.4	165.858.432	101.352.095
Bonds	CLP	15.4	657.187.038	715.030.769
Reimbursable financial contributions	CLP	15.4	173.890.990	186.572.529
<b>Other financial liabilities, non-current</b>			<b>996.936.460</b>	<b>1.002.955.393</b>
Lease liability	CLP	13	1.342.170	1.942.083
<b>Lease liability, non-current</b>			<b>1.342.170</b>	<b>1.942.083</b>
Other accounts payable	CLP	16	1.118.735	1.159.317
<b>Other accounts payable, non-current</b>			<b>1.118.735</b>	<b>1.159.317</b>
<b>Total financial liabilities, non-current</b>			<b>999.397.365</b>	<b>1.006.056.793</b>
<b>Total financial liabilities</b>			<b>1.166.654.659</b>	<b>1.217.421.696</b>



## 15.4 Disclosures on financial liabilities

### Other financial liabilities

Other financial liabilities include bank loans, obligations with the public (bonds), Reimbursable Financial Contributions (AFR) and lease liabilities, which are valued at amortized cost, as explained below:

### Reimbursable Financial Contributions (AFR, for its acronym in Spanish)

In accordance with article 42-A of D.S. MINECON No. 453 of 1989, "Reimbursable financial contributions for extension and capacity constitute a financing alternative available to the provider (company providing water utility services) for the execution of water utility works of extension and capacity which, according to the Law, are its charge and cost".

They consist of specific amounts of money or works that public water utility service providers can demand from those who apply to be incorporated as customers, or request an extension of service, which, in accordance with the regulations in force, have defined forms and deadlines for their return.

The return of the amounts contributed by customers is basically through the issue of 10- or 15-year endorsable promissory notes, and in some cases lesser amounts, through the return of water utility services.

The detail of refundable financial contributions as of September 30, 2020 and December 31, 2019 is as follows:

### Reimbursable Financial Contributions, current portion

Registration No. or identification of the instrument	Currency rate adjustment	Residual UF 06-30-2020	Book value		Contract real interest rate	Effective rate	Placement in Chile or abroad	Issuing company	Issuer Tax Identification Number	Type of repayment	Guaranteed (Yes/No)
			06-30-2020 Th\$	12-31-2019 Th\$							
AFR	UF	389.346	11.330.543	5.098.342	3,21%	3,12%	Chile	Aguas Andinas S.A.	61.808.000-5	Al vencimiento	No
AFR	UF	68.147	1.988.448	1.090.407	3,10%	3,01%	Chile	Aguas Cordillera S.A.	96.809.310-k	Al vencimiento	No
AFR	UF	41.451	1.211.662	-	3,10%	3,00%	Chile	Aguas Manquehue S.A.	89.221.000-4	Al vencimiento	No
<b>Totals</b>		<b>498.944</b>	<b>14.530.653</b>	<b>6.188.750</b>							

### Reimbursable Financial Contributions, non-current portion

Registration No. or identification of the instrument	Currency rate adjustment	Residual UF 06-30-2020	Book value		Expiration Date	Contract real interest rate	Effective rate	Issuing company	Issuer Tax Identification Number	Type of repayment	Guaranteed(Yes/No)
			06-30-2020 Th\$	21-31-2019 Th\$							
AFR	UF	4.588.468	132.813.159	134.047.347	30-09-2035	3,05%	2,97%	Aguas Andinas S.A.	61.808.000-5	Al vencimiento	No
AFR	UF	752.179	21.771.160	22.352.583	21-09-2035	3,03%	2,95%	Aguas Cordillera S.A.	96.809.310-k	Al vencimiento	No
AFR	UF	666.782	19.306.672	19.488.860	15-07-2035	3,09%	3,01%	Aguas Manquehue S.A.	89.221.000-4	Al vencimiento	No
AFR	UF	-	-	10.683.739	-	-	-	ESSAL S.A.	96.579.800-5	Al vencimiento	No
<b>Totals</b>		<b>6.007.429</b>	<b>173.890.990</b>	<b>186.572.529</b>							





The detail of bank loans as of September 30, 2020 and December 31, 2019 is as follows:

**Bank loan balances, current period**

Tax ID debit entity	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	96.809.310-K	
Debtor entity name	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Cordillera S.A.	
Country of the debtor company	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	
Tax ID creditor entity	97.004.000-5	97.006.000-6	97.004.000-5	97.080.000-K	97.006.000-6	76.645.030-K	76.362.099-9	97.018.000-1	
Creditor entity name	Banco de Chile	Banco BCI	Banco de Chile	Banco BICE	Banco BCI	Banco Itau	Banco BTG Pactual	Banco BBVA	
Currency or reset unit	CLP	CLP	CLP	CLP	CLP	CLP	CLP	CLP	
Amortization rate	Biannual	Upon Expiration	Biannual	Upon Expiration	Biannual	Upon Expiration	Upon Expiration	Upon Expiration	
Effective rate	0,62%	0,59%	2,11%	2,04%	4,26%	1,88%	2,16%	0,61%	
Nominal rate	0,62%	0,59%	1,90%	1,85%	4,24%	1,72%	2,16%	0,61%	
	Loans	Loans	Loans	Loans	Loans	Loans	Loans	Loans	
Nominal amounts	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$
<b>Until a year</b>	<b>8.931.321</b>	<b>1.895</b>	<b>4.433</b>	<b>2.056</b>	<b>22.494.856</b>	<b>502</b>	<b>70.848</b>	<b>11.183</b>	<b>31.517.094</b>
Up to 90 days	4.506.431	-	-	-	-	-	-	-	4.506.431
More than 90 days up to a year	4.424.890	1.895	4.433	2.056	22.494.856	502	70.848	11.183	27.010.663
<b>More than 1 year up to 3 years</b>	<b>17.699.562</b>	<b>19.270.304</b>	<b>-</b>	<b>16.000.000</b>	<b>-</b>	<b>10.500.000</b>	<b>32.800.000</b>	<b>20.000.000</b>	<b>116.269.866</b>
More than 1 year up to 2 years	8.849.781	19.270.304	-	8.000.000	-	-	-	-	36.120.085
More than 2 years up to 3 years	8.849.781	-	-	8.000.000	-	10.500.000	32.800.000	20.000.000	80.149.781
<b>More than 3 years up to 5 years</b>	<b>17.699.562</b>	<b>-</b>	<b>28.000.000</b>	<b>4.000.000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>49.699.562</b>
More than 3 years up to 4 years	8.849.781	-	28.000.000	4.000.000	-	-	-	-	40.849.781
More than 4 years up to 5 years	8.849.781	-	-	-	-	-	-	-	8.849.781
<b>More than 5 years</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
More than 5 years	-	-	-	-	-	-	-	-	-
<b>Total nominal amounts</b>	<b>44.330.445</b>	<b>19.272.199</b>	<b>28.004.433</b>	<b>20.002.056</b>	<b>22.494.856</b>	<b>10.500.502</b>	<b>32.870.848</b>	<b>20.011.183</b>	<b>197.486.522</b>
Accounting values	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$
<b>Current bank loans</b>	<b>8.931.322</b>	<b>1.895</b>	<b>(70.233)</b>	<b>(83.106)</b>	<b>22.422.468</b>	<b>(37.821)</b>	<b>70.848</b>	<b>11.183</b>	<b>31.246.556</b>
Up to 90 days	4.506.431	-	-	-	-	-	-	-	4.506.431
More than 90 days up to a year	4.424.891	1.895	(70.233)	(83.106)	22.422.468	(37.821)	70.848	11.183	26.740.125
<b>Non-current bank loans</b>	<b>35.399.124</b>	<b>19.270.304</b>	<b>27.889.004</b>	<b>20.000.000</b>	<b>-</b>	<b>10.500.000</b>	<b>32.800.000</b>	<b>20.000.000</b>	<b>165.858.432</b>
<b>More than 1 year up to 3 years</b>	<b>17.699.562</b>	<b>19.270.304</b>	<b>(110.996)</b>	<b>16.000.000</b>	<b>-</b>	<b>10.500.000</b>	<b>32.800.000</b>	<b>20.000.000</b>	<b>116.158.870</b>
More than 1 year up to 2 years	8.849.781	19.270.304	-	8.000.000	-	-	-	-	36.120.085
More than 2 years up to 3 years	8.849.781	-	(110.996)	8.000.000	-	10.500.000	32.800.000	20.000.000	80.038.785
<b>More than 3 years up to 5 years</b>	<b>17.699.562</b>	<b>-</b>	<b>28.000.000</b>	<b>4.000.000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>49.699.562</b>
More than 3 years up to 4 years	8.849.781	-	28.000.000	4.000.000	-	-	-	-	40.849.781
More than 4 years up to 5 years	8.849.781	-	-	-	-	-	-	-	8.849.781
<b>More than 5 years</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
More than 5 years	-	-	-	-	-	-	-	-	-
<b>Total bank loans</b>	<b>44.330.446</b>	<b>19.272.199</b>	<b>27.818.770</b>	<b>19.916.894</b>	<b>22.422.468</b>	<b>10.462.179</b>	<b>32.870.848</b>	<b>20.011.183</b>	<b>197.104.988</b>

Book value = capital +/- issue over/under - issue costs + interest earned by effective rate method - interest and capital paid.

Nominal value = capital +/- accrued interest at issue rate - capital/interest payments.



## Bank loan balances, previous period

Tax ID debit entity	61.808.000-5	61.808.000-5	96.809.310-K	96.579.800-5	96.579.800-5	96.579.800-5	96.579.800-5	96.579.800-5
Debtor entity name	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Cordillera S.A.	Essal S.A.	Essal S.A.	Essal S.A.	Essal S.A.	Essal S.A.
Country of the debtor company	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile
Tax ID creditor entity	97.004.000-5	97.006.000-6	97.018.000-1	97.004.000-5	97.006.000-6	97.006.000-6	97.018.000-1	97.018.000-1
Creditor entity name	Banco de Chile	Banco BCI	Scotiabank	Banco de Chile	Banco BCI	Banco BCI	Scotiabank	Scotiabank
Currency or reset unit	CLP	CLP	CLP	CLP	CLP	CLP	CLP	CLP
Amortization rate	Biannual	Upon Expiration	Upon Expiration	Upon Expiration	Upon Expiration	Upon Expiration	Upon Expiration	Upon Expiration
Effective rate	3,05%	2,42%	2,73%	3,84%	3,70%	0,49%	2,79%	2,67%
Nominal rate	3,05%	2,42%	2,73%	3,84%	3,70%	0,49%	2,79%	2,67%
Nominal amounts	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$
Until a year	4.492.373	126.948	189.583	8.721	9.030.745	6.179	19.065	2.893
Up to 90 days	67.482	-	189.583	8.721	30.745	6.179	19.065	2.893
More than 90 days up to a year	4.424.891	126.948	-	-	9.000.000	-	-	-
More than 1 year up to 3 years	17.699.562	19.270.303	-	2.500.000	-	10.757.777	6.000.000	3.000.000
More than 1 year up to 2 years	8.849.781	-	-	2.500.000	-	-	6.000.000	3.000.000
More than 2 years up to 3 years	8.849.781	19.270.303	-	-	-	10.757.777	-	-
More than 3 years up to 5 years	17.699.562	-	20.000.000	-	-	-	-	-
More than 3 years up to 4 years	8.849.781	-	20.000.000	-	-	-	-	-
More than 4 years up to 5 years	8.849.781	-	-	-	-	-	-	-
More than 5 years	4.424.891	-	-	-	-	-	-	-
More than 5 years	4.424.891	-	-	-	-	-	-	-
Total nominal amounts	44.316.388	19.397.251	20.189.583	2.508.721	9.030.745	10.763.956	6.019.065	3.002.893
Accounting values	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$
Current bank loans	4.492.373	126.948	189.583	8.721	9.030.745	6.179	19.065	2.893
Up to 90 days	67.482	-	189.583	8.721	30.745	6.179	19.065	2.893
More than 90 days up to a year	4.424.891	126.948	-	-	9.000.000	-	-	-
Non-current bank loans	39.824.015	19.270.303	20.000.000	2.500.000	-	10.757.777	6.000.000	3.000.000
More than 1 year up to 3 years	17.699.562	19.270.303	-	2.500.000	-	10.757.777	6.000.000	3.000.000
More than 1 year up to 2 years	8.849.781	-	-	2.500.000	-	-	6.000.000	3.000.000
More than 2 years up to 3 years	8.849.781	19.270.303	-	-	-	10.757.777	-	-
More than 3 years up to 5 years	17.699.562	-	20.000.000	-	-	-	-	-
More than 3 years up to 4 years	8.849.781	-	20.000.000	-	-	-	-	-
More than 4 years up to 5 years	8.849.781	-	-	-	-	-	-	-
More than 5 years	4.424.891	-	-	-	-	-	-	-
More than 5 years	4.424.891	-	-	-	-	-	-	-
Total bank loans	44.316.388	19.397.251	20.189.583	2.508.721	9.030.745	10.763.956	6.019.065	3.002.893

Book value = capital +/- issue over/under - issue costs + interest earned by effective rate method - interest and capital paid.  
Nominal value = capital +/- accrued interest at issue rate - capital/interest payments

As of December 31, 2019, there is no variation between the nominal value and the book value, since no issuance costs have been incurred in obtaining and / or renewing loans.



The detail of the bond obligations as of September 30, 2020 and December 31, 2019 is as follows:

**Total liabilities to the public, current period**

Tax ID debit entity	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	
Debtor entity name	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	
Country of the debtor company	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	
Tax ID creditor entity	630	655	655	713	713	778	778	806	777	806	887	886	887	
Creditor entity name	BAGUA-M	BAGUA-P	BAGUA-Q	BAGUA-S	BAGUA-U	BAGUA-V	BAGUA-W	BAGUA-X	BAGUA-Z	BAGUA-AA	BAGUA-AD	BAGUA-AC	BAGUA-AE	
Currency or reset unit	01-04-2031	01-10-2033	01-06-2032	01-04-2035	01-04-2036	01-04-2037	01-06-2037	01-02-2038	15-01-2023	15-01-2040	15-03-2043	15-03-2025	15-03-2044	
Amortization rate	UF	UF	UF	UF	UF	UF	UF	UF	UF	UF	UF	UF	UF	
Effective rate	Upon Expiration	Upon Expiration	Upon Expiration	Upon Expiration	Upon Expiration	Upon Expiration	Upon Expiration	Upon Expiration	Biannual	Biannual	Biannual	Biannual	Biannual	
Nominal rate	4,16%	3,83%	4,05%	3,92%	3,81%	3,50%	3,19%	3,15%	2,35%	3,33%	2,87%	1,95%	2,06%	
Tax ID debit entity	4,20%	3,86%	4,00%	3,90%	3,80%	3,50%	3,30%	3,00%	2,40%	3,20%	2,80%	1,80%	2,50%	
Nominal amounts	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$
Until a year	1.044.162	823.212	625.383	1.275.200	1.080.736	996.105	720.410	227.963	7.267.333	384.820	70.956	5.417.018	63.402	19.996.700
Up to 90 days	1.044.162	823.212	625.383	1.275.200	1.080.736	996.105	720.410	-	-	-	-	-	-	6.565.208
More than 90 days up to a year	-	-	-	-	-	-	-	227.963	7.267.333	384.820	70.956	5.417.018	63.402	13.431.492
More than 1 year up to 3 years	-	-	-	-	-	-	-	-	10.765.444	-	-	21.530.888	-	32.296.332
More than 1 year up to 2 years	-	-	-	-	-	-	-	-	7.176.963	-	-	10.765.444	-	17.942.407
More than 2 years up to 3 years	-	-	-	-	-	-	-	-	3.588.481	-	-	10.765.444	-	14.353.925
More than 3 years up to 5 years	50.238.738	43.061.775	47.367.953	66.028.055	57.415.700	57.415.700	66.028.055	45.932.560	-	57.415.700	57.415.700	16.148.166	57.415.700	621.883.802
More than 3 years up to 4 years	-	-	-	-	-	-	-	-	-	-	-	10.765.444	-	10.765.444
More than 4 years up to 5 years	-	-	-	-	-	-	-	-	-	-	-	5.382.722	-	5.382.722
More than 5 years	50.238.738	43.061.775	47.367.953	66.028.055	57.415.700	57.415.700	66.028.055	45.932.560	-	57.415.700	57.415.700	-	57.415.700	605.735.636
More than 5 years	51.282.900	43.884.987	47.993.336	67.303.255	58.496.436	58.411.805	66.748.465	46.160.523	18.032.776	57.800.520	57.486.656	43.096.071	57.479.102	674.176.834
Accounting values	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$
Current bank loans	1.057.357	831.870	640.032	1.267.924	1.077.048	996.105	765.876	202.381	7.274.202	346.139	50.474	5.355.873	220.755	20.086.036
Up to 90 days	1.057.357	831.870	640.032	1.267.924	1.077.048	996.105	765.876	-	-	-	-	-	-	6.636.212
More than 90 days up to a year	-	-	-	-	-	-	-	202.381	7.274.202	346.139	50.474	5.355.873	220.755	13.449.824
Non-current bank loans	50.398.140	43.197.617	47.567.557	65.904.322	57.342.469	57.415.700	66.872.702	45.081.493	10.774.065	56.467.211	56.828.354	37.550.615	61.786.793	657.187.038
More than 1 year up to 3 years	-	-	-	-	-	-	-	-	10.774.065	-	-	21.466.669	-	32.240.734
More than 1 year up to 2 years	-	-	-	-	-	-	-	-	7.181.273	-	-	10.733.334	-	17.914.607
More than 2 years up to 3 years	-	-	-	-	-	-	-	-	3.592.792	-	-	10.733.334	-	14.326.126
More than 3 years up to 5 years	50.398.140	43.197.617	47.567.557	65.904.322	57.342.469	57.415.700	66.872.702	45.081.493	-	56.467.211	56.828.354	16.083.946	61.786.793	624.946.304
More than 3 years up to 4 years	-	-	-	-	-	-	-	-	-	-	-	10.733.334	-	10.733.334
More than 4 years up to 5 years	-	-	-	-	-	-	-	-	-	-	-	5.350.612	-	5.350.612
More than 5 years	50.398.140	43.197.617	47.567.557	65.904.322	57.342.469	57.415.700	66.872.702	45.081.493	-	56.467.211	56.828.354	-	61.786.793	608.862.358
More than 5 years	51.455.497	44.029.487	48.207.589	67.172.246	58.419.517	58.411.805	67.638.578	45.283.874	18.048.267	56.813.350	56.878.828	42.906.488	62.007.548	677.273.074



## Total liabilities to the public, previous period

## Total, obligaciones con el público, ejercicio anterior

Tax ID debit entity	61.808.00 0-5	61.808.00 0-5	61.808.00 0-5	61.808.00 0-5	61.808.00 0-5	61.808.00 0-5	61.808.00 0-5	61.808.00 0-5	61.808.00 0-5	61.808.00 0-5	61.808.00 0-5	61.808.00 0-5	61.808.00 0-5	96.579.80 0-5	96.579.80 0-5
Debtor entity name	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Essal S.A.	Essal S.A.
Country of the debtor company	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile
Tax ID creditor entity	630	655	655	713	713	778	778	806	777	806	887	886	887	284	870
Creditor entity name	BAGUA-M	BAGUA-P	BAGUA-Q	BAGUA-S	BAGUA-U	BAGUA-V	BAGUA-W	BAGUA-X	BAGUA-Z	BAGUA-AA	BAGUA-AD	BAGUA-AC	BAGUA-AE	Besal-B	Besal-C
Currency or reset unit	01-04-2031	01-10-2033	01-06-2032	01-04-2035	01-04-2036	01-04-2037	01-06-2037	01-02-2038	15-01-2023	15-01-2040	15-03-2043	15-03-2025	15-03-2044	01-06-2028	01-12-2040
Amortization rate	UF	UF	UF	UF	UF	UF	UF	UF	UF	UF	UF	UF	UF	UF	UF
Effective rate	Upon Expiration	Upon Expiration	Upon Expiration	Upon Expiration	Upon Expiration	Upon Expiration	Upon Expiration	Upon Expiration	Biannual	Biannual	Biannual	Biannual	Biannual	Biannual	Biannual
Nominal rate	4,16%	3,83%	4,05%	3,92%	3,81%	3,50%	3,18%	3,15%	2,34%	3,33%	2,87%	1,97%	2,05%	6,63%	2,93%
Tax ID debit entity	4,20%	3,86%	4,00%	3,90%	3,80%	3,50%	3,30%	3,00%	2,40%	3,20%	2,80%	1,80%	2,50%	6,00%	2,80%
Nominal amounts	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$
Until a year	514.845	405.901	154.179	628.762	532.878	491.149	177.606	562.009	7.348.491	824.299	463.565	224.064	414.218	3.415.277	163.997
Up to 90 days	-	-	-	-	-	-	-	562.009	3.809.748	824.299	463.565	224.064	414.218	-	163.997
More than 90 days up to a year	514.845	405.901	154.179	628.762	532.878	491.149	177.606	-	3.538.743	-	-	-	-	3.415.277	-
More than 1 year up to 3 years	-	-	-	-	-	-	-	-	14.154.970	-	-	15.924.342	-	6.495.446	-
More than 1 year up to 2 years	-	-	-	-	-	-	-	-	7.077.485	-	-	5.308.114	-	3.247.723	-
More than 2 years up to 3 years	-	-	-	-	-	-	-	-	7.077.485	-	-	10.616.228	-	3.247.723	-
More than 3 years up to 5 years	49.542.395	42.464.910	46.711.401	65.112.862	56.619.880	56.619.880	65.112.862	45.295.904	3.538.743	56.619.880	56.619.880	26.540.570	56.619.880	22.042.118	28.048.530
More than 3 years up to 4 years	-	-	-	-	-	-	-	-	3.538.743	-	-	10.616.228	-	3.247.723	-
More than 4 years up to 5 years	-	-	-	-	-	-	-	-	-	-	-	10.616.228	-	3.247.723	-
More than 5 years	49.542.395	42.464.910	46.711.401	65.112.862	56.619.880	56.619.880	65.112.862	45.295.904	-	56.619.880	56.619.880	5.308.114	56.619.880	15.546.672	28.048.530
More than 5 years	50.057.240	42.870.811	46.865.580	65.741.624	57.152.758	57.111.029	65.290.468	45.857.913	25.042.204	57.444.179	57.083.445	42.688.976	57.034.098	31.952.841	28.212.527
Accounting values	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$	Th\$
Current bank loans	527.872	414.438	168.619	621.600	529.251	491.149	222.549	524.372	7.358.696	786.205	443.450	157.987	570.241	3.340.132	163.997
Up to 90 days	-	-	-	-	-	-	-	524.372	3.819.953	786.205	443.450	157.987	570.241	3.340.132	163.997
More than 90 days up to a year	527.872	414.438	168.619	621.600	529.251	491.149	222.549	-	3.538.743	-	-	-	-	-	-
Non-current bank loans	49.711.499	42.607.147	46.921.832	64.983.746	56.543.915	56.619.880	65.991.224	44.429.043	17.706.018	55.642.582	56.017.217	42.295.104	61.111.397	26.811.234	27.638.931
More than 1 year up to 3 years	-	-	-	-	-	-	-	-	14.163.174	-	-	15.856.419	-	6.397.710	-
More than 1 year up to 2 years	-	-	-	-	-	-	-	-	7.081.587	-	-	5.274.153	-	3.198.855	-
More than 2 years up to 3 years	-	-	-	-	-	-	-	-	7.081.587	-	-	10.582.266	-	3.198.855	-
More than 3 years up to 5 years	49.711.499	42.607.147	46.921.832	64.983.746	56.543.915	56.619.880	65.991.224	44.429.043	3.542.844	55.642.582	56.017.217	26.438.685	61.111.397	20.413.524	27.638.931
More than 3 years up to 4 years	-	-	-	-	-	-	-	-	3.542.844	-	-	10.582.266	-	3.198.855	-
More than 4 years up to 5 years	-	-	-	-	-	-	-	-	-	-	-	10.582.266	-	3.198.855	-
More than 5 years	49.711.499	42.607.147	46.921.832	64.983.746	56.543.915	56.619.880	65.991.224	44.429.043	-	55.642.582	56.017.217	5.274.153	61.111.397	14.015.814	27.638.931
Total obligations to the public	50.239.371	43.021.585	47.090.451	65.605.346	57.073.166	57.111.029	66.213.773	44.953.415	25.064.714	56.428.787	56.460.667	42.453.091	61.681.638	30.151.366	27.802.928



## Reconciliation of other financial liabilities and lease liability:

The following is a reconciliation between the opening and closing balances of other financial liabilities as of September 30, 2020 and December 31, 2019:

### Current period:

Other current financial liabilities	Initial balance 01-01-2020	Additions	Payments	Transfers	Held for sale	Closing balance 30-09-2020
	\$	\$	\$	\$	\$	\$
Bank loans	13.876.507	52.000.000	(30.000.013)	4.437.664	(9.067.603)	31.246.555
Bonuses	16.320.558	-	-	7.269.608	(3.504.129)	20.086.037
Reimbursable financial contributions	6.188.750	-	-	8.341.903	-	14.530.653
Forward	-	1.801.188	-	-	-	1.801.188
<b>Total financial liabilities</b>	<b>36.385.815</b>	<b>52.000.000</b>	<b>(30.000.013)</b>	<b>20.049.174</b>	<b>(12.571.732)</b>	<b>67.664.433</b>
Lease liabilities	1.496.533	248.863	(1.067.117)	788.159	(237.403)	1.229.035
<b>Total lease liabilities</b>	<b>1.496.533</b>	<b>248.863</b>	<b>(1.067.117)</b>	<b>788.159</b>	<b>(237.403)</b>	<b>1.229.035</b>
<b>Total financial liabilities and lease liabilities</b>	<b>37.882.348</b>	<b>52.248.863</b>	<b>(31.067.130)</b>	<b>20.837.333</b>	<b>(12.809.135)</b>	<b>68.893.468</b>

Other non-current financial liabilities	Initial balance 01-01-2020	Additions	Payments	Transfers	Held for sale	Closing balance 30-09-2020
	\$	\$	\$	\$	\$	\$
Bank loans	101.352.096	91.300.000	-	(4.535.887)	(22.257.778)	165.858.432
Bonuses	715.030.769	-	(7.150.455)	3.756.888	(54.450.164)	657.187.038
Reimbursable financial contributions	186.572.528	12.747.230	(9.041.579)	(5.703.451)	(10.683.738)	173.890.990
<b>Total financial liabilities</b>	<b>1.002.955.393</b>	<b>104.047.230</b>	<b>(16.192.034)</b>	<b>(6.482.450)</b>	<b>(87.391.679)</b>	<b>996.936.460</b>
Lease liabilities	1.942.083	560.518	-	(788.159)	(372.272)	1.342.170
<b>Total lease liabilities</b>	<b>1.942.083</b>	<b>560.518</b>	<b>-</b>	<b>(788.159)</b>	<b>(372.272)</b>	<b>1.342.170</b>
<b>Total other financial liabilities and lease liabilities</b>	<b>1.004.897.476</b>	<b>104.607.748</b>	<b>(16.192.034)</b>	<b>(7.270.609)</b>	<b>(87.763.951)</b>	<b>998.278.630</b>



**Previous period:**

<b>Other current financial liabilities</b>	<b>Initial balance 01-01-2019</b>	<b>Additions</b>	<b>Payments</b>	<b>Transfers</b>	<b>Closing balance 31-12-2019</b>
	\$	\$	\$	\$	\$
Bank loans	3.503.647	134.183.291	(128.108.621)	4.298.190	13.876.507
Bonuses	15.037.330	7.807	(6.886)	1.282.307	16.320.558
Reimbursable financial contributions	15.422.339	27.233.301	(26.985.986)	(9.480.904)	6.188.750
<b>Total financial liabilities</b>	<b>33.963.316</b>	<b>161.424.399</b>	<b>(155.101.493)</b>	<b>(3.900.407)</b>	<b>36.385.815</b>
Lease liabilities	-	2.014.766	(1.308.049)	789.816	1.496.533
<b>Total lease liabilities</b>	<b>-</b>	<b>2.014.766</b>	<b>(1.308.049)</b>	<b>789.816</b>	<b>1.496.533</b>
<b>Total other financial liabilities and lease liabilities</b>	<b>33.963.316</b>	<b>163.439.165</b>	<b>(156.409.542)</b>	<b>(3.110.591)</b>	<b>37.882.348</b>

<b>Other non-current financial liabilities</b>	<b>Initial balance 01-01-2019</b>	<b>Additions</b>	<b>Payments</b>	<b>Transfers</b>	<b>Closing balance 31-12-2019</b>
	\$	\$	\$	\$	\$
Bank loans	92.519.209	22.257.778	-	(13.424.891)	101.352.096
Bonuses	646.960.110	56.686.306	(9.799.598)	21.183.951	715.030.769
Reimbursable financial contributions	173.033.860	-	-	13.538.668	186.572.528
<b>Total financial liabilities</b>	<b>912.513.179</b>	<b>78.944.084</b>	<b>(9.799.598)</b>	<b>21.297.728</b>	<b>1.002.955.393</b>
Lease liabilities	-	2.731.897	-	(789.814)	1.942.083
<b>Total lease liabilities</b>	<b>-</b>	<b>2.731.897</b>	<b>-</b>	<b>(789.814)</b>	<b>1.942.083</b>
<b>Total other financial liabilities and lease liabilities</b>	<b>912.513.179</b>	<b>81.675.981</b>	<b>(9.799.598)</b>	<b>20.507.914</b>	<b>1.004.897.476</b>

**Forward**

As of September 30, 2020, the Group presents the effect on the interim consolidated financial statements of the market valuation of the Forward derivative operations by exchange rate in dollars, for an amount of ThCh \$ 1,801,187.



## 15.5 Fair value of financial instruments

Fair value of financial instruments carried at amortized cost.

The following is a summary of the fair values of the main financial assets and liabilities, including those that are not presented at fair value in the consolidated statement of financial position:

	30-09-2020	
	Amortized cost Th\$	Fair value Th\$
<b>Cash Equivalents</b>		
Term deposits, level 1	70.000.000	70.000.000
Mutual funds, level 1	71.010.000	71.010.000
<b>Investments held at fair value</b>	<b>141.010.000</b>	<b>141.010.000</b>
<b>Other financial liabilities</b>		
Bank debt, level 2	197.104.988	200.331.295
Bonuses, level 1	677.273.074	833.608.516
AFR, level 3	188.421.643	188.421.643
Forward level 1	1.801.188	1.801.188
<b>Financial liabilities maintained at amortized cost</b>	<b>1.064.600.893</b>	<b>1.224.162.642</b>

### Methodology and assumptions used in the calculation of fair value

The fair value of financial assets and liabilities was determined using the following methodology:

- The amortized cost of time deposits and mutual funds is a good approximation of fair value, because they are short-term transactions.
- The market value of Forward derived instruments operations in foreign currency, corresponds to the value resulting from applying current quotations on the valuation date at the maturity of the operation and applying a rate.
- The amortized cost of AFR liabilities is a good approximation of the fair value, since they are operations with little liquidity in the market, the rate applied corresponds to that indicated in the standard that regulates them (DFL No. 70).
- The fair value of the bonds was determined based on market price references, as these instruments are Commercial in the market under standard conditions and with a high degree of liquidity.
- The fair value of the bank debt was determined by discounting the cash flows of each loan (principal and interest disbursements) at an interpolated swap curve rate corresponding to the remaining term. This term corresponds to the number of days counted from the month-end date of the Financial Statements to the date corresponding to the disbursement of each flow.

### Recognition of hierarchy of measurements at fair value in the Consolidated Financial Statements

- Level 1 corresponds to measurement methodologies at fair value through market shares (without adjustment) in active markets and considering the same assets and liabilities valued.
- Level 2 corresponds to fair value measurement methodologies using quoted market prices data, not included in Level 1, that are observable for the valued assets and liabilities, either directly (prices) or indirectly (derived from prices).
- Level 3 relates to fair value measurement methodologies using valuation techniques, including data on valued assets and liabilities, that are not based on observable market data.

Information regarding commercial accounts invoiced according to the expiration date is presented below:



## 16.1 Commercial accounts

### Current period:

Commercial accounts per day according to deadline	30-09-2020			
	Goods Th\$	Services Th\$	Others Th\$	Total Th\$
Up to 30 days	2.348.709	8.896.848	49.078	11.294.635
Between 31 and 60 days	42.235	1.412.399	44	1.454.678
Between 61 and 90 days	-	-	-	-
Between 91 and 120 days	-	-	-	-
Between 121 and 365 days	-	20.888	-	20.888
<b>Totals</b>	<b>2.390.944</b>	<b>10.330.135</b>	<b>49.122</b>	<b>12.770.201</b>

Commercial accounts expired according to term	30-09-2020			
	Goods Th\$	Services Th\$	Others Th\$	Total Th\$
Up to 30 days	28.720	3.225.458	1.624	3.255.802
Between 31 and 60 days	389	191.615	750	192.754
Between 61 and 90 days	688	32.428	110	33.226
Between 91 and 120 days	-	23.501	88	23.589
Between 121 and 365 days	-	186.941	2.324	189.265
More than 365 days	48	7.377	583	8.008
<b>Totals</b>	<b>29.845</b>	<b>3.667.320</b>	<b>5.479</b>	<b>3.702.644</b>

### Previous period:

Commercial accounts per day according to deadline	31-12-2019			
	Goods Th\$	Services Th\$	Others Th\$	Total Th\$
Up to 30 days	7,607,971	17,388,913	189,590	25,186,474
Between 31 and 60 days	1,179,791	10,888,431	2,720	12,070,942
Between 61 and 90 days	315,114	115,331	-	430,445
Between 91 and 120 days	-	230,670	-	230,670
Between 121 and 365 days	-	-	-	-
More than 365 days	-	-	-	-
<b>Totals</b>	<b>9,102,876</b>	<b>28,623,345</b>	<b>192,310</b>	<b>37,918,531</b>

Commercial accounts expired according to term	31-12-2019			
	Goods Th\$	Services Th\$	Others Th\$	Total Th\$
Up to 30 days	(157,947)	681,169	9,194	532,416
Between 31 and 60 days	974,082	176,438	58	1,150,578
Between 61 and 90 days	361,633	673,907	11,008	1,046,548
Between 91 and 120 days	194,029	82,634	3,752	280,415
Between 121 and 365 days	48	1,049,148	8,219	1,057,415
More than 365 days	-	7,906	169	8,075
<b>Totals</b>	<b>1,371,845</b>	<b>2,671,202</b>	<b>32,400</b>	<b>4,075,447</b>





## Note 17. OTHER PROVISIONS AND CONTINGENT LIABILITIES

### A. Other Provisions

The breakdown of this item as of September 30, 2020 and December 31, 2019 is as follows:

Other provisions	30-09-2020			
	Provision for guarantees \$Th	Provisions for legal processes Th\$	Provision for onerous contracts Th\$	Total, Other provisions Th\$
<b>Other provisions at the beginning of the period 01.01.2020</b>	-	3.732.169	1.380.132	5.112.301
<b>Changes in other provisions</b>				
<b>Additional provisions, other provisions</b>				
New provisions	-	152.054	-	152.054
<b>Total additional provisions</b>	-	152.054	-	152.054
(-) Used provisions	-	-	-	-
(-) Unused reverse provisions	-	(23.741)	-	(23.741)
Increase for adjustments arising from the passage of time	-	-	20.800	20.800
(-) Decrease for liabilities included in groups of assets for disposal classified as held for sale	-	(3.708.428)	-	(3.708.428)
<b>Total Increase (decrease)</b>	-	(3.732.169)	20.800	(3.711.369)
<b>Other current provisions</b>	-	152.054	-	152.054
<b>Other non-current provisions</b>	-	-	1.400.932	1.400.932

Other provisions	31-12-2019			
	Provision for guarantees \$Th	Provisions for legal processes Th\$	Provision for onerous contracts Th\$	Total, Other provisions Th\$
<b>Other provisions at the beginning of the period</b>	2.130.122	862.123	1.341.233	4.333.478
<b>Changes in other provisions</b>				
<b>Additional provisions, other provisions</b>				
New provisions	-	3.281.818	-	3.281.818
Increase in existing provisions	-	1.012.448	-	1.012.448
<b>Total additional provisions</b>	-	4.294.266	-	4.294.266
(-) Used provisions	-	1.424.220	-	1.424.220
(-) Unused reverse provisions	2.130.122	-	-	2.130.122
Increase for adjustments arising from the passage of time	-	-	38.898	38.898
<b>Total Increase (decrease)</b>	2.130.122	1.424.220	38.899	3.515.444
<b>Other current provisions</b>	-	3.732.169	-	3.732.169
<b>Other non-current provisions</b>	-	-	1.380.132	1.380.132

The description of the provisions that make up this item are as follows:



## 1.- Legal claims

The Company records the provision for lawsuits arising from its operations, mainly arising from sanctioning processes carried out by auditing agencies. In addition, Aguas Andinas and Subsidiaries are involved in civil and labor lawsuits, whose resolutions are pending in the corresponding courts.

The provisions associated with the Company's current lawsuits have been reflected in the heading "Provisions", in accordance with the provisions of IAS 37. In those cases, where Management considers that the matters have a low probability of success and do not represent a certain probability of material loss, no provision has been made.

The legal claims that could affect the Company are detailed below:

**The Superintendency of Sanitary Services (SISS)** has issued fines against Aguas Andinas S.A. and Subsidiaries mainly due to non-compliance with instructions and violation of the continuity and quality of the service provided by the Company. The total claims filed as of June 2020 amount to UTA 4,188, which were paid prior to initiating the claim processes in each of the cases, pending resolution of the final judgments.

Additionally, Aguas Andinas S.A. was notified of the initiation of sanctioning procedures by the Superintendence of Sanitary Services. This corresponds to alleged violations in the delivery of the service. Currently, there are administrative appeals and legal claims pending, so it is premature to estimate a result. The Company considers that it did not incur in the infractions filed, therefore, it is expected that the claims and appeals will be accepted.

**Regional Ministerial Health Secretariat (RM)**, sanctioning processes are pending against Aguas Andinas, initiated by Resolution for alleged infractions in the service provided. Administrative appeals and legal claims are currently underway. The ranges of fines vary between 1 and 1000 UTM.

**Labor Lawsuits:** Aguas Andinas was directly or indirectly sued for labor claims, mainly for unjustified dismissals. Total claims amount to Th\$267.248 The legal proceedings are pending at the respective courts or administrative bodies.

## 2.- Other provisions, non-current

It basically corresponds to the transaction dated July 10, 2007, signed at the Notary's office of María Gloria Acharan Toledo, between Aguas Cordillera S.A. and developers, in which it is assumed that in the event that Aguas Cordillera S.A. disaffects and sells the land that was transferred to it in the future, it will have to pay at least U.F. 52,273.29. This amount will be charged against the existing debt receivable from the developers.

## B.- Contingent liabilities

- 1.- Aguas Andinas S.A. was sued in an ordinary lawsuit for compensation for damages for the damages allegedly suffered by a Mining Company, for the installation of the company's infrastructure on land on which the plaintiff would have mining properties, causing her alleged damage by preventing the extraction of minerals. . The amount demanded is ThCh \$ 1,093,564. A judgment was issued in the first instance which was reversed by the appeals court, which agreed with Aguas Andinas. Pending issuance of the ruling by the Supreme Court.
- 2.- On June 9, 2016, as a result of a break in the potable water matrix that affected the district of Providencia, Aguas Andinas S.A. compensated for the damage caused to third parties. In view of the aforementioned emergency, the Company is in the process of being audited and notified of the beginning of the sanctioning process by the Superintendence of Sanitary Services. The Company presented its discharges, the resolution of the authority is pending.
- 3.- On March 30 this year, Aguas Andinas was notified of the sentence rendered in first instance in the collective lawsuit filed by SERNAC in relation to a massive cut-off of potable water in April 2016, caused by extreme turbidity in the Maipo River. The ruling condemns the company and orders compensation to the users allegedly affected by the aforementioned cut, a decision that we consider erroneous and disproportionate, since it includes in the compensation unsolicited requests in court and, likewise, extends the scope of the ruling to users who were not really affected by that



interruption. Therefore, Aguas Andinas filed appeals against this ruling, requesting the higher Courts of justice to amend the errors contained in the ruling.

- 4.- As of September 30, 2020, there are 2 administrative procedures initiated by the Superintendency of Sanitation Services (SISS) against ESSAL and that are related to the events that occurred in July 2019 at the production plant of drinking water from Caipulli, in the town of Osorno. One of the procedures deals with the expiration of the concession in Osorno; and the second accuses ESSAL of various infringement situations for alleged deficiencies in the quality of the service, aiming to establish fine sanctions. The first procedure is in the evidentiary stage before the SISS. While, regarding the second procedure, on August 12, a sanction of 2,720 UTA was received, which could be the object of judicial claim.

The Company and its Subsidiaries are involved in other minor lawsuits. It is considered that they will not have a material adverse effect on the financial statements of the respective Companies.

#### **Note 18. EMPLOYEE BENEFITS**

The Company, at a consolidated level, has a staff of 2,172 workers, of which 84 correspond to Managers and main executives. The workers who are part of the collective agreements and individual employment contracts, with special compensation clauses, reach 1,873 and 18 respectively. Meanwhile, 281 workers are governed by what the Labor Code indicates.

In January 2018, Aguas Andinas S.A. completed advance collective bargaining with employee, operators and professional unions No. 1, 2 and 3. The agreement was signed on January 29, 2018, and is valid for three years.

The collective contracts in force for Aguas Cordillera S.A., and personnel of Aguas Manquehue S.A., were signed on December 1, 2018 and October 1, 2018 for Unions No. 1, 2, and Workers' and Supervisors' Union, respectively, all have a three-year term.

The current collective agreements for Análisis Ambientales S.A, Gestión y Servicios S.A. and EcoRiles S.A. were signed in January 2019, November 2018 and April 2017, respectively. These contracts are valid for three years. The employees of these Subsidiaries are governed by the rules set forth in articles 159, 160 and 161 of the Labor Code, for which reason no provision for severance package is recorded.

The current collective bargaining agreement with the Unions of the subsidiary ESSAL S.A. was signed on December 31, 2019 and expires on December 31, 2022.

#### **Policies on defined benefit plans**

Workers who are not party to the collective agreements of Aguas Andinas S.A. and its Subsidiaries are governed by the rules established in Articles 159, 160 and 161 of the Labor Code, and therefore no provision is recorded for severance payments.



For those employees who recorded severance at current value up to 2002 (including severance payments for all events recognized at that date), the actuarial calculation is applied, as well as to the advances granted on account of this severance.

For employees who are part of or were assimilated to the collective bargaining agreements in force at the date of the consolidated financial statements, the actuarial value calculation for severance payments applies.

### **Accounting policies on the recognition of profit and loss on defined benefit plans**

The obligation for the severance payment, which is estimated to accrue to the workers who retire from Aguas Andinas S.A., Aguas Cordillera S.A., Aguas Manquehue S.A., and ESSAL S.A. The amount of the loan is recorded at the actuarial value, determined using the projected unit credit method.

Actuarial profit and loss on indemnities arising from changes in estimates of turnover tariffs, mortality tariffs, salary increases, or discount tariffs are recorded in accordance with revised IAS 19, in other comprehensive income, directly affecting Equity, which is subsequently reclassified to Retained Earnings. This procedure began to be applied in 2013, due to the entry into force of revised IAS 19. Until 2012, all variations in the estimates and parameters used determined a direct effect on the results of the year.

### **Actuarial assumptions**

**Years of service:** In Aguas Andinas S.A., Aguas Cordillera S.A., Aguas Manquehue S.A. and ESSAL S.A. the assumption is that workers will remain in these Companies until they reach the legal age of retirement (women up to 60 years of age and men up to 65 years of age). In the subsidiary ESSAL S.A. there is a maximum of 6 months' compensation and it is paid to persons who retire or die.

**Participants in each plan:** Workers who are party to union agreements or similar (as indicated above) and workers with individual contracts with an indemnity clause for all events. The employees who are part of the calculation of actuarial compensation are as follows: Aguas Andinas S.A.: 842; Aguas Cordillera S.A.: 109; Aguas Manquehue

**Mortality:** The Financial Market Commission's RV-2014 mortality tables are used.

**Employee turnover rate and disability and premature retirements:** According to the statistical experience of the Group, the rotation used in the 2019 period, for the target workers are the following: Aguas Andinas S.A. : 5.20%; Aguas Cordillera S.A. : 8.70% and Aguas Manquehue S.A. Neither disability nor premature withdrawals have been considered due to the infrequency of these events.

**Discount rate:** For the 2019 period, the rate of 4.16% was used for Aguas Andinas S.A., Aguas Cordillera S.A. and Aguas Manquehue S.A. which corresponds to the risk-free rate, and the expected long-term inflation estimate.

**Inflation rate:** Long-term estimates for 2019 were made using the estimated long-term inflation rate reported by the Central Bank of Chile, which amounts to 3.0%.

**Rate of pay increase:** The tariffs used for the period 2019 are as follows Aguas Andinas S.A.: 2.5%; Aguas Cordillera S.A.: 1.7%; Aguas Manquehue S.A.: 0.3%

### **Overview of defined benefit plans**

In addition to the benefits indicated in note 2.2 letter O, the following are indicated:

In the event of the worker's death, compensation shall be paid to his immediate family members in accordance with article 60 of the Labor Code.

In the event that the worker withdraws from the Company in accordance with numbers 2, 4 or 5 of article 159, number 1 letter a) or number 6 of article 160 of the Labor Code, the amount accumulated for this concept until July 31, 2002 in Aguas



Andinas S.A. and December 31, 2002 in Aguas Cordillera S.A., readjusted on a quarterly basis by the variation of the Consumer Price Index, will be paid as compensation, provided that this variation is positive.

For the workers of Aguas Andinas S.A. and its Subsidiaries, which are not part of their collective agreements, what is indicated in their individual work contracts applies. As for the non-water utility subsidiaries, i.e. Gestión y Servicios S.A., EcoRiles S.A., Análisis Ambientales S.A. and Aguas del Maipo S.A., the provisions of the Labor Code apply, unless individual contracts indicate otherwise.

The provision for indemnity is presented by deducting the advances granted to the workers.

The movements of the actuarial provisions as of September 30, 2020 and December 31, 2019, which include the movements of the provisions, are as follows:

Provisions for employee benefits	30-09-2020 Th\$	31-12-2019 Th\$
<b>Movements actuarial provision</b>		
Beginning balance	21.011.199	18.133.926
Cost of services	695.257	1.011.621
Cost for interest	580.310	808.754
(Gain) or actuarial losses	-	2.487.503
Benefits paid	(796.234)	(1.561.500)
Provision for termination benefits	168.904	130.894
Decrease in liabilities included in groups of assets for disposal classified as held for sale	(721.729)	-
<b>Sub-totals</b>	<b>20.937.707</b>	<b>21.011.198</b>
Profit and bonds participation	3.262.714	4.941.519
<b>Totals</b>	<b>24.200.421</b>	<b>25.952.717</b>

In the statement of financial position these balances are in the following items:

Provisions for employee benefits	30-09-2020 Th\$	31-12-2019 Th\$
Provisions for employee benefits, current	3.388.011	5.184.148
Provisions for employee benefits, not current	20.812.410	20.768.569
<b>Totals</b>	<b>24.200.421</b>	<b>25.952.717</b>

### Expected payment flows

The collective agreement of Aguas Andinas S.A. indicates in its seventeenth clause that workers who voluntarily resign to take up retirement due to old age will have a period of 120 days, from the date they reach the legal age for retirement, to make their resignation effective.

The collective agreements of Aguas Cordillera S.A. and Aguas Manquehue S.A. indicate that compensation will be paid to workers who voluntarily resign because they have reached the legal age for old age pension.



During 2019, the company, together with the Aguas Andinas workers' Commercial unions, will recognize the contributions made by employees with serious health problems who have a duly accredited disabling illness that affects their work performance or prevents them from returning to their duties under normal conditions or who are close to reaching legal retirement age, this means that female workers with a permanent employment contract who have reached the age of 57 and male workers with a permanent employment contract who have reached the age of 62 have the option of taking part in a voluntary retirement plan. Those workers who have reached the age required by Article 3 of Decree Law No. 3,500 to obtain an old-age pension, i.e. over 60 years of age for women and over 65 years of age for men (age reached), are also eligible.

In accordance with the aforementioned defined benefit plans, the flows for the current year are indicated below:

Company	Number of employees	Expected flow of payment Th\$	Year
Aguas Andinas S.A.	20	1.976.919	2020
Aguas Cordillera S.A.	-	-	2020
Aguas Manquehue S.A.	-	-	2020
<b>Totals</b>	<b>20</b>	<b>1.976.919</b>	

#### Projected liabilities as of December 31, 2020

In order to calculate the projected liabilities of the indemnities at the actuarial value, as of December 2020, in accordance with IAS 19, the actuarial assumptions in force on December 31, 2019, already informed in this note, have been used, only the amount of the legal bonus has been increased according to the increase in the minimum salary established in January of this year.

The summary by Company is as follows:

Company	Number of employees	Costs for services Th\$	Interest cost Th\$
Aguas Andinas S.A.	884	826.959	702.809
Aguas Cordillera S.A.	104	127.964	57.248
Aguas Manquehue S.A.	14	2.364	17.713
<b>Totals</b>	<b>1.002</b>	<b>957.287</b>	<b>777.770</b>

#### Sensitivity of assumptions

On the basis of the actuarial calculation as of September 30, 2020, the main assumptions were made and the following impacts were determined:

Discount Rate	Base	More than 0.5% Th\$	Less than 0.5% Th\$
Aguas Andinas S.A.	4,16%	(758.745)	826.861
Aguas Cordillera S.A.	4,16%	(55.062)	55.511



Aguas Manquehue S.A.	4,16%	(16.220)	19.730
<b>Totals</b>		<b>(830.027)</b>	<b>902.102</b>

<b>Turnover rate</b>	<b>Base</b>	<b>More than 0.5% Th\$</b>	<b>Less than 0.5% Th\$</b>
Aguas Andinas S.A.	5,20%	(827.536)	898.532
Aguas Cordillera S.A.	8,70%	(61.990)	62.621
Aguas Manquehue S.A.	0,00%	(16.850)	1.220
<b>Totals</b>		<b>(906.376)</b>	<b>962.373</b>

<b>Salary increase rate</b>	<b>Base</b>	<b>More than 0.5% Th\$</b>	<b>Less than 0.5% Th\$</b>
Aguas Andinas S.A.	2,50%	836.514	(774.257)
Aguas Cordillera S.A.	1,70%	56.633	(56.590)
Aguas Manquehue S.A.	0,30%	20.367	(9.800)
<b>Totals</b>		<b>913.514</b>	<b>(840.647)</b>

#### Disclosure of termination benefits

The compensation for termination of employment is governed by the provisions of the Labor Code, except for those special clauses in the respective collective or individual contracts.

#### Profit sharing and bonds

It corresponds to the obligation that the Company maintains with its workers for participation bonuses to be paid in the months of February and March of the following year. The accrued participation to be paid to the workers, stipulated in the current contracts, is reliquidated during the month of February on the basis of the situation of the immediately preceding business year. As of September 30, 2020 and December 31, 2019, the amounts are ThCh \$ 3,262,714 and ThCh \$ 4,941,517, respectively. Additionally, advances are made on this bond in the months of March, June, September and December of each calendar year.

The annual amount will depend on the profits generated by each Company in the Group.

#### Staff costs

Personnel expenses as of September 30, 2020 and 2019 are as follows:

<b>Personnel expenses</b>	<b>30-09-2020</b>	<b>30-09-2019</b>	<b>01-07-2020 30-09-2020</b>	<b>01-07-2019 30-09-2019</b>
	<b>Th\$</b>	<b>Th\$</b>	<b>Th\$</b>	<b>Th\$</b>
Wages and salaries	25.791.646	22.898.986	9.493.475	7.497.731



Defined benefits	11.788.006	11.146.267	3.817.635	3.631.146
Severance pay	2.217.397	1.830.519	1.108.848	238.918
Other personnel costs	944.472	1.152.303	255.558	304.845
<b>Totals</b>	<b>40.741.521</b>	<b>37.028.075</b>	<b>14.675.516</b>	<b>11.672.640</b>

#### Note 19. OTHER NON-FINANCIAL LIABILITIES

The breakdown of this current and non-current item as of September 30, 2020 and December 31, 2019 is as follows:

<b>Other non-financial liabilities</b>	<b>30-09-2020</b>	<b>31-12-2019</b>
	<b>Th\$</b>	<b>Th\$</b>
Value-Added Tax	7.231.059	10.224.688
Monthly Provisional Payments	4.596.265	4.805.725
Other taxes	207.532	367.582
Agreement for real estate developments	1.605.552	2.508.098
Works requested by third parties	2.268.130	2.076.573
<b>Current totals</b>	<b>15.908.538</b>	<b>19.982.666</b>
Asociación Sociedad de Canalistas del Maipo	7.355.177	7.294.709
Agreement for real estate developments	2.794.106	2.737.146
<b>Total non-current</b>	<b>10.149.283</b>	<b>10.031.855</b>

#### Note 20. EQUITY ATTRIBUTABLE TO THE OWNERS OF THE CONTROLLER

The Company's capital is divided into 6,118,965,160 nominative shares with no par value, fully subscribed and paid up as of June 30, 2020, corresponding to 94.97% of the series A and 5.03% of the series B.

The Series B shares have a veto or preference, contained in Article 5 of the Company's bylaws, consisting of the special quorum required by the Extraordinary Shareholders' Meeting to decide on acts and contracts relating to water use rights and water utility concessions of Aguas Andinas.

The composition of each series is as follows:

<b>Currency</b>	<b>30-09-2020</b>	<b>31-12-2019</b>
Series A shares	5.811.031.417	5.811.031.417
Series B shares	307.933.743	307.933.743

The capital as of September 30, 2020 and December 31, 2019 amounts to Th\$155,567,354. There are no own shares in the portfolio, nor are there any preferred shares.

The Company manages its capital with the aim of ensuring permanent and prompt access to the financial markets, enabling it to achieve its growth, solvency and profitability objectives.

There have been no changes in capital management objectives or policies in the years reported.

In 2020, dividends payments have not been agreed, according to the following:

In the Ordinary Meeting of Shareholders held on April 27, 2020, it was approved not to distribute profits over the amount already distributed in January 2020, which is higher than the legal minimum as provided in the Law of Corporations, given the exceptional circumstances that the country and the entire world are experiencing in relation to the Coronavirus Pandemic, which makes it necessary to prioritize operational needs and allocate all efforts and resources for these purposes, until the effects of it are clarified.





Notwithstanding the above, during the course of the financial year 2020, the distribution of a dividend will be evaluated if the prevailing circumstances allow it, which in any case will be subject to the approval of the respective corporate governance bodies.

In the period ended December 31, 2019, the following dividend payments were agreed and made:

At the Ordinary Shareholders' Meeting held on April 23, 2019, it was agreed the distribution of Th\$132,850,909. Considering the interim dividend paid in January 2019 amounting to Th\$43,223,758, the distributable profit amounted to Th\$89,627,151, corresponding to a dividend of \$14.6474 per share, payable as from May 23, 2019.

In the Essential Fact of December 19, 2019, the Board of Directors of the Company agreed to distribute the amount of Th\$44,433,477, on account of the profits of the year 2019, as an interim dividend. As a result, the Company's interim dividend will amount to \$7.2616 per share and will be payable as of January 20, 2020.

#### ● Minimum dividend provision

In accordance with the policy described in note 2.2 letter J, the Company as of June 30, 2020 and December 31, 2019, did not record a minimum dividend provision.

#### ● Accumulated earnings

The amounts recorded for the revaluation of land and intangible assets and other adjustments for first-time adoption of IFRSs are presented in retained earnings, and have restrictions for their distribution, since they must first be recognized as realized, through use or sale, in accordance with IFRS 1, IAS 16 and Circular Letter No. 456 of June 20, 2008, of the Financial Market Commission. Also included under this heading is the amount corresponding to actuarial profit and loss determined since 2009 as a result of changes in defined benefit plan obligations.

Additionally, as of December 31, 2019, modifications were made to the parameters for calculating actuarial profit and loss on severance payments, which generated a recognition in the accumulated results of Th\$1,844,103.

The total accumulated profit balances as of September 30, 2020 and December 31, 2019 amount to ThCh \$ 406,651,596 and ThCh \$ 330,787,492, respectively.

#### ● Share premiums.

The amount recorded in share premiums corresponds to the surcharge on the sale of shares produced in 1999 due to the capital increase. The balances as of September 30, 2020 and December 31, 2019 amount to Th\$164,064,038 in each period.

#### ● Other equity holdings.

The amount recorded under Other equity corresponds to the monetary correction of paid-in capital for 2008, the year of transition to IFRS, pursuant to the provisions of Circular Letter No. 456 of the Financial Market Commission on the effects of business combinations of companies under common control carried out in 2007 and 2008. The balances as of September 30, 2020 and December 31, 2019 amount to Th\$-5,965,550.

#### ● Other reserves.

The amount recorded in other reserves corresponds to the surplus from the revaluation of land owned, plant and equipment, produced on September 30, 2020, which generated an increase in value of ThCh \$ 155,714,882 as a result of the change in accounting criteria described in note 2.2.Y.

### Note 21. EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS

The detail, by Company, of the effects arising from the participation of third parties in the equity and results as of June 30, 2020 and December 31, 2019 is as follows:



Company	% Interest		Non-controlling interests					
	30-09-2020	31-12-2019	Equity		Outcome			
	%	%	30-09-2020	31-12-2019	30-09-2020	30-09-2019	01-07-2020 30-09-2020	01-07-2019 30-09-2019
			Th\$	Th\$	Th\$	Th\$	Th\$	Th\$
Aguas Cordillera S.A.	0,00997%	0,00997%	25.466	20.467	1.150	1.569	76	394
Essal S.A. (1)	46,49350%	46,49350%	44.671.782	42.999.662	1.672.121	(1.317.211)	(155.406)	(2.905.507)
<b>Totals</b>			<b>44.697.248</b>	<b>43.020.129</b>	<b>1.673.271</b>	<b>(1.315.642)</b>	<b>(155.330)</b>	<b>(2.905.113)</b>

(1) Includes the holdings of third parties due to the assignment at market value of the assets and liabilities arising from the purchase of Inversiones Iberaguas Ltda. and ESSAL S.A. at the time of the business combination.

Dividends paid to non-controlling interests in the subsidiaries ESSAL S.A. 2019 amount to Th\$5,048,004, respectively.

## Note 22. ORDINARY INCOME

The detail of ordinary income recorded by the Group companies is as follows:

Classes of ordinary income	30-09-2020	30-09-2019	01-07-2020 30-09-2020	01-07-2019 30-09-2019
	Th\$	Th\$	Th\$	Th\$
<b>Ordinary income</b>				
Drinking water	140.126.040	145.448.143	36.957.083	38.915.967
Wastewater	160.316.451	170.434.591	46.624.693	51.349.589
Other regulated income	9.873.467	9.710.107	3.141.885	3.029.181
Non-regulated businesses(*)	38.736.419	35.364.099	18.647.691	13.012.211
<b>Totals</b>	<b>349.052.377</b>	<b>360.956.940</b>	<b>105.371.352</b>	<b>106.306.948</b>

The effectiveness of the reading of customer consumption has decreased due to the quarantines decreed in the municipalities of the Metropolitan Region, reaching an average of 70% between April and June. This implies that when it is not possible to take a reading of the customer's consumption, the minimum is applied between the average of the last six months of consumption read according to the current regulations of the Superintendence of Sanitary Services and the customer's consumption in the same month of the previous year. Additionally, customers have the option of reporting their consumption directly, which in these cases, replaces the previous estimates.

(\*) As of September 30, 2020, the income of US \$ 10 million associated with the Alto Maipo project agreement is included, since that company exercised its extension option, established in the contract signed between the parties.



## Note 23. OTHER EXPENSES BY NATURE

The following is information on other expenses, by nature:

Other expenses by nature	30-09-2020	30-09-2019	01-07-2020 30-09-2020	01-07-2019 30-09-2019
	Th\$	Th\$	Th\$	Th\$
Operation of treatment plants	(19.947.582)	(20.826.441)	(6.276.002)	(6.783.353)
Services	(13.457.402)	(10.759.656)	(5.113.730)	(3.922.798)
Maintenance and repairs of networks	(11.081.096)	(10.387.816)	(3.732.656)	(4.003.905)
Commercial services	(6.969.259)	(8.713.381)	(2.103.241)	(3.031.680)
Costs for work requested by third parties	(4.617.676)	(7.159.537)	(1.535.052)	(2.608.210)
Maintenance of enclosures and equipment	(5.813.076)	(5.770.090)	(1.983.741)	(1.855.729)
Operating leases	(4.556.482)	(3.815.731)	(1.576.349)	(1.345.083)
Removal of waste and sludge	(3.705.631)	(3.478.065)	(1.182.549)	(1.163.827)
Contributions, patents, insurance and rights	(5.561.779)	(4.732.474)	(2.459.144)	(2.101.266)
General expenses	(4.262.114)	(4.249.540)	(949.524)	(1.549.277)
Others	(12.760.192)	(3.653.073)	(6.353.598)	(401.722)
<b>Totals</b>	<b>(92.732.289)</b>	<b>(83.545.804)</b>	<b>(33.265.586)</b>	<b>(28.766.850)</b>

## Note 24. OTHER INCOME AND EXPENSES

The following is additional information to be disclosed in accordance with IAS 1, referring to other income and expenses other than the operation:

Income and expenses other than the operation	30-09-2020	30-09-2019	01-07-2020 30-09-2020	01-07-2019 30-09-2019
	Th\$	Th\$	Th\$	Th\$
Gain (loss) on sale of non-current assets, not held for sale	-	25.782	-	19.295
Organizational restructuring program *	(2.040.296)	(1.868.382)	(46.137)	(322.081)
Losses from replacements of property, plant and equipment	(31.431)	-	(31.431)	-
Discarded projects and guarantee tickets **	1.495.134	(172.107)	149.766	(153.009)
Other gains (losses)	(1.297.510)	251.252	(507.443)	(41.863)
<b>Other gains (losses)</b>	<b>(1.874.103)</b>	<b>(1.763.455)</b>	<b>(435.245)</b>	<b>(497.658)</b>
Bank loans	(3.393.507)	(2.469.682)	(1.314.211)	(661.787)
Interest expenses, AFR	(4.447.021)	(4.287.330)	(1.542.891)	(1.418.737)
Interest expenses, Bonuses	(13.180.405)	(12.961.577)	(4.461.465)	(4.282.815)
Interest expenses, lease liability	(76.222)	(46.077)	(23.728)	(20.049)
Interest expenses, other	(592.023)	(353.186)	(395.254)	(93.767)
Expenses for hedging instruments	(1.388)	-	(1.388)	-
Amortization of complementary costs related to loan contracts	(23.490)	(64.301)	(1.900)	(38.455)
<b>Financial costs</b>	<b>(21.714.056)</b>	<b>(20.182.153)</b>	<b>(7.740.837)</b>	<b>(6.515.610)</b>
Interest income	2.673.994	2.637.046	779.276	753.834
Profit in the rescue and extinction of debt	482.792	949.548	133.303	301.737
<b>Financial income</b>	<b>3.156.786</b>	<b>3.586.594</b>	<b>912.579</b>	<b>1.055.571</b>

\* Corresponds to the compensation paid as a result of the restructuring plan that the Company has carried out, which consists of two parts: the redesign of the organization seeking greater efficiency, which entails a reduction in certain job positions, and a voluntary retirement plan.

\*\* It corresponds mainly to the gains (losses) generated by the guarantees associated with projects that have not yet been approved and/or projects that have been discarded.



## Note 25. EXCHANGE RATE DIFFERENCE EFFECT

The detail of exchange rate differences as of September 30, 2020 and 2019 is as follows:

Category	Currency	30-09-2020 Th\$	30-09-2019 Th\$	01-07-2020 30-09-2020 Th\$	01-07-2019 30-09-2019 Th\$
Trade debtors and other accounts receivable	EUR	(17.315)	(11.323)	(10.189)	(11.286)
Trade debtors and other accounts receivable	USD	208	171	(59)	111
<b>Total variation by assets</b>		<b>(17.107)</b>	<b>(11.152)</b>	<b>(10.248)</b>	<b>(11.175)</b>
Commercial accounts payable and other accounts payable	EUR	(6.174)	(2.235)	(15.037)	1.811
Commercial accounts payable and other accounts payable	USD	47.034	(73.146)	(28.869)	(9.735)
other financial liabilities	USD	(1.806.021)	-	(1.806.021)	-
<b>Total variation for liabilities</b>		<b>(1.765.161)</b>	<b>(75.381)</b>	<b>(1.849.927)</b>	<b>(7.924)</b>
<b>Profit (loss) due to exchange difference</b>		<b>(1.782.268)</b>	<b>(86.533)</b>	<b>(1.860.175)</b>	<b>(19.099)</b>

## Note 26. INCOMES BY UNITS OF READJUSTMENT

The composition of the results by unit of readjustment for the periods ended on September 30, 2020 and 2019, is as follows:

Category	30-09-2020 Th\$	30-09-2019 Th\$	01-07-2020 30-09-2020 Th\$	01-07-2019 30-09-2019 Th\$
Accounts receivable from related entities	104	104	31	50
Current tax assets	(31.606)	110.217	(87.532)	(55.262)
Trade debtors and other accounts receivable	66.908	50.619	(141.318)	(876.377)
<b>Total variation by assets</b>	<b>35.406</b>	<b>160.940</b>	<b>(228.819)</b>	<b>(931.589)</b>
Other financial liabilities	(27.403.928)	(13.673.028)	(15.102.765)	(3.857.153)
Commercial accounts payable and other accounts payable	15.504.403	178.491	14.917.573	1.104.680
Accounts payable to related entities	-	17.808	(213)	17.808
Other non-financial liabilities	(334)	(9.941)	(753)	(9.878)
<b>Total variation for liabilities</b>	<b>(11.899.859)</b>	<b>(13.486.670)</b>	<b>(186.158)</b>	<b>(2.744.543)</b>
<b>Loss per unit of readjustments</b>	<b>(11.864.453)</b>	<b>(13.325.730)</b>	<b>(414.977)</b>	<b>(3.676.132)</b>

## Note 27. BUSINESS SEGMENTS

The Group discloses segment information in accordance with IFRS 8, "Operating Segments", which establishes standards for reporting on operating segments and related disclosures for products and services. Operating segments are defined as components of an entity for which separate financial information exists and is regularly used by management to make decisions, allocate resources and evaluate performance.

The Group manages and measures the performance of its operations by business segment. The operating segments reported internally are as follows:

- Operations related to the sanitary business (water).
- Non-sanitary business operations (non-water).

**Description of types of products and services that provide the ordinary income of each segment to be reported**



In the Water segment, only sanitation services are involved that allow the delivery of products and services for the production, distribution of drinking water, together with the collection and treatment of sewage. Aguas Andinas S.A. is classified in this segment. and its subsidiaries Aguas Cordillera S.A. and Aguas Manquehue S.A.

The Non-Water segment includes services related to environmental analysis, industrial waste treatment (Riles), comprehensive engineering services, such as the sale of products related to sanitation services and energy projects. The subsidiaries included are EcoRiles S.A., Analisis Ambientales S.A., Gestión y Servicios S.A. and Aguas del Maipo S.A.

### General information on results, assets, liabilities, equity and cash flows

General information about results	30-09-2020		30-09-2019	
	Water	Non-water	Water	Non-water
	Th\$	Th\$	Th\$	Th\$
Revenue from ordinary activities from external customers	328.418.487	20.633.890	340.322.837	20.634.103
Revenue from ordinary activities between segments	646.640	3.347.975	853.362	3.525.820
<b>Subtotal revenue from ordinary activities from external customers and transactions with other operating segments of the same entity</b>	<b>329.065.127</b>	<b>23.981.865</b>	<b>341.176.199</b>	<b>24.159.923</b>
Raw materials and consumables used	(25.119.227)	(7.776.025)	(17.997.521)	(8.865.727)
Expenses for employee benefits	(34.059.800)	(6.857.234)	(30.882.189)	(6.277.824)
Operating expenses	(90.466.152)	(5.193.247)	(81.230.157)	(5.134.629)
Depreciation and amortization	(48.371.499)	(1.367.623)	(45.601.218)	(1.398.996)
Reversal of impairment losses	(1.370.426)	-	-	-
Other gains and expenses	(1.583.640)	(269.701)	(1.552.413)	(189.980)
Financial income	3.289.351	2.484	3.700.429	13.677
Financial costs	(21.674.904)	(174.202)	(20.152.851)	(158.710)
Result by units of adjustment and exchange difference	(13.658.824)	12.104	(13.364.899)	(47.364)
<b>Gain (loss) before taxes</b>	<b>96.050.006</b>	<b>2.358.421</b>	<b>134.095.380</b>	<b>2.100.370</b>
Income tax expense	(23.791.680)	(672.684)	(34.169.739)	(537.102)
Profit (loss) from discontinued operations	3.593.312	-	(2.858.194)	-
<b>Segment gain</b>	<b>75.851.638</b>	<b>1.685.737</b>	<b>97.067.447</b>	<b>1.563.268</b>
<b>Segment gain attributable to owners of the parent</b>	<b>74.178.367</b>	<b>1.685.737</b>	<b>98.383.089</b>	<b>1.563.268</b>
Gain (loss) of the segment attributable to non-controlling interests	1.673.271	-	(1.315.642)	-

General information on assets, liabilities and equity	30-09-2020		30-09-2019	
	Water	Non-water	Water	Non-water
	Th\$	Th\$	Th\$	Th\$
Current assets	523.795.011	19.239.210	189.359.896	17.693.519
Non-current assets	1.778.558.391	19.624.752	1.786.470.056	20.052.580
<b>Total assets</b>	<b>2.302.353.402</b>	<b>38.863.962</b>	<b>1.975.829.952</b>	<b>37.746.099</b>
Current liabilities	342.738.153	12.931.734	238.639.411	14.295.689
Non-current liabilities	1.063.265.793	1.552.108	1.071.480.597	1.686.891
<b>Total assets</b>	<b>1.406.003.946</b>	<b>14.483.842</b>	<b>1.310.120.008</b>	<b>15.982.580</b>
Equity attributable to the owners of the parent	851.652.200	24.380.120	622.689.815	21.763.519
Non-controlling interests	44.697.256	-	43.020.129	-
<b>Total equity</b>	<b>896.349.456</b>	<b>24.380.120</b>	<b>665.709.944</b>	<b>21.763.519</b>
<b>Total equity and liabilities</b>	<b>2.302.353.402</b>	<b>38.863.962</b>	<b>1.975.829.952</b>	<b>37.746.099</b>



Statement of Cash Flow	30-09-2020		30-09-2019	
	Water	Non-water	Water	Non-water
	Th\$	Th\$	Th\$	Th\$
Cash flows from (used in) operating activities	186.507.039	3.788.443	221.833.128	3.198.505
Cash flows from (used in) investing activities	(139.532.445)	(733.080)	(128.809.245)	(698.750)
Cash flows from (used in) financing activities	62.210.682	240.000	(107.963.550)	(1.363.000)



## Significant income and expense items by segment

### Water and Non-Water Segment

Significant items of income and ordinary expenses are mainly those related to the segment's activity. On the other hand, there are also significant amounts in relation to depreciation, personnel and other miscellaneous expenses, within which outsourced services are relevant.

#### Income

The Company's income is mainly derived from regulated services corresponding to: production and distribution of potable water, collection, treatment and disposal of wastewater and other regulated services (which include income related to supply cut-off and restoration of supply, liquid industrial waste discharge monitoring and fixed charges).

#### Details of significant income items

##### Water segment

The significant items of ordinary income are mainly those related to the activity of the potable water and wastewater business, i.e. income from water sales, over-consumption, variable charge, fixed charge, sewerage service, use of sewerage and wastewater treatment.

#### Tariffs

The most important factor determining the results of the Company's operations and its financial position is the tariffs set for its regulated sales and services. As a regulated company, Aguas Andinas and its water utility subsidiaries are supervised by the SISS and their tariffs are set in accordance with the Law on Tariffs for Sanitation Services D.F.L. No. 70 of 1988.

The tariff levels are reviewed every five years and, during that period, are subject to additional readjustments linked to an indexation polynomial, if the accumulated variation since the previous adjustment is 3.0% or more, as calculated on the basis of various inflation indexes.

Specifically, adjustments are applied based on a formula that includes the Consumer Price Index, the Wholesale Price Index for Imported Industrial Goods and the National Industrial Goods Wholesale Price Index, all measured by the Chilean National Institute of Statistics. In addition, the tariffs are subject to readjustment to reflect additional services previously authorized by the SISS.

The current tariffs for the period 2015-2020 were approved by Decree No. 83 dated June 5, 2015, for Aguas Andinas S.A., of the Ministry of Economy, Development and Reconstruction and came into force on March 1, 2015 (published in the Official Gazette on September 3, 2015). The current tariffs for Aguas Cordillera S.A. for the same five-year period 2015-2020 were approved by Decree No. 152 dated October 19, 2015, and came into effect on June 30, 2015 (published in the Official Gazette on November 25, 2015) and the current tariffs for Aguas Manquehue S.A. 2015-2020 were approved by Decree No. 139 dated September 16, 2015, and came into effect on May 19, 2015 (published in the Official Gazette on November 25, 2015).

As of September 30, 2020, the new tariff decrees for Aguas Andinas, Aguas Cordillera and Aguas Manquehue, for the period 2020-2025, are in the process of being published, following the respective agreements with the Superintendence of Sanitary Services.



## Non-water segment

Significant items of ordinary income are mainly those related to the activity of the segment and are closely related to the main activity of each subsidiary, this involves sale of materials to third parties, income from operation of liquid industrial waste treatment plant, income from services and analysis of potable water and sewage and sale of biogas.

## Details of significant expense items

### Water segment

The significant items of expenses are mainly those related to compensation, electricity, Operation of Wastewater Treatment Plant, depreciation of real estate and personal property, interest expense and income tax expense.

### Non-water segment

Significant expense items are mainly those related to salaries, cost of materials for sale and income tax expense.

## Explanation of measurement of results, assets, liabilities, equity and cash flows of each segment

The measurement applicable to the segments corresponds to the grouping of those subsidiaries directly related to the segment.

The accounting criterion corresponds to the recording of those economic events in which rights and obligations in the same sense arise between economic relations with third parties. What is particular, is that these records will generate committed balances in an asset and liability account according to the spirit of the transaction in each related company according to the segment in which it participates. These accounts, called accounts receivable from or payable to related companies, must be netted when consolidating financial statements in accordance with the consolidation rules explained in IAS 27.

There are no differences in the nature of the measurement of results, since according to the standard there are no accounting policies that thus manifest different criteria for the allocation of costs or similar.

Reconciliation of income from ordinary activities	30-09-2020 Th\$	30-09-2019 Th\$
Revenue from the ordinary activities of the segments	353.046.992	365.336.123
Elimination of ordinary activities between segments	(3.994.615)	(4.379.183)
<b>Ordinary activities income</b>	<b>349.052.377</b>	<b>360.956.940</b>

Profit reconciliation	06-30-2020 Th\$	06-30-2019 Th\$
Total gain (loss) of the segments	75.864.104	99.946.358
Consolidation of elimination of gain (loss) between segments	1.673.271	(1.315.642)
<b>Profit consolidation (loss)</b>	<b>77.537.375</b>	<b>98.630.716</b>

There are no differences in the nature of the measurement of assets and liabilities since, according to the standard, there are no accounting policies that would indicate different allocation criteria.

Reconciliation of the assets, liabilities and equity of the segments	30-09-2020	30-09-2019
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	Th\$	Th\$
<b>Asset reconciliation</b>		
Consolidation of total assets of the segments	2.341.217.364	2.013.576.051
Elimination of accounts between segments	(11.289.253)	(12.131.749)
<b>Total assets</b>	<b>2.329.928.111</b>	<b>2.001.444.302</b>
<b>Reconciliation of liabilities</b>		
Consolidation of total liabilities of the segments	1.420.487.788	1.326.102.588
Elimination of accounts between segments	(11.289.245)	(12.131.749)
<b>Total liabilities</b>	<b>1.409.198.543</b>	<b>1.313.970.839</b>
<b>Reconciliation of patrimony</b>		
Consolidation of the total assets of the segments	876.032.320	644.453.334
Elimination of accounts between segments	-	-
<b>Equity attributable to owners of the controller</b>	<b>876.032.320</b>	<b>644.453.334</b>

There are no differences in the nature of the cash flow measurement since, according to the standard, there are no accounting policies that would indicate different allocation criteria.

<b>Reconciliation of cash flows of the segments</b>	<b>30-09-2020</b> Th\$	<b>30-09-2019</b> Th\$
Consolidation of the operating flows of the segments	190.295.482	225.031.633
Elimination of accounts between segments	(34.685.425)	(48.664.645)
<b>Total operating flows</b>	<b>155.610.057</b>	<b>176.366.988</b>

<b>Reconciliation of investing flows of the segments</b>	<b>30-09-2020</b> Th\$	<b>30-09-2019</b> Th\$
Consolidation of investing flows of the segments	(140.265.525)	(129.507.995)
Elimination of accounts between segments	33.283.501	21.749.526
<b>Total investing flows</b>	<b>(106.982.024)</b>	<b>(107.758.469)</b>

<b>Reconciliation of financing flows of the segments</b>	<b>30-09-2020</b> Th\$	<b>30-09-2019</b> Th\$
Consolidation of financing flows of the segments	62.450.681	(109.326.550)
Elimination of accounts between segments	(1.408.292)	28.781.338
<b>Total financing flows</b>	<b>61.042.389</b>	<b>(80.545.212)</b>

#### Information about the main customers

Main customers in the water segment:

- I. Municipalidad de Puente Alto
- I. Municipalidad de Santiago
- I. Municipalidad de La Florida
- El Peñon SpA.
- I. Municipalidad de Peñalolén
- Administradora de Centros Comerciales CENCOSUD SpA.
- Ministerio de Obras Públicas
- Metro S.A.
- I. Municipalidad de San Bernardo
- Gobierno Regional Región Metropolitana

Main customers in the non-water segment

- Papeles Cordillera S.A.
- EME Servicios Generales Ltda.
- Inmobiliaria Constructora Nueva Pacífico
- Cartulinas CMPC S.A.
- Watt's S.A.
- Soprole S.A.
- Echeverría Izquierdo Ingeniería y Construcción S.A.
- Constructora Pérez y Gómez Ltda.
- Agroindustrial El Paico S.A.
- Cooperativa Agrícola y Lechera La Unión



## Product types water segment – Non-water

### Water segment

The types of products and services for the water segment are:

- Production and distribution of potable water.
- Sewage collection and wastewater treatment.

Segment composed of Aguas Andinas S.A., Aguas Cordillera S.A., Aguas Manquehue S.A.

### Non-water segment

The types of products and services for the non-water segment are:

- Outsourcing service in operations of industrial waste treatment plants and treatment of excess organic load (subsidiary EcoRiles S.A.)
- Physical, chemical and biological analysis on water, air and solids (subsidiary Análisis Ambientales S.A.).
- Comprehensive engineering services and sale of products such as pipes, valves, taps and other related products (subsidiary Gestión y Servicios S.A.).
- Energy projects (subsidiary Aguas del Maipo S.A.).

## Note 28. EARNINGS PER SHARE

Basic earnings per share is calculated as the ratio of the profit (loss) attributable to holders of equity instruments of the Parent Company to the weighted average number of ordinary shares outstanding during that period.

Earnings per share		30-09-2020	30-09-2019	01-07-2020 30-09-2020	01-07-2019 30-09-2019
Profit attributable to the holders of equity instruments of the controller	Th\$	75.864.104	99.946.358	13.535.561	19.336.161
Results available for common, basic shareholders	Th\$	75.864.104	99.946.358	13.535.561	19.336.161
Weighted average number of shares, basic		6.118.965.160	6.118.965.160	6.118.965.160	6.118.965.160
<b>Earnings per share</b>	<b>\$</b>	<b>12,398</b>	<b>16,334</b>	<b>2,212</b>	<b>3,160</b>

### Diluted earnings (loss) per share disclosure

The Company has not carried out any transactions with a potential dilutive effect that would result in a diluted earnings per share different from the basic earnings per share.



## Note 29. FINANCIAL STATEMENTS OF SUBSIDIARIES

The summary information of the statement of financial position and the statement of comprehensive income of each of the Subsidiaries included in the consolidated financial statements is as follows:

### Summary Financial Information of Subsidiaries (Statement of Financial Position) as of September 30, 2020

30-09-2020 Subsidiaries	Current assets Th\$	Non- current assets Th\$	Current liabilities Th\$	Non-current liabilities Th\$	Equity Th\$
Aguas Cordillera S.A.	12.254.572	352.326.326	44.749.111	64.412.834	255.418.953
Aguas Manquehue S.A.	5.026.075	97.972.061	17.116.474	28.108.022	57.773.640
Inversiones Iberaguas Ltda.	63.745.397	-	41.425	-	63.703.972
ESSAL S.A.	219.221.405	-	146.627.251	-	72.594.154
EcoRiles S.A.	7.156.020	877.127	2.188.266	53.607	5.791.274
Gestión y Servicios S.A.	5.325.501	856.178	2.826.041	26.236	3.329.402
Análisis Ambientales S.A.	4.575.204	5.510.277	1.285.169	1.467.437	7.332.875
Aguas del Maipo S.A.	1.923.440	12.381.168	6.373.212	4.827	7.926.569

### Summary financial information of subsidiaries (Statement of Comprehensive Income) as of September 30, 2020

30-09-2020 Subsidiaries	Income for the period Th\$	Ordinary revenues Th\$	Operating costs Th\$	Other income (expenses) net Th\$	Discontinued operations Th\$
Aguas Cordillera S.A.	11.534.149	39.626.494	(27.017.840)	(1.074.505)	-
Aguas Manquehue S.A.	2.173.940	11.154.245	(7.509.319)	(1.470.986)	-
Inversiones Iberaguas Ltda.	2.730.979	-	-	-	2.730.979
ESSAL S.A.	5.361.039	-	-	-	5.361.039
EcoRiles S.A.	1.443.655	11.797.196	(9.738.873)	(614.668)	-
Gestión y Servicios S.A.	63.292	6.530.686	(6.384.181)	(83.213)	-
Análisis Ambientales S.A.	748.992	7.196.626	(6.058.750)	(388.884)	-
Aguas del Maipo S.A.	(570.204)	460.374	(1.015.341)	(15.237)	-

### Summary Financial Information of Subsidiaries (Statement of Financial Position) as of December 31, 2019

31-12-2019 Subsidiaries	Current assets Th\$	Non- current assets Th\$	Current liabilities Th\$	Non -Current liabilities Th\$	Equity Th\$
Aguas Cordillera S.A.	17.473.944	273.535.992	38.783.323	46.936.937	205.289.676
Aguas Manquehue S.A.	4.781.637	94.244.894	16.555.430	27.164.059	55.307.042
Inversiones Iberaguas Ltda.	4.726	61.005.602	37.336	-	60.972.992
ESSAL S.A.	20.984.804	180.028.688	29.613.229	104.167.148	67.233.115
EcoRiles S.A.	6.022.761	701.223	2.855.498	73.381	3.795.105
Gestión y Servicios S.A.	6.198.235	858.838	3.756.652	91.949	3.208.472
Análisis Ambientales S.A.	4.121.603	5.558.458	1.901.857	1.515.036	6.263.168
Aguas del Maipo S.A.	1.575.347	12.934.062	6.006.111	6.525	8.496.773



**Summary financial information of Subsidiaries (Statement of Comprehensive Income) as of September 30, 2019**

30-09-2019 Subsidiaries	Income for the period Th\$	Ordinary revenues Th\$	Operating costs Th\$	Other income (expenses) net Th\$	Discontinued operations Th\$
Aguas Cordillera S.A.	15.737.937	42.721.778	(25.979.562)	(1.004.279)	-
Aguas Manquehue S.A.	4.255.023	12.917.495	(6.338.066)	(2.324.406)	-
Inversiones Iberaguas Ltda.	(115.895)	-	-	-	(115.895)
ESSAL S.A.	(178.059)	-	-	-	(178.059)
EcoRiles S.A.	980.856	10.166.048	(8.843.386)	(341.806)	-
Gestión y Servicios S.A.	128.458	7.833.504	(7.503.058)	(201.988)	-
Análisis Ambientales S.A.	740.801	6.980.883	(5.853.500)	(386.582)	-
Aguas del Maipo S.A.	(286.845)	756.574	(1.054.317)	10.898	-

**Detail of significant subsidiaries**

The definition of significant subsidiaries is based on their percentage share of operating results and their share of fixed assets and results for the period with respect to the consolidated financial statements. The following companies are considered significant subsidiaries:

Name of significant subsidiary	Aguas Cordillera S.A.	Aguas Manquehue S.A.	ESSAL S.A.
Country	Chile	Chile	Chile
Functional currency	Chilean pesos	Chilean pesos	Chilean pesos
Percentage of participation in a significant subsidiary	99.99003%	100.00000%	53.50650%
Percentage of voting power in a significant subsidiary	99.99003%	100.00000%	53.50650%
<b>Percentage of consolidated values as of September 30, 2020</b>			
Contribution margin	10.35%	2.90%	6.62%
Properties, plant and equipment	7.80%	4.50%	11.99%
Period's result	14.04%	3.32%	3.37%

**Note 30. ASSET IMPAIRMENT**

**Disclosures on Impairment of Assets by Cash-generating Unit**

A Cash Generating Unit (CGU) is defined as each company as a whole, since each one individually is capable of generating future economic benefits and represents the smallest group of assets that generate independent cash flows. In accordance with the standard, the Company assesses at each closing date of the statement of financial position whether there is any indication of impairment in the value of any asset. If any such indication exists, the Company estimates the recoverable amount of the asset. Assets with indefinite useful lives and goodwill are tested for impairment at least at the end of the financial year or when there is an indication of impairment.

For intangible assets with indefinite useful lives, water rights, a valuation study is carried out at market prices, which are compared with the values assigned as deemed cost at the date of adoption of IFRS standards.

For lower values, the value in use is calculated, considering the different companies as CGUs, using recent medium-term budget estimates, determining the different parameters according to models widely used in the market. The parameters are established through the information in force for risk-free tariffs typical of the relevant market, the useful life of each company's own assets and the usual income growth tariffs for the Companies, considering population growth and variations in consumption over the years.



The Company and its Subsidiaries carry out annual impairment tests for their intangible assets with indefinite useful lives and goodwill.

December 31, 2019 the respective impairment tests were performed, based on estimates and projections available to the Group. These estimates indicated that the profits attributable to the investments with lower associated values individually exceeded their consolidated carrying amount in all cases, and also that the intangible assets with indefinite useful lives were evaluated resulting in a higher value than that recorded in the books.

As of September 30, 2020 due to a change in accounting policy regarding the measurement of Land of Property, plant and equipment. A loss of value was generated in result, for those lands that saw their book value decrease with respect to their revalued value. This resulted in an impairment loss of ThCh \$ 1,370,426. For more information see note 12.

Except for what is mentioned in the previous paragraph, as of September 30, 2020 and December 31, 2019, there has been no other type of impairment in assets, nor are there any indications of this.

**COVID-19:** the company shows no signs of impairment, since the company provides basic services under a concession regime, and therefore the Group has not had a significant impact on its financial statements as a result of the COVID-19 pandemic.



## Note 31. GUARANTEES AND RESTRICTIONS

### a) Direct guarantees

Policies and guarantee certificates have been granted in favor of various institutions, among the main ones is the Superintendency of Sanitary Services to guarantee the conditions of provision of services and development programs of the company's concession areas, SERVIU Metropolitano to guarantee replacement of pavements and other institutions for the total sum of ThCh \$ 49,059,037 and ThCh \$ 51,663,831 as of September 30, 2020 and December 31, 2019, respectively.

The detail of the main guarantees over \$ 10,000 thousand is as follows:

Assurance creditor	Debtor Name	Type of assurance	30-09-2020	31-12-2019
			Th\$	Th\$
ASOCIACION DE CANALISTAS DEL MAIPO	A. Andinas S.A.	Ticket	8.195.484	8.059.241
CGE DISTRIBUCION	A. Andinas S.A.	Ticket	-	53.349
COMITE INNOVA CHILE	A. Andinas S.A.	Ticket	240.000	216.096
CONSTRUCTORA SAN FRANCISCO	A. Andinas S.A.	Ticket	143.539	141.550
DGAC	A. Andinas S.A.	Ticket	11.483	11.324
DIRECCION OBRAS HIDRAULICAS	A. Andinas S.A.	Ticket	515.630	4.647.118
DIRECCION VIALIDAD	A. Andinas S.A.	Ticket	-	33.066
FERROCARRILES	A. Andinas S.A.	Ticket	86.124	84.930
GOB REG METROPOLITANO	A. Andinas S.A.	Ticket	39.624	160.040
I MUN PAINE	A. Andinas S.A.	Ticket	-	19.837
MUNICIPALIDAD PROVIDENCIA	A. Andinas S.A.	Ticket	43.808	58.092
MUNICIPALIDAD DE LA REINA	A. Andinas S.A.	Ticket	71.770	70.775
MUNICIPALIDAD DE SANTIAGO	A. Andinas S.A.	Ticket	26.698	26.328
INMOB MACUL S.A.	A. Andinas S.A.	Ticket	-	28.310
MUNICIPALIDAD LA FLORIDA	A. Andinas S.A.	Ticket	501.477	494.526
MUNICIPALIDAD PEÑALOEN	A. Andinas S.A.	Ticket	46.617	45.971
MINISTERIO DE OBRAS PUBLICAS	Aguas Andinas S.A	Ticket	174.879	-
SERVIU METROPOLITANO	A. Andinas S.A.	Ticket	15.682.653	12.890.555
S.I.S.S.	A. Andinas S.A.	Ticket	6.492.194	6.306.351
SOCIEDAD CONC. MELIPILLA	A. Andinas S.A.	Ticket	-	33.972



TESORERÍA MUNICIPAL DE LA FLORIDA	A. Andinas S.A.	Ticket	-	30.078
ASOCIACION DE CANALISTAS DEL MAIPO	A. Cordillera S.A.	Ticket	991.269	977.529
DIRECCION OBRAS HIDRAULICAS	A. Cordillera S.A.	Ticket	-	421.309
I MUN LAS CONDES	A. Cordillera S.A.	Ticket	171.000	171.000
I MUN LO BARNECHEA	A. Cordillera S.A.	Ticket	408.010	14.155
MUNICIPALIDAD VITACURA	A. Cordillera S.A.	Ticket	57.416	56.620
TESORERO MUNICIPAL DE VITACURA	Aguas Cordillera S.A.		17.695	-
MINISTERIO DE OBRAS PUBLICAS	Aguas Cordillera S.A.		427.230	-
SERVIU METROPOLITANO	A. Cordillera S.A.	Ticket	680.471	926.992
S.I.S.S.	A. Cordillera S.A.	Ticket	1.293.059	1.263.812
ASOCIACION DE CANALISTAS DEL MAIPO	A.Manquehue S.A.	Ticket	1.581.868	1.559.942
MUNICIPALIDAD VITACURA	A.Manquehue S.A.	Ticket	11.483	11.324
S.I.S.S.	A.Manquehue S.A.	Ticket	1.041.980	1.016.214
SERVIU METROPOLITANO	A.Manquehue S.A.	Ticket	112.091	110.537
DIRECCION OBRAS HIDRAULICAS	Essal S.A	Ticket	1.242.034	1.922.988
SERVIU METROPOLITANO	Essal S.A	Ticket	116.267	140.202
SEGRETARIA REGIONAL	Essal S.A	Ticket	85	85
GOBIERNO REGIONAL DE LA REGION DE LOS RIOS	Essal S.A	Ticket	98.582	92.220
DIRECCION VIALIDAD	Essal S.A	Ticket	21.043	60.951
S.I.S.S.	Essal S.A	Guarantee Policy	4.227.527	4.105.007
EFE	Essal S.A	Ticket	43.062	42.465
SECRETARIO MINISTERIAL	Essal S.A	Ticket	-	18.692
FLESAN S.A.	Gest. y Serv. S.A.	Ticket	-	29.095
SERVIU METROPOLITANO	Gest. y Serv. S.A.	Ticket	1.789.099	2.330.686
AGUAS ANTOFAGASTA	Anam S.A.	Ticket	36.861	36.350
CMPC PULP SPA	Anam S.A.	Ticket	10.966	16.533



CORP NACIONAL DEL COBRE	Anam S.A.	Ticket	18.646	18.387
DIRECTEMAR	Anam S.A.	Ticket	115.226	115.226
SUPERINTENDENCIA DEL MEDIO AMBIENTE	Anam S.A.	Ticket	14.354	14.155
<b>Totals</b>			<b>46.799.304</b>	<b>48.883.898</b>

The main restrictions of bonds and loans observed by the Company are presented below:

#### b) Restrictions on bond issues

##### i) Aguas Andinas S.A.

The Company has restrictions and obligations arising from bond issues in the domestic market, as follows:

##### 1- Series M, P, Q, S, U, V, W, X, Z and AA bonds:

Maintain at the end of each quarter of the Issuer's Financial Statements, a Level of Indebtedness not exceeding 1.5 times. Notwithstanding this, the previous limit will be adjusted according to the quotient between the Consumer Price Index of the month in which the Indebtedness Level is calculated and the Consumer Price Index of December 2009. However, the previous limit it will be adjusted up to a maximum level of 2 times. For these purposes, the level of indebtedness is defined as the ratio between the Callable Liability and the Total Equity. The Issuer's Callable Liabilities is defined as the sum of the Total Current Liabilities and Total Non-Current Liabilities accounts. For the purposes of determining the aforementioned index, the amount of the guarantees, simple or joint guarantees, joint debts or other guarantees, personal or real, that the Issuer or its subsidiaries have granted to guarantee third parties is included within the Callable Liability, with the exception of: (i) those granted by the Issuer or its Subsidiaries for obligations of other Subsidiary Companies of the Issuer, (ii) those granted by Subsidiary Companies of the Issuer for its obligations, and (iii) those granted to public institutions for guarantee compliance with health legislation and the execution of works in public spaces. For the above purposes, Total Equity will correspond to the amount that resulted from the difference between the Total Assets accounts and the sum of the Total Current Liabilities and Total Non-Current Liabilities accounts of the Issuer's consolidated Financial Statements.

Debt Level Limit as of September 30, 2020: corresponds to the maximum level of 2 times, with accumulated inflation being 39.1%.

Debt level as of September 30, 2020: 1.53

##### 2- Series AC, AD and AE bonds:

Maintain at the end of each quarter of the Issuer's Financial Statements, a Level of Indebtedness not exceeding 1.5 times. Notwithstanding this, the above limit will be adjusted according to the quotient between the Consumer Price Index for the month in which the Indebtedness Level is calculated and the Consumer Price Index for December 2009. For these purposes, the level Debt is defined as the ratio between the Net Callable Liability and the Total Equity. The Net Callable Liability of the Issuer is defined as the sum of the Total Current Liabilities and Total Non-Current Liabilities accounts less the "Cash and cash equivalents" account of its Financial Statements. For the purposes of determining the aforementioned index, the amount of all guarantees, simple or joint guarantees, joint debts or other guarantees, personal or real, that the Issuer or its subsidiaries have granted to guarantee is included within the Net Callable Liability. obligations of third parties, with the exception of: (i) those granted by the Issuer or its Subsidiaries for obligations of other Subsidiary Companies of the Issuer, (ii) those granted by Subsidiary Companies of the Issuer for its obligations, and (iii) those granted to public institutions to guarantee compliance with sanitary legislation, the execution of works in public spaces and the provision of advisory services and technical inspection for rural drinking water. For the above purposes, Total Equity will correspond to the





amount that resulted from the difference between the Total Assets accounts and the sum of the Total Current Liabilities and Total Non-Current Liabilities accounts of the Issuer's consolidated Financial Statements.

Debt Level Limit adjustment as of September 30, 2020: 2.09 times, with accumulated inflation being 39.1%.

Debt level as of September 30, 2020: 1.33

As of September 30, 2020, the tables for determining the Debt Levels are as follows:

Level of indebtedness	30-09-2020	
	Th\$	
	Bonds AA, Z, X, W, V, U, S, Q, P and M	Bonds AE, AC and AD
Total current liabilities	345.714.704	345.714.704
Total non-current liabilities	1.037.505.825	1.037.505.825
<b>Total liabilities IFRS</b>	<b>1.383.220.529</b>	<b>1.383.220.529</b>
Cash and cash equivalents	-	181.733.180
Guarantees with third parties (*)	547.619	547.619
<b>Total liability required</b>	<b>1.383.768.148</b>	<b>1.202.034.968</b>
Total assets	2.149.600.322	2.149.600.322
Total current liabilities	(345.714.704)	(345.714.704)
Total non-current liabilities	(1.037.505.825)	(1.037.505.825)
<b>Total net equity</b>	<b>766.379.793</b>	<b>766.379.793</b>
<b>Level of indebtedness</b>	<b>1,81</b>	<b>1,57</b>

3- Not to sell, assign or transfer essential assets (concession of public services granted by the S.I.S.S. for the Greater Santiago area), except in the case of contributions or transfers of essential assets to subsidiary companies.

The Company complies with all the requirements established in the bond contracts as of September 30, 2020 and December 31, 2019.

## ii) Empresa de Servicios Sanitarios de los Lagos S.A. (ESSAL S.A.)

On December 4, 2019, the Meetings of Series B and Series C Bondholders were held, where the following changes to the restrictions and covenants were approved:

A.- Maintain a Debt Level at the end of each quarter of the Issuer's Financial Statements, defined as the ratio between Net Financial Debt and EBITDA, less than or equal to 5.0 times.

It is recorded that the Issuer will not be obliged to maintain in its Financial Statements corresponding to December 31, 2019 and until December 31, 2020, both dates inclusive, a Debt Level not exceeding 5.0 times, subject in any case, provided that the Issuer, during said period, may not (i) propose definitive or provisional dividend distributions above the legal minimum and / or capital decreases and / or (ii) make loans to its shareholders.

For these purposes, Net Financial Debt is understood to be the sum of the items in the Issuer's financial statements: Other Current Financial Liabilities and Other Non-Current Financial Liabilities less the sum of the following items: Cash and Cash Equivalents, Other Current Financial Assets and Other Non-Current Financial Assets of the Issuer's Financial Statements. Likewise, EBITDA is defined as the result of the following items measured over the twelve months prior to the delivery of



the quarterly Financial Statements: Income from ordinary activities plus Other income by nature less the sum of the following items: Raw materials and consumables used, Employee benefits expense, and Other expenses, by nature. The result of the above items will be multiplied by the sum of one plus fifty percent of the variation of the Consumer Price Index during the twelve-month period ending the month immediately prior to the delivery of the quarterly Financial Statements.

B.- Maintain at the close of each quarter of the Issuer's Financial Statements, a "Minimum Equity" of sixty billion pesos. For these purposes, the Equity corresponds to the sum of all the equity accounts of the Issuer's Financial Statements.

The Issuer must send to the Bond Holders' Representative, together with its quarterly Financial Statements, the background information that allows verification of this indicator and include in a Note to the Financial Statements, the value of the index described in this letter indicating whether it complies with the established limit and indicating the detail and amount of each of the accounts that comprise it. As of September 30, 2020, the equity of the Company is Th\$72.594.154.

C. - "Essential Assets Maintenance": The issuer's essential assets shall be understood as the public service concessions for the production and distribution of potable water and the collection and disposal of wastewater that represent at least 75% of the Issuer's regulated income as of this date. As of the date of these financial statements, there has been no reduction in the Company's concessions. As of the closing date of these financial statements, there has been no reduction in the Company's concessions.

The following restrictions are maintained for both series:

- 1.- Send the representative of Bondholders a copy of the financial statements, both the quarterly and the annual audited, within the same period in which they must be delivered to the Commission for the Financial Market, and of any public information that they provide to said Commission.
- 2.- Record in their accounting books the provisions that arise from adverse contingencies that, in the opinion of the Company's management, must be reflected in the Company's Financial Statements.
- 3.- Maintain insurance that reasonably protects its assets, in accordance with the usual practices for industries of the nature of the Company.
- 4.- The Company undertakes to ensure that the operations it performs with related parties are carried out under conditions of equity similar to those that usually prevail in the market.
- 5.-Do not sell, transfer or transfer essential assets.

The Company complies with all the provisions established by the DFL No. 382 of the General Law of Sanitary Services, of 1988, as well as its regulations (D.S. MOP No. 1199/2004, published in November 2005).

## **2) Restrictions related to series B Bond.**

In addition to what is indicated in section 1), the Company must comply with the following restriction or obligation with respect to holders of Series B bonds:

Maintain at the end of each quarter of the Issuer's Financial Statements, a level of coverage of financial expenses not less than 3.5 times, measured on figures of its Financial Statements. For these purposes, the level of financial expense coverage will be defined as the ratio between EBITDA and Financial Costs. For these purposes, EBITDA is defined as the result of the following items measured over the 12 months prior to the delivery of the quarterly Financial Statements: Income from ordinary activities plus Other income by nature less the sum of the following items: Raw materials and consumables used, Expense for employee benefits, and Other expenses, by nature. The result of the previous items will be multiplied by the sum of one plus 50% of the variation of the Consumer Price Index during the 12-month period ending the month immediately prior to the delivery of the quarterly Financial Statements. As of September 30, 2020, ESSAL has an EBITDA indicator on Financial Expenses of 5.16 times, fulfilling the referred restriction or obligation as of that date.



## c) Restrictions on bank loans

### i) Aguas Andinas S.A.

#### a) Restrictions on Banco BCI loans:

A level of indebtedness not exceeding one point five times, measured on the figures of its consolidated balance sheets. Notwithstanding the foregoing, the previous limit will be adjusted according to the quotient between the Consumer Price Index of the month in which the level of indebtedness is calculated and the consumer price index of December 2009. With all the previous limit it will be adjusted up to a maximum level of two times, for the period ended September 30, 2020, the variation in the debt level limit amounts to 2.0 times, with accumulated inflation being 39.1%. For these purposes, the level of indebtedness will be defined as the ratio between the payable liability and total equity. Defining the payable liability as the sum of the Total Current Liabilities and Total Non-Current Liabilities accounts of its consolidated financial statements. In determining the aforementioned index, the amount of all the guarantees, simple or joint guarantees, joint debts or other guarantees, personal or real, that the Issuer or its subsidiaries have granted to guarantee third-party obligations is included within the Net Callable Liability. , with the exception of: (i) those granted by the Issuer or its Subsidiaries for obligations of other Subsidiary Companies of the Issuer, (ii) those granted by Subsidiary Companies of the Issuer for its obligations, and (iii) those granted to public institutions for guarantee compliance with sanitary legislation, the execution of works in public spaces and the provision of advisory and technical inspection services for rural drinking water projects. Finally, as of September 30, 2020, the level of indebtedness amounts to 1.53 times.

#### b) Restrictions on Banco Chile loans:

A level of indebtedness not exceeding one point five times, measured on the figures of its consolidated balance sheets. Notwithstanding the foregoing, the above limit will be adjusted according to the quotient between the Consumer Price Index of the month in which the level of indebtedness is calculated and the consumer price index of December 2009. For the period ended on September 30, 2020, the variation in the debt level limit amounts to 2.09 times, with accumulated inflation being 39.1%. For these purposes, the level of indebtedness will be defined as the ratio between the payable liability and total equity. Defining the payable liability as the sum of the Total Current Liabilities and Total Non-Current Liabilities accounts, less the Cash and Cash Equivalent account of its consolidated financial statements. In determining the aforementioned index, the amount of all the guarantees, simple or joint guarantees, joint debts or other guarantees, personal or real, that the Issuer or its subsidiaries have granted to guarantee third-party obligations is included within the Net Callable Liability. , with the exception of: (i) those granted by the Issuer or its Subsidiaries for obligations of other Subsidiary Companies of the Issuer, (ii) those granted by Subsidiary Companies of the Issuer for its obligations, and (iii) those granted to public institutions for guarantee compliance with sanitary legislation, the execution of works in public spaces and the provision of advisory and technical inspection services for rural drinking water projects. Finally, as of September 30, 2020, the level of indebtedness amounts to 1.33 times.

#### c) Restrictions related to BICE and ITAÚ Bank loans:

A level of indebtedness not exceeding one point five times, measured on the figures of its consolidated balance sheets. Notwithstanding the foregoing, the above limit will be adjusted according to the quotient between the Consumer Price Index of the month in which the level of indebtedness is calculated and the consumer price index of December 2009. For the period ended on September 30, 2020, the variation in the debt level limit amounts to 2.09 times, with accumulated inflation being 39.1%. For these purposes, the level of indebtedness will be defined as the ratio between the payable liability and total equity. Defining the payable liability as the sum of the Total Current Liabilities and Total Non-Current Liabilities accounts, less the Cash and Cash Equivalent account of its consolidated financial statements. Finally, as of September 30, 2020, the level of indebtedness amounts to 1.33 times.



As of September 30, 2020, the tables for determining the Debt Levels are as follows:

Debt level	30-09-2020		
	Th\$		
	Banco BCI	Banco de Chile	Banco BICE e ITAÚ
Total current liabilities	346.084.741	346.084.741	346.084.741
Total non-current liabilities	1.063.113.802	1.063.113.802	1.063.113.802
<b>Total IFRS liabilities</b>	<b>1.409.198.543</b>	<b>1.409.198.543</b>	<b>1.409.198.543</b>
Cash and cash equivalents	-	181.733.180	181.733.180
Guarantees with third parties (*)	547.619	547.619	-
<b>Total liability due</b>	<b>1.409.746.162</b>	<b>1.228.012.982</b>	<b>1.227.465.363</b>
Total assets	2.329.928.111	2.329.928.111	2.329.928.111
Total current liabilities	(346.084.741)	(346.084.741)	(346.084.741)
Total non-current liabilities	(1.063.113.802)	(1.063.113.802)	(1.063.113.802)
<b>Total net worth</b>	<b>920.729.568</b>	<b>920.729.568</b>	<b>920.729.568</b>
<b>Debt level</b>	<b>1,53</b>	<b>1,33</b>	<b>1,33</b>

Debt levels prior to the adjustment for the revaluation of property, plant and equipment as of September 30, 2020, were as follows:

Debt level	30-09-2020		
	Th\$		
	Banco BCI	Banco de Chile	Banco BICE e ITAÚ
Total current liabilities	345.714.704	345.714.704	345.714.704
Total non-current liabilities	1.037.505.825	1.037.505.825	1.037.505.825
<b>Total IFRS liabilities</b>	<b>1.383.220.529</b>	<b>1.383.220.529</b>	<b>1.383.220.529</b>
Cash and cash equivalents	-	181.733.180	181.733.180
Guarantees with third parties (*)	547.619	547.619	-
<b>Total liability due</b>	<b>1.383.768.148</b>	<b>1.202.034.968</b>	<b>1.201.487.349</b>
Total assets	2.149.600.322	2.149.600.322	2.149.600.322
Total current liabilities	(345.714.704)	(345.714.704)	(345.714.704)
Total non-current liabilities	(1.037.505.825)	(1.037.505.825)	(1.037.505.825)
<b>Total net worth</b>	<b>766.379.793</b>	<b>766.379.793</b>	<b>766.379.793</b>
<b>Debt level</b>	<b>1,81</b>	<b>1,57</b>	<b>1,57</b>

1 Prohibition of alienating or losing ownership of essential assets, except in the case of contributions or transfers of essential assets to Subsidiaries.

2 Prohibition of distributing dividends, except for the mandatory minimum if there is a situation of default or delay in the payment of any loan installment.



3 Maintain a financial expense coverage ratio equal to or greater than 3 times, measured as EBITDA over Financial Expenses, on a consolidated basis. For its part, EBITDA will be understood as the result of the sum of the items of Income from Ordinary Activities, Other Income by Nature, Raw Materials and Consumables Used, Expense for Employee Benefits and Other Expenses by Nature. As of September 30, 2020, the coverage of financial expenses amounts to 8.42 times.

**ii) Aguas Cordillera S.A.**

The Company maintains obligations and restrictions for obtaining a loan contracted with Banco Scotiabank (ex BBVA), within which the restrictions associated with financial metrics are detailed below:

1 A level of indebtedness not exceeding one point five times, measured on the figures of its consolidated balance sheets. Notwithstanding the foregoing, the previous limit will be adjusted according to the quotient between the Consumer Price Index of the month in which the level of indebtedness is calculated and the consumer price index of December 2009. With all the previous limit It will be adjusted up to a maximum level of two times, for the period ended September 30, 2020, the variation in the debt level limit amounts to 2.0 times, with accumulated inflation being 39.1%. For these purposes, the level of indebtedness will be defined as the ratio between the payable liability and total equity. Defining the payable liability as the sum of the Total Current Liabilities and Total Non-Current Liabilities accounts of its consolidated financial statements. In determining the aforementioned index, the amount of all the guarantees, simple or joint guarantees, joint debts or other guarantees, personal or real, that the Issuer or its subsidiaries have granted to guarantee third-party obligations is included within the Net Callable Liability. , with the exception of: (i) those granted by the Issuer or its Subsidiaries for obligations of other Subsidiary Companies of the Issuer, (ii) those granted by Subsidiary Companies of the Issuer for its obligations, and (iii) those granted to public institutions for guarantee compliance with sanitary legislation, the execution of works in public spaces and the provision of advisory and technical inspection services for rural drinking water projects. As of September 30, 2020, the level of indebtedness amounts to 0.60 times. This ratio prior to the adjustment for revaluation of property, plant and equipment, amounted to 0.66 times.

2 Maintain a financial expense coverage ratio equal to or greater than 3 times, measured on the figures of its annual consolidated balance sheet, defined as the ratio between operating income plus depreciation for the year and amortization of intangibles divided by financial expenses.

The company complies with all bank loan restrictions as of September 30, 2020 and December 31, 2019.



### iii) ESSAL S.A.

#### a) Restrictions Scotiabank credit

On November 18, 2019, ESSAL and Scotiabank Chile entered into a contract of Credit Agreement for a maximum capital amount of \$14,300,000,000, which has the following restrictions:

1. Maintain the following financial ratios throughout the life of the Loans, which will be measured quarterly as of March, June, September and December of each year, based on the unconsolidated financial statements provided by the Debtor: i) A Net Financial Debt to EBITDA ratio equal or less than 8.5 times up to March thirty-first, two thousand twenty-one, included, and five point five times up to the maturity date of the loan. For these purposes, Net Financial Debt will be understood to be the sum of Other Current Financial Liabilities and Other Non-Current Financial Liabilities less the sum of the following items:

Obligations by AFR for other current financial liabilities, Obligations by AFR for other non-current financial liabilities, Cash and cash equivalents, Other current financial assets and Other non-current financial assets of the Debtor's Financial Statements. Likewise, EBITDA is defined as the result of the following items measured over the twelve months prior to the delivery of the quarterly financial statements: Income from ordinary activities plus Other income by nature less the sum of the following items: Raw materials and consumables used, Employee benefits expense, and Other expenses by nature. The result of the above items shall be multiplied by the sum of one plus fifty percent of the variation of the Consumer Price Index during the twelve-month period ending the month immediately prior to the delivery of the quarterly Financial Statements. As of June 30, 2020, ESSAL has a net financial debt/EBITDA indicator of 6.50 times, with the aforementioned restriction or obligation being met on that date.

2. An EBITDA to Net Financial Expenses ratio equal to or greater than three point five times. For these purposes, Financial Expenses will be understood as the difference in absolute value between (i) the Financial Costs account and (ii) the Financial Income account, both from the Debtor's Financial Statements. As of September 30, 2020, ESSAL has an EBITDA indicator on Net Financial Expenses of 5.67 times, fulfilling the referred restriction or obligation as of that date.

3. Do not sell, assign or transfer to any title its Essential Assets. For these purposes, Essential Assets are understood to be public service concessions for the production and distribution of potable water and the collection and disposal of wastewater that represent at least seventy-five percent of the issuer's regulated income. As of the date of these financial statements, there has been no reduction in the Company's concessions.

#### b) Restrictions Banco de Crédito e Inversiones (BCI) credits

The company has three outstanding loans for Ch \$ 9,000 million, Ch \$ 1,000 million and UF 380,000, which maintain the following restriction:

Advance Enforcement. The following is incorporated into the provisions on Early Enforceability contained in the Promissory Note:

1. Additionally, the Bank may immediately enforce the total amount owed, expiring all pending terms due to the sole fact that a "Change of Control of the Debtor" occurs. For these purposes, it will be understood that a "Change of Debtor Control" has occurred if, at any time, if Aguas Andina S.A. owns a percentage of less than 50.1% of the Debtor's voting share capital or, if a person or group of people with a joint action agreement, other than the aforementioned company, will have Control of the Debtor. "Control" will be understood as the capacity to carry out any of the actions described in letters a) and b) of article 97 of Law 18,045 on the Stock Market.



### 3) Guarantees obtained from third parties

As of September 30, 2020 and December 31, 2019, the Company has received documents as collateral for ThCh \$ 72,730,389 and ThCh \$ 45,012,353 respectively, which originate mainly from works contracts with construction companies to guarantee faithful compliance of the contract. In addition, there are other guarantees for service contracts and acquisition of materials that guarantee the timely delivery of these.

A detail of the most significant bank guarantees received as of September 30, 2020, is summarized below:

Contractor or Supplier	Society	30-09-2020 Th\$	Date expiration
EMPRESAS JORDAN S.A.	Aguas Andinas S.A.	157.730	06-12-2020
SOC. DE TERCERIZACION DE SERV. PROV	Aguas Andinas S.A.	103.761	18-12-2020
EMPRESA NACIONAL DE ENERGIA ENEX S.	Aguas Andinas S.A.	722.800	29-12-2020
CONSTRUCTORA OLBERTZ LTDA	Aguas Andinas S.A.	117.771	28-05-2021
INMOBILIARIA Y CONSTRUCTORA NUEVA PACÍFICO SUR LTDA.	Aguas Andinas S.A.	244.544	16-07-2021
I C M S.A.	Aguas Andinas S.A.	234.593	24-08-2021
TELEFONICA EMPRESAS CHILE S.A.	Aguas Andinas S.A.	151.306	31-08-2021
SUEZ MEDIOAMBIENTE CHILE S.A.	Aguas Andinas S.A.	120.891	02-01-2024
TERRA AUSTRALIS INVERSIONES INMOBIL	Aguas Andinas S.A.	139.520	10-10-2020
INMOBILIARIA Y CONSTRUCTORA NUEVA PACÍFICO SUR LTDA.	Aguas Andinas S.A.	419.994	18-10-2020
CONSTRUCTORA VALKO S.A.	Aguas Andinas S.A.	2.556.549	19-10-2020
BROTEC CONSTRUCCIÓN LTDA.	Aguas Andinas S.A.	2.556.549	19-10-2020
INMOB. Y COMERCIAL QUILICURA LTDA.	Aguas Andinas S.A.	401.910	28-10-2020
INMOBILIARIA BBI S.A.	Aguas Andinas S.A.	365.709	29-10-2020
IDOM CONSULTING, ENGINEERING	Aguas Andinas S.A.	131.109	31-10-2020
ECHEVERRIA IZQUIERDO ING. Y CONSTRU	Aguas Andinas S.A.	682.826	17-11-2020
INMOBILIARIA MONTE ACONCAGUA S.A.	Aguas Andinas S.A.	229.663	27-11-2020
EMP.DEPURADORA DE A.S. MAPOCHO EL T	Aguas Andinas S.A.	14.894.897	30-11-2020
INM. Y CONST NVA. PACIFI. SUR LTDA.	Aguas Andinas S.A.	112.803	20-12-2020
SUEZ MEDIOAMBIENTE CHILE S.A.	Aguas Andinas S.A.	104.175	28-12-2020
EULEN CHILE S.A.	Aguas Andinas S.A.	229.663	31-12-2020
BAPA S.A.	Aguas Andinas S.A.	272.083	31-12-2020
INMOBILIARIA VIVIENDAS 2000 SPA	Aguas Andinas S.A.	114.831	04-01-2021
EMPRESA CONSTRUCTORA RICARDO	Aguas Andinas S.A.	309.262	15-01-2021
EMP.CONST.MOLLER Y PEREZ-COTAPOS SA	Aguas Andinas S.A.	131.625	09-02-2021
C. DE PETROLEOS DE CHILE COPEC S.A.	Aguas Andinas S.A.	482.718	06-03-2021
CONSTRUCTORA CONCRETA S.A.	Aguas Andinas S.A.	108.602	30-03-2021
SUEZ ADVANCED SOLUTIONS CHILE LTDA.	Aguas Andinas S.A.	779.246	30-03-2021
ENEL DISTRIBUCION CHILE S.A.	Aguas Andinas S.A.	287.079	10-05-2021
INMOBILIARIA Y CONSTRUCTORA NUEVA	Aguas Andinas S.A.	229.663	01-06-2021
CONSORCIO NAC. DE DIST. Y LOG. S.A.	Aguas Andinas S.A.	114.831	03-06-2021



CONSTRUCTORA PEREZ Y GOMEZ LTDA	Aguas Andinas S.A.	104.382	29-06-2021
MARKETING RELACIONAL UPCOM LTDA.	Aguas Andinas S.A.	229.663	30-06-2021
CONSORCIO BAPA GRAMATEC SPA	Aguas Andinas S.A.	403.467	13-08-2021
A DENHAM Y COMPAÑÍA LTDA.	Aguas Andinas S.A.	241.060	31-12-2021
METLIFE CHILE SEGUROS DE VIDA S.A.	Aguas Andinas S.A.	421.720	31-01-2022

Contractor or Supplier	Society	30-09-2020 Th\$	Date expiration
AES GENER S.A.	Aguas Andinas S.A.	287.079	01-04-2022
TRANSPORTE CENTRO SUR-NORTE S.A.	Aguas Andinas S.A.	156.716	05-05-2022
SUEZ MEDIOAMBIENTE CHILE S.A.	Aguas Andinas S.A.	886.776	30-05-2022
CONSTRUCTORA PEREZ Y GOMEZ LTDA	Aguas Andinas S.A.	229.663	22-06-2022
ANIDA CONSULTORES S.A.	Aguas Andinas S.A.	129.432	01-12-2022
TELEFONICA EMPRESAS CHILE S.A.	Aguas Andinas S.A.	141.788	30-12-2022
CENTURYLINK CHILE S.A.	Aguas Andinas S.A.	265.846	31-05-2023
AUTORENTAS DEL PACIFICO SPA	Aguas Andinas S.A.	102.200	31-07-2023
AES GENER S.A.	Aguas Andinas S.A.	976.067	01-02-2024
MOTOROLA CHILE S.A.	Aguas Andinas S.A.	794.059	01-12-2025
CONSORCIO AQUAMBIENTE - EDAM	Aguas Andinas S.A.	30.087.262	10-05-2028
BRENNTAG CHILE LTDA.	Aguas Andinas S.A.	126.188	05-04-2021
INLAC S.A.	Aguas Cordillera S.A.	397.689	02-07-2021
CONSTRUCTORA OLBERTZ LTDA.	Aguas Cordillera S.A.	132.732	31-10-2022
CONSTRUCTORA VESPUCIO ORIENTE S.A.	Aguas Cordillera S.A.	299.279	31-01-2021
CONSTRUCTORA VESPUCIO ORIENTE S.A.	Aguas Cordillera S.A.	176.467	28-02-2021
CONSTRUCTORA VESPUCIO ORIENTE S.A.	Aguas Cordillera S.A.	143.539	30-06-2021
DEGREMONT LIMITADA	Aguas Manquehue S.A.	805.867	25-11-2020
INMOBILIARIA TERRAMERICA S.A.	Aguas Manquehue S.A.	178.764	29-12-2020
COBRA MONTAJES SERVICIOS Y AGUA LTDA.	ESSAL S.A.	111.131	20-01-2021
<b>Totals</b>		<b>65.337.538</b>	





## Note 32. CAPITALIZED FINANCING COSTS

The detail of capitalized financing costs as of September 30, 2020 and December 31, 2019 is as follows:

### Disclosure of capitalized interest costs

Capitalized interest costs, property, plant and equipment		30-09-2020	31-12-2019
Rate of capitalization of capitalized interest costs, property, plant and equipment	%	6,34%	5,82%
Amount of capitalized interest costs, property, plant and equipment	Th\$	3.314.359	3.880.277

## Note 33. ENVIRONMENT

### Disclosure of environmental investments

According to Circular Letter No. 1901 of October 30, 2008 of the Financial Market Commission, the following information is disclosed from investments related to the environment.

The following is a detail of the investments related to the environment:

#### Aguas Andinas S.A.

Name of the Project	30-09-2020 Th\$	31-12-2019 Th\$
Expansion and Improvements WWTP Buin Maipo	478.874	2.528.543
Expansion and Improvements WWTP El Monte	258.547	2.170.174
Expansion and Improvements WWTP Talagante	2.196	1.727.626
Expansion and Improvement of Other Localities	109.617	20.735
Improvement and renovation purification equipment and facilities	1.052.421	783.577
La Farfana Plant	3.318.005	4.248.396
Mapocho - Trebal Plant	10.810.944	13.338.645
External platform handling and disposal of sludges El Rutil	21.175	10.889
<b>Totals</b>	<b>16.051.779</b>	<b>24.828.586</b>

#### Aguas Manquehue S.A.

Name of the Project	30-09-2020 Th\$	31-12-2019 Th\$
Improvement and renovation purification equipment and facilities	80.393	37.044
<b>Totals</b>	<b>80.393</b>	<b>37.044</b>

### Projected investment in the environment for 2020:

Company	Th\$
Aguas Andinas S.A.	16.069.879
Aguas Manquehue S.A.	267.954
<b>Total</b>	<b>16.337.833</b>



**Indication if the disbursement is part of the cost of an asset or was reflected as an expense, period disbursements**

All the above projects are part of the cost of construction of the respective works.

**Certain or estimated date on which future disbursements will be made, disbursements of the period**

The projected disbursements are estimated to be made during the year 2020.

Subsidiaries are companies that are affected by disbursements related to the environment, i.e. compliance with ordinances, laws relating to industrial processes and facilities and any other that could directly or indirectly affect the protection of the environment.

**Note 34. EVENTS OCCURRING AFTER THE DATE OF THE STATEMENT OF FINANCIAL POSITION**

Aguas Andinas S.A.

By virtue of what is established in article 9 and second paragraph of article 10 of Law No. 18,045 and in General Regulation No. 30 of the Financial Market Commission, it is hereby communicated as information essential regarding the Company, its businesses, its public offering securities or their public offering, the following:

Within the framework of the transaction reported to the Commission by communication of essential fact dated September 11, 2020, dated October 13, 2020 Aguas Andinas S.A. completed the sale and assignment to Eco Acquisitionco SpA, a company incorporated in Chile and controlled by the Canadian company Algonquin Power & Utilities Corp., of 100% of its direct and indirect interest in Inversiones Iberaguas Ltda. ("Iberaguas"), the which in turn is the owner of 488,712,657 Series A shares of Empresa de Servicios Sanitarios de Los Lagos SA ("ESSAL"), which represent approximately 51% of the total shares issued by it, at the price of US \$ 87,975,000, which was received on the same date.

Additionally and in the context of said operation, Aguas Andinas S.A. participated in the public offer for the acquisition of ESSAL shares ("OPA") announced by Eco Acquisitionco SpA on September 24, 2020, accepting the sale of the direct participation of Aguas Andinas S.A. in ESSAL, amounting to 24,018,816 Series A shares, equivalent to 2.51% of the total shares issued by said company, at the total price of US \$ 4,323,717, an amount that will be received under the terms, terms and conditions offered in the OPA.

In this way, as a result of this operation and in accordance with the provisions of the contract signed with Algonquin Power & Utilities Corp on September 11, 2020, Aguas Andinas S.A. will receive the total amount of US \$ 92,298,717 from the sale of all its direct and indirect participation in ESSAL, which will generate for the Company an expected impact on net results, after taxes, of approximately CLP 7,000 million.

As a consequence of the aforementioned operation, Aguas Andinas S.A. ceased to hold the quality of controlling shareholder of ESSAL, which will be reflected in the consolidated financial statements of the Company as of October 13, 2020.

As of the date of issuance of these consolidated financial statements, the Management of the Company and its Subsidiaries are not aware of other subsequent events that affect the financial situation as of September 30, 2020.

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