D. Risk Factors

Our business, financial condition and results of operations could be materially and adversely affected if any of the risks described below occur. As a result, the market price of our common shares could decline, and you could lose all or part of your investment. This annual report also contains forward-looking statements that involve risks and uncertainties. See "Forward-Looking Statements." The risks below are not the only ones facing our Company. Additional risks not currently known to us or that we currently deem immaterial may also adversely affect us. The following risk factors have been grouped as follows:

- Risks relating to our Business
- Risks relating to Climate Change
- Risks relating to Chile
- Risks relating to Argentina
- Risks relating to our ADS's

RISKS RELATING TO OUR BUSINESS

Possible changes in tax laws in the countries where we operate could affect our business and, in particular, changes in corporate and excise taxes could affect our results and investments.

Our businesses are subject to different taxes in the countries where we operate, including, among others, income taxes and specific taxes on alcoholic and non-alcoholic beverages. An increase in the rates or application of these taxes, or any other, could negatively affect our sales and profitability.

The following are examples of relevant regulatory changes in Chile and Argentina:

In recent years, tax reforms have been implemented in Chile with the purpose of increasing tax collection to finance social programs, the most relevant being those contained in Law N° 21,210 of 2020 and Law N° 21,420 of 2022.

Law N° 21,210 included, among other measures: (i) an increase from 35% to 40% in the personal income tax bracket for taxpayers with a gross monthly income in excess of approximately CLP 19.0 million; (ii) a progressive tax ranging from 0.075% to 0.275% on real estate properties owned by a taxpayer with a total taxable value exceeding approximately CLP 600 million; (iii) stricter requirements for private investment funds to benefit from preferential tax treatment; (iv) a partially integrated regime as a single tax system for large companies, with a 27% tax rate that will be partially deductible from the final tax to be paid by the individual or foreign shareholders of the taxpayer entity, who will have a maximum tax burden of 44.5% with the exception of Treaty-country resident shareholders (including Tax Treaties signed but not yet enforced within a certain period of time); (v) the progressive limitation of the provision allowing Chilean holding companies that incur tax losses to claim a refund of the corporate income tax paid by their Chilean affiliates on dividends received by such holding company, to be fully enforced by year 2024; and (vi) a special tax contribution of 1% on investments in fixed assets in excess of USD 10 million (for the part of the excess) for the benefit of regions hosting projects that exceed USD 10 million when a given project requires submission to the environmental approval system.

Additionally, Law N° 21,420 established, among other reforms, (i) the elimination of the non-income income regime for the gain derived from the sale of shares with stock market presence and the establishment of a single tax rate of 10% on such gain; (ii) the gradual elimination of the special credit for construction companies; (iii) the application of VAT on all services, except those with a particular exemption; (iv) an increase in the value of mining patents and exploitation concessions; (v) the elimination of the credit for investments in fixed assets; and (vi) an increase in the marginal rate of the land tax surcharge.

On July 7, 2022, the Chilean government sent to the Chilean Congress a new tax reform bill. On March 2023, the bill mentioned above was rejected on a general basis by the Chamber of Representatives. Thus, according to Chilean Law, the same bill cannot be discussed again in the same Chamber for one year. As of the date of this annual report this bill has not been presented in the Senate.

It is also expected that the Chilean government will present a proposal for corrective taxes during 2023, which could include higher taxes on alcoholic beverages, sugar sweetened beverages, carbon dioxide (CO_2) emissions, oil and plastic packaging.

In 2017, Argentine Congress passed a tax reform law that, among other measures, aimed to gradually reduce the income tax rate for profits from 35% to 25% (30% for 2018 and 2019 and 25% from 2020 and onwards). In addition, withholding tax on distributed dividends are subject to a gradual increase from 0% to 13% (7% for 2018 and 2019 and 13% from 2020 and onwards). In December 2019, a new law was passed which modified certain provisions of the 2017 tax reform law. Among other matters, it extended the 30% income tax rate and the 7% withholding rate on dividends for an additional year, through 2020. In addition, regarding the Personal Property Tax, which applies to foreign shareholders who hold equity participations in Argentine companies, the 2019 reform increased the applicable rate from 0.25% to 0.50% in respect of the equity participation set forth in the Financial Statements. In June 2021, Law N° 27,630 was enacted, which establishes a new structure for income tax on profits, beginning after January 1, 2021, with three sections in relation to the level of accumulated net taxable income. The new sections are: (i) 25% for accumulated taxable net profits of up to ARS 5 million; (ii) 30% for earnings of up to ARS 50 million; and (iii) 35% for profits greater than ARS 50 million. Likewise, for the second and third sections indicated above, fixed tax amounts of ARS 1.25 million and ARS 14.75 million, respectively, were established, which will be adjusted annually with inflation.

Changes in the labor market in the countries in which we operate may affect profit margins in our business.

In all the countries where we operate, we are exposed to changes in the labor market that could affect our profitability and future growth. These changes could include fluctuations in the labor supply, as well as changes in labor legislation, among others. In Argentina, high levels of inflation, union pressure, government decrees regarding severance payments, wages or reduction of working hours may affect our salary expenses.

In Chile, the Congress is currently discussing a bill which aims to modify the manner in which the legal profit-sharing bonuses are calculated. As of the date of this report, this bill is in the Labor and Social Welfare Committee in the Senate, where it is subject to further modifications.

On April 26, 2023, Law N° 21,561 was enacted amending the Chilean Labor Code. Among the main amendments set forth in this law, it provides for (i) a reduction in weekly working hours to 40 hours per week (from 45 hours pursuant to current regulation), to be implemented gradually or on a staggered basis within 5 years from publication of this law (subject to certain limits and requirements set forth therein), and (ii) the implementation of deferred starting and end shift times (during a 2-hour band) that applies to fathers, mothers and caregivers of children under 12 years of age, which is required to be implemented within 1 year from the date of publication of this law.

The foregoing, as well as the implementation of new labor regulations, could have an adverse effect on our expenses and negatively affect our margins.

Consolidation in the beer industry may impact our market share.

In all the countries where we operate, we compete with local and international brands, especially in the beer and non-alcoholic categories. In the beer category, we compete against Anheuser-Busch InBev S.A./N.V. ("ABI") and its subsidiaries, the largest beer company in the world. In the non-alcoholic categories in Chile we compete against the products of The Coca-Cola Company.

Our main competitor in the Chilean beer market is Cervecería Chile S.A., a subsidiary of ABI. In the past, Cervecería Chile S.A. has implemented aggressive commercial practices and, during the last few years, entered into a distribution agreement with Embotelladora Andina S.A. and Embonor S.A., the main bottlers of The Coca-Cola Company's products in Chile, to strengthen its distribution network.

In Argentina, our main competitor is Cervecería y Maltería Quilmes S.A.I.C.A. y G. ("Quilmes"), a subsidiary of ABI. As a result of its dominant position and large size in Argentina, Quilmes has significantly larger economies of scale than us both in production and distribution.

Consequently, we cannot assure you that the level of competition will not increase in the future, and if we are not able to maintain brand loyalty with innovation, in line with changes in consumer preferences, purchasing patterns and marketing support, this could negatively affect our market share and pricing, and consequently affect our profitability.

We depend upon the renewal of certain license agreements to maintain our current operations.

Most of our license agreements include certain conditions that must be met during their term, as well as provisions for their renewal at their expiry date. We cannot guarantee that such conditions will be fulfilled, and therefore that the agreements will remain in place until their expiration or that they will be renewed, or that any of these contracts will not undergo early termination. Despite that over 70% of our sales volume are derived from proprietary brands, the termination of, or failure to renew our existing license agreements, could have an adverse impact on our operations.

Consolidation in the supermarket industry may affect our profitability.

The Chilean supermarket industry has experienced a consolidation process, which has increased the purchasing power of a few supermarket chains. As a result, we may not be able to negotiate favorable prices, which could negatively affect our sales and profitability.

Additionally, and despite having insurance coverage, this supermarket chain consolidation has the effect of increasing our exposure to counterparty credit risk, given the fact that we have more exposure in the event one of these large customers fails to fulfill its payment obligations to us for any reason.

Fluctuations in the cost of our raw materials may adversely impact our profitability.

We purchase malt, rice and hops for beer, sugar for soft drinks, grapes for wine, pisco and cocktails, and packaging materials, such as aluminum cans, glass bottles and PET resins to produce plastic bottles from local producers or in the international market. The prices of these materials are subject to volatility caused by market conditions, and have experienced significant fluctuations over time reflecting global supply and demand for commodities as well as other factors, such as fluctuations in exchange rates, climate and social events, geopolitical conflicts, like the Russian invasion of Ukraine, and supply restrictions derived from the COVID-19 pandemic, over which we have no control.

Although we historically have been able to implement price increases in response to increases in raw material costs, we cannot assure you that our ability to recover increases in the cost of raw materials will continue in the future. If we are unable to raise prices in response to higher raw material costs, any future increases in raw material costs may reduce our margins and profitability if we are not able to offset such cost increases through efficiency improvements or other measures.

The shortage of critical raw and packaging materials could negatively impact our supply chain, affecting our operations and results.

The shortage of critical raw and packaging materials, either due to changes in consumption patterns, the level of crop production around the world, quality and availability of raw materials, and/or problems associated with international trade logistics, especially in the case of raw and packaging materials purchased in markets outside of the countries where we operate, could affect our supply chain and negatively impact our production levels and, consequently, our results. This issue has become more relevant recently due to the COVID-19 pandemic, which has abruptly increased the demand for some packaging formats and has interrupted the normal operation of international trade logistics. On top of that, the conflict between Russia and Ukraine has increased the scarcity and the price of some raw materials, especially oil and food. If we face the interruption or lack of supply of critical raw and packaging materials, we cannot assure that we can obtain favorable prices or advantageous terms in their acquisition, which could negatively affect our results.

Furthermore, disruptions on international trade logistics have caused delays and difficulties on export shipments including significant increases in freights.

To reduce this scenario, the Company has taken actions such as the diversification of suppliers, long-term contracts, and higher levels of inventories of certain supplies.

The supply, production and logistics chain is critical to the timely supply of our products to consumer centers.

Our supply, production and logistics chain is crucial for the delivery of our products to consumer centers. An interruption or a significant failure in this chain may negatively affect our results if the failure is not quickly resolved. An interruption in the chain could be caused by various factors, such as strikes, utility shutdowns such as customs and ports, planning errors of our suppliers, terrorism, safety failures, complaints by communities, or other factors which are beyond our control.

Health crises, pandemics or the outbreak of contagious diseases at a global or regional level could have a negative impact on our operations and financial position.

A health crisis, pandemic or the outbreak of disease at a global or regional level, could have a negative impact on our operations and financial position. The above-mentioned circumstances could impede the normal operation of the Company, interrupt our supply chain, limit our production and distribution capacity, and/or generate a contraction in the demand for our products. A long period of economic uncertainty could have a material negative impact on our business, our access to financing and our financial results.

Any prolonged restrictive measures put in place to control an outbreak of a contagious disease or other adverse public health developments in any of our markets may have a material and adverse effect on our business operations. The extent of the impact of a pandemic on our business and financial condition will depend largely on future developments, including the duration of the pandemic, the impact on capital and financial markets and the related impact on consumers’ and industries’ confidence, all of which are highly uncertain and cannot be accurately predicted.

The Company has contingency plans to protect the health of the people and to maintain the continuity of our operation, but we cannot assure you that these plans will be sufficient to mitigate a material impact on our results and financial position from such events.

The COVID-19 pandemic has accelerated a change in lifestyles and preferences of our consumers. This could have an impact on our business, financial condition and results of operations.

The COVID-19 pandemic accelerated changes in the lifestyles and preferences of our consumers and generated a digital revolution. These changes require innovation to keep us competitive in line with the new consumption trends.

Additionally, the COVID-19 pandemic has caused a shortage of talent for certain business functions, which in turn has affected companies from all industries and across the globe, including ours. In the future, we may continue to encounter competition from other companies in our efforts to hire experienced professionals for both key internal roles and third-party contractor positions, which could make it difficult for us to identify sufficiently skilled and qualified people or to obtain all the necessary expertise locally or at reasonable rates due to the shortage of appropriately qualified individuals. Failure to obtain services from key personnel and/or third-party contractors with critical skills could adversely affect our business, results of operations and financial condition.

If we are unable to protect our information systems against data corruption, cyber-based attacks or network security breaches, our operations could be disrupted.

We are increasingly dependent on information technology networks and systems, including the Internet, to process, transmit and store information. In particular, we depend on our information technology infrastructure, including data centers, for sales, production, planning and logistics, marketing activities and electronic communications within the Company and with our clients, suppliers and our subsidiaries. Security breaches of this infrastructure can create system disruptions, shutdowns or unauthorized disclosure of confidential information. If we are unable to prevent such breaches, our operations could be disrupted, or we may suffer financial damage or loss because of lost or misappropriated information. The Company has developed a cybersecurity plan which addresses critical aspects, but we cannot assure you that these measures will be sufficient.

Possible regulations for labeling materials and the advertising of alcoholic beverages and other food products in the countries in which we operate could adversely affect us.

Law N° 20,606 of 2012 and Law N° 20,869 of 2015, relating to the Nutritional Composition of Foods and their Advertising and the complementary regulations, in force since June 2016, establish certain restrictions on the advertising, labeling and marketing of foods classified as “high” in certain defined critical nutrients, which affects a part of our portfolio of non-alcoholic beverages.

In August 2021, Law N° 21,363 was published establishing regulations regarding commercialization and advertising of alcoholic beverages, including, among others, the incorporation of warnings about the consumption of alcohol on labeling and promotional materials, the obligation to inform the energy content of the products on labeling, time restriction for advertising, and prohibited promotional activities or advertising of alcohol in relation to sport and cultural activities. These measures will enter into force immediately or deferred as established in the aforementioned Law. This Law and regulations could affect our alcoholic beverages portfolio and certain marketing activities.

Currently, a bill is being discussed in Chilean Congress to amend LawN° 18,455, which sets standards on the production, processing and marketing of alcoholic beverages and vinegars, in matters relating to information on ingredients and mandatory nutritional information, as well as the incorporation of warning labels established for foods rated “high” in certain defined critical nutrients, when applicable.

If further legislation or other regulations that restrict the sale of alcoholic or non-alcoholic beverages is passed, it could affect the consumption of our products and therefore, adversely impact our business.

If we are unable to maintain the image and quality of our products and a good relationship with our clients and consumers, our financial results may suffer.

The image and quality of our products is essential for the success and development of the Company. Problems with product quality could tarnish the reputation of our products and may adversely affect our sales revenues. The Company must also ensure that our sales force provides good customer service and adapts to fulfill the needs and preferences of our consumers. If we are unable to maintain a good relationship with our clients and consumers, our financial results may suffer.

All our non-alcoholic beverage categories are developed under the Chilean Food Sanitary Regulations, and each country is governed by the existing regulations and, in special cases, the Catholic University and INTA are consulted.

Our certifications include: (i) Hazard Analysis and Critical Control Points (“HACCP”), (ii) ISO 22000, (iii) FSSC 22000 and (iv) British Retail Consortium (“BRC”).

Our insurance coverage may be insufficient or inadequate to cover certain losses we may incur.

Our insurance coverage is in line with our internal policies and in line with the industry standards. In the case of extraordinary events, our insurance may be insufficient to cover certain losses. As of the date of this annual report, we maintain full-risk insurance coverage for our physical assets, including machinery malfunctions and damage due to stoppages and earthquakes for all of our assets. Our insurance policies are subject to deductibles and coverage limits, and despite being in line with industry standards, may not be adequate to provide coverage for certain claims. Moreover, the insurance market remains cyclical and catastrophic events can change the state of the insurance market, leading to sudden and unexpected increases in premiums and deductibles or unavailability of coverage for reasons unrelated to our business. Additionally, we cannot guarantee that future policies will not have terms that are less favorable than those currently in place.

There can be no assurance that, due to the effects of climate change events and increased social unrest, among others, our existing insurance coverage will continue to be available, or available on commercially reasonable terms or at commercially reasonable prices, or that the amounts for which we are insured, or the proceeds of such insurance, will fully compensate us for our losses.

The occurrence of material adverse events, losses or other damages that are not partially or fully covered by insurance or that exceed our insurance limits could result in unexpected additional costs and could have a material adverse effect on our business, financial condition and results of operations.

RISKS RELATING TO CLIMATE CHANGE

Water supply is essential to the development of our businesses.

Water is an essential component for the production of our beverage products and the irrigation of our fields. Any failures in our water supply, regulatory changes that limit the use of this resource, water scarcity due to climate change, or a contamination of our water sources, could negatively affect our sales and profitability.

As a commitment to the environment and natural resources, the Company has implemented long-term policies to develop a responsible and sustainable use of water. Through its 2020 Environmental Vision plan, initiated in 2010, the Company reduced the consumption of this resource by approximately 49% per liter produced as of 2020. Furthermore, through the 2030 Environmental Vision plan, the Company committed to continue optimizing the consumption of water per liter produced, by reaching a goal of 60% decrease in consumption against 2010.

In January 2022, the Chilean Congress approved a bill introducing changes to the Chilean Water Regulation (*Código de Aguas*), which had been was under discussion since 2011. This bill was published on April 6, 2022, and establishes, among other things: (i) a new regime for the constitution of rights to use water temporarily which will be applicable to future water rights granted, (ii) an expiration system for the non-use of water when the necessary infrastructure for its use is not constructed and such water rights appear in the patent payment list for no use for a certain period, (iii) a deadline for regularization and registration of water rights, (iii) the regulation of the environmental, scenic, landscape and social function of waters, (iv) the obligation to inform to the *Dirección General de Aguas* (“DGA”) (the Chilean water authority) any changes of the uses of water rights, (v) the obligation to form underground water communities in certain areas declared as restriction or prohibition zones, and (vi) the recognition of the access to water as a Human Right.

Furthermore, decrees issued by the DGA declared restriction and prohibition zones for the constitution of rights to use groundwater, establishing the obligation to create communities of groundwater, which in turn could restrict the exercise of rights that the Company currently owns as well as the change in its extraction points. Without prejudice to the foregoing, the President has the capability to declare, during a period of extraordinary drought, due to a request by, or based on a report of, the DGA, a water scarcity zone for a maximum period of one year, in which the DGA could redistribute water available in natural sources and authorize the extraction of water from superficial or ground sources.

Catastrophic events in the regions in which we operate could have a significant adverse effect on our financial condition.

Natural disasters, climate change impact events, pandemics or other catastrophic events could impair our ability to manufacture, distribute or sell our products. Failure to take adequate steps to mitigate the likelihood or potential impact of such events, or to manage such events effectively if they occur, could adversely affect our sales volume, cost and supply of raw materials, earnings and could have a significant effect on our business, operational results, and financial position.

Chile has been affected in the past by several natural disasters, earthquakes, including large floods, mudslides and wildfires. To mitigate the impacts of these events or others, the Company has specially designed contingency plans and associated insurance. The effects of natural disasters could increase as a result of climate change.

New applicable environmental regulations could affect our business.

CCU’s operations are subject to local, national and international environmental norms and regulations. These regulations cover, among other things, emissions from different sources, noise, disposal of solid and liquid wastes, the temporary storage of residuals, and other activities inherent to our industry. On this topic, on June 1, 2016, Law N° 20,920 was enacted and established a framework for waste management and extended producer responsibility, and stimulation of recycling (“REP Law”), with the objective of lowering the generation of waste of priority products as determined by the bill and fostering recycling of the waste. On November 30, 2017, the Regulations on Procedures of the REP Law were published. On March 16, 2021, the collection, valorization and other associated obligations for packaging materials were published. See “Item 4: Information on the Company – E. Environmental Matters.”

Additionally, on August 13, 2021, Law N° 21,368 was published, which regulates single-use plastic products and plastic bottles, and strengthens returnability. The bill requires (i) that disposable plastic bottles that are commercialized must be manufactured containing a percentage of plastic that has been collected and recycled within the country in the proportions to be established by means of a regulation to be issued within 18 months as of the date of publication of the law, with a minimum of 15% in 2025 (the above regulation is still pending); (ii) retail businesses (including e-commerce and delivery applications) to have returnable plastic bottles for beverages (excluding alcoholic and dairy products), effective for supermarkets 6 months as of the date of publication of the law and two years for all other retailers; and (iii) prohibits establishments that sell food from using any kind of non-recyclable single-use containers, on premise and for deliveries, with effective dates depending on the establishment and the kind of plastic used.

On June 13, 2022, Law N° 21,455 *Ley Marco de Cambio Climático* was published, which establishes a legal framework to deal with the challenges presented by climate change for the country, in order to achieve and maintain Greenhouse Gas (“GHG”) emissions neutrality by 2050. To achieve this mitigation goal, the law establishes management instruments at the national, regional and local levels and determines the environmental institutional framework for climate change, assigning specific functions and responsibilities to each of the national, regional and collaborating bodies that comprise it, with the Ministry of the Environment being the national authority in this matter. Additionally, it creates a National System of Access to Information and Citizen Participation on Climate Change that will be administered and coordinated by the Ministry of the Environment, and establishes guidelines and financial mechanisms to face climate change The law mandates the Ministry of Public Works to prepare the Strategic Plans for Water Resources in Basins, in order to contribute to water management, identify water gaps in surface and ground water and establish water balance and water level projections.

In Argentina, in October 2021, a bill that establishes minimum environmental protection standards for the integral management of containers and post-consumer containers throughout the national territory was submitted to Congress for consideration. The bill aims to prevent and reduce the impact of containers in the environment, introducing the principle of extended producer responsibility.

The Company takes special care and consideration with compliance with environmental regulations and contributes by actively participating through the associations that represent the different industrial sectors, in public/private discussion groups for the development and implementation of new regulations in this area. Additionally, through its 2030 Environmental Vision plan, the Company is committed to continue reducing GHG emissions per liter produced to 50% over the next ten years, and to continue optimizing water consumption per liter produced to achieve a 60% reduction, both goals above 2010 levels. We are also committed to recovering 100% of our solid industrial waste, using 75% renewable energy, making 100% of our containers and packaging reusable, recyclable or compostable, and ensuring that our containers and packaging contain an average of 50% recycled material.

Although we cannot predict the impact of such measures at this time, possible future regulations could have an adverse effect on our business.

RISKS RELATING TO CHILE

We are substantially dependent on economic, political and social conditions in Chile, which may adversely impact the results of our operations and financial condition.

Chile is our most significant market. The Chile Operating segment generated 60.2% of our sales revenues in 2022, the International Business Operating segment (which includes Argentina, Bolivia, Paraguay and Uruguay) contributed 28.9%, and the Wine Operating segment, including the domestic markets in Chile and Argentina, as well as exports, accounted for 10.9% of revenues. Thus, our operating and financial performance is dependent, to a large extent, on the overall level of economic activity in Chile. The Chilean economy experienced an average annual growth rate (measured by GDP) of 3.2% between 2010 and 2022. In the past, slower economic growth in Chile resulted in a lower growth rate of consumption of our products and, consequently, adversely affected our profitability. Chile’s economic growth rate has been affected in the past by the disruption in the global financial markets by global recessions or a pandemic, as was the case in 2009 and 2020. Therefore, economic growth rates of past periods cannot be extrapolated to future performance.

Although Chilean inflation has been limited in the last ten years, Chile experienced strong inflationary pressures in 2022, reaching an inflation of 12.8% on an annual basis, after posting variations of 7.2%, 3.0%, 3.0% and 2.6% in 2021, 2020, 2019 and 2018, respectively, measured by changes in the consumer price index, reported by the *Instituto Nacional de Estadísticas* (INE). High levels of inflation and currency devaluation in Chile could adversely affect the Chilean economy and have a negative effect on our results. Even though the last estimates of the Central Bank of Chile forecast a reduction in inflation in 2023, we cannot assure you that Chilean inflation will not remain high in the future.

The measures taken in the past and particularly, during 2022, by the Central Bank of Chile to control inflation have included tightening the monetary policy and raising interest rates, which restricts credit availability and economic growth. Periods of higher inflation may also slow the growth rate of the Chilean economy, which occurred in 2022. Inflation is also likely to increase some of our costs and expenses, given that our supply contracts may be denominated in foreign currencies or indexed to the Chilean consumer price index. This could adversely affect our operating margins and financial results.

Furthermore, as an emerging and open economy, Chile is more exposed to unfavorable conditions in the international markets, which could have a negative impact on the demand for our products, as well as on third parties with whom we conduct business. In particular, the COVID-19 pandemic and Russia’s invasion in Ukraine have caused significant disruptions in global financial markets and increased commodity prices. Both the exchange rate and local interest rates have presented strong corrections compared to other economies, which has triggered an increase in the volatility of various asset prices. Additionally, since the end of 2019, Chile has experienced important political and economic changes, including the initiation of a process to draft a new constitution. The proposal presented for this process was rejected by a referendum in September 2022, and a greater commitment to fiscal spending. Later on, in January 2023, the Chilean Congress approved a new process to draft a constitution during 2023.

Any combination of lower consumer confidence, disrupted global capital markets and/or depressed international, economic conditions, greater commitment of public expending could have a negative impact on the Chilean economy and, consequently, on our business. In addition, a global liquidity crisis or an increase in interest rates could limit our ability to obtain the cash necessary to meet our commitments and, therefore, increase our financial expenses.

Any downgrading of Chile’s debt credit rating for domestic and international debt by international credit rating agencies may increase our financial costs or limit our access to capital markets.

Any future adverse revisions to Chile’s credit ratings for domestic and international debt by international rating agencies may adversely affect our ratings, our business, future financial performance, stockholders’ equity and the value of our securities. In addition, credit ratings affect the cost and other terms upon which we are able to obtain funding. Rating agencies regularly evaluate us and their ratings of our debt are based on a number of factors, including our financial strength and conditions affecting the financial services industry generally. There can be no assurance that rating agencies will maintain their current ratings or outlooks, and any downgrading in our debt credit ratings would likely limit our access to capital markets, increase our financial costs and adversely affect our results of operations and financial condition.

The relative liquidity and volatility of Chilean securities markets may increase the price volatility of our American Depositary Shares (“ADSs”) and adversely impact a holder’s ability to sell any shares of our common stock withdrawn from our American Depositary Receipt (“ADR”) facility.

The Chilean securities markets are substantially smaller, less liquid and more volatile than major securities markets in the United States. For example, the Santiago Stock Exchange, which is Chile’s principal stock exchange, had a market capitalization of approximately USD 170.5 billion as of December 31, 2022, while the New York Stock Exchange (“NYSE”) had a market capitalization of approximately USD 30.7 trillion and the NASDAQ National Market (“NASDAQ”) had a market capitalization of approximately USD 20.3 trillion as of the same date. In addition, the Chilean securities markets can be materially affected by developments in other emerging markets, particularly other countries in Latin America.

The lower liquidity and greater volatility of the Chilean markets relative to markets in the United States could increase the price volatility of the ADSs and may impair a holder’s ability to sell shares of our common stock withdrawn from the ADR facility in the Chilean market in the amount, at the price and at the time the holder wishes to do so. See “Item 9: The Offer and Listing”.

Currency fluctuations may affect our profitability

Because we purchase the majority of our supplies at prices set in USD and we export wine in prices set in USD, Canadian dollars, euros and pounds, we are exposed to foreign exchange risks that may adversely affect our financial condition and the results of our operations. The effect of the exchange rate variation on export revenues partially offsets the FX impact on the cost of raw materials expressed in CLP.

We are subject to different corporate disclosure requirements and accounting standards than U.S. companies.

Although the securities laws of Chile that govern open stock corporations and publicly listed companies such as us promote disclosure of all material corporate information to the public as a principal objective, Chilean disclosure requirements differ from those in the United States in certain important respects. In addition, although Chilean law imposes restrictions on insider trading and price manipulation, the Chilean securities market is not as highly regulated and supervised as the U.S. securities market. We have been subject to the periodic reporting requirements of the Exchange Act since our initial public offering of ADSs in September 1992.

RISKS RELATING TO ARGENTINA

We are substantially dependent on economic, political and social conditions in Argentina, which may adversely impact our operating results and financial position.

In addition to our Chilean operations, we have significant assets in Argentina and we generate significant income from our operations in this country.

The financial position and results of our operations in Argentina are, to a considerable extent, dependent upon political, social and economic conditions in Argentina, as demand for beverage products generally depends on the prevailing economic conditions in the local market. In the past, Argentina has suffered recessions, high levels of inflation, currency devaluations and significant economic decelerations in various periods of its history. The following paragraph summarizes the evolution of some key economic indicators in Argentina:

During 2016, Argentina's GDP contracted by 2.1% and inflation was close to 40%. In 2017, GDP growth was 2.8% and inflation close to 25%, showing a slight recovery in the economy. In 2018, Argentina once again entered into a recession and its GDP decreased by 2.6% and accumulated inflation reached 47.1%. Consequently, given that between 2016 and 2018 (three years) the cumulative inflation rate exceeded 100%, Argentina was deemed to be a hyperinflationary economy as of July 1, 2018 (for more information see "Note 2" of our Consolidated Financial Statements as of December 2022 included herein) pursuant to IAS 29. In 2019, the Argentine GDP contracted by 2.0% and inflation reached 52.9%. In 2020, the GDP contracted 9.9%, mainly due to the restriction measures taken to control the spread of the COVID-19 pandemic, while inflation reached 34.1%. In 2021, the GDP expanded 10.4%, and inflation reached 50.9%, while in 2022 GDP grew 5.2% and inflation reached 95.2%. Consequently, given that cumulative inflation between 2019 and 2022 exceeded 100%, Argentina continues to be considered a hyperinflationary economy.

If economic conditions in Argentina were to slow down or further contract, or if inflation continues to accelerate, or if the Argentine government's ability to access the long-term financial markets to finance increased spending continues to be limited given the high levels of public sector indebtedness, Argentina's economic growth and the financial health and results of our Argentine operations could be adversely affected.

Inflationary pressures in Argentina may negatively impact demand for our goods, profitability and future investments.

Argentina has faced and continues to face inflationary pressures. Increased inflationary risk may erode macroeconomic growth and limit the availability of financing, which may negatively impact our operations. In past periods of high inflation, the Argentine government had regulated prices of consumer goods, including beverages, which impacted our profitability. Even without government regulation, high inflation may impede our ability to pass on higher costs to customers, which would also negatively impact profitability.

The Argentine peso is subject to volatility which could adversely affect our results.

The devaluation of the ARS negatively affects our results. Our Argentine subsidiaries use the ARS as their functional currency, and their Financial Statements are translated into CLP for consolidation purposes, which impacts their results and equity evaluations due to the translation effect. In addition, the cost of most of our raw materials in Argentina is indexed to the USD price. In 2022, the ARS versus USD had an average devaluation of approximately 36.9% and a year-end end of period devaluation of 72.1%. All of the above generated a translation effect on reported revenues, costs and expenses, as well as pressure on USD-indexed costs.

Given that it is not possible to predict future economic conditions in Argentina or when Argentina will cease to be considered a hyperinflationary economy for accounting purposes, we cannot predict how CCU's businesses will be affected by the future economic context in Argentina.

Argentina’s legal regime and economy are susceptible to changes that could adversely affect our Argentine operations.

On September 1, 2019, the Argentine Central Bank issued Communication “A” 6,770, which established various exchange controls for exports and imports of goods and services, holding of foreign assets, non-resident operations, foreign financial debt, debts between Argentine residents, repatriation of profits and payment of dividends, among others. The Communication was issued in response to the publication of Decree N° 609/2019, pursuant to which the Argentine government implemented foreign exchange regulations originally until December 31, 2019, but subsequently extended for an indefinite period. Decree N° 609/2019 sets forth the obligation to convert the value of goods and services exported into Argentine pesos in the local financial system, in accordance with terms and conditions established by the Argentine Central Bank. All of these measures have negatively impacted the free import of goods and in practice restricted our ability to repatriate profits.

In 2020, 2021 and 2022, in an attempt to curb increasing inflation, the Argentine government applied various methods to directly and indirectly regulate price increases of various consumer goods, including beer. As of the date of this report, we are party to agreements with the Argentine government that require us to sell our products at a previously agreed-upon price.

Also, as of the date of this report, there are several restrictions on the pricing of our products, the transfer of currency and repatriation of capital that could affect our subsidiaries’ ability to make payments and could in turn adversely affect our business and results of operations. We cannot assure that these measures will change nor the extent to which they will impact our business and results of operations.

RISKS RELATING TO OUR ADSs

We are controlled by one majority shareholder, whose interests may differ from those of holders of our ADSs, and this shareholder may take actions that adversely affect the value of a holder’s ADSs or common stock.

As of December 31, 2022, Inversiones y Rentas S.A. (“IRSA”) a Chilean closely held corporation, directly and indirectly owned 65.87% of our shares of common stock. Accordingly, IRSA has the power to control the election of most members of our board of directors and its interests may differ from those of the holders of our ADSs. IRSA also has significant influence in determining the outcome of any corporate transaction submitted to our shareholders for approval, including mergers, consolidations, the sale of all or substantially all of our assets and going-private transactions. In addition, actions by IRSA with respect to the disposal of the shares of common stock that it owns, or the perception that such actions may occur, may adversely affect the trading prices of our ADSs or common stock.

Chilean economic policies, currency fluctuations, exchange controls and currency devaluations may adversely affect the price of our ADSs.

The Chilean government’s economic policies and any future changes in the value of the CLP relative to the USD could adversely affect the USD value and the return on any investment in our ADSs. The CLP has been subject to nominal devaluations and appreciations in the past and may be subject to fluctuations in the future. For example, when comparing the average exchange rates for each period, the Chilean peso appreciated by 4.7% and 1.1% in 2017 and 2018, respectively, and depreciated by 9.5% and 12.7%, in 2019 and 2020, respectively, while it appreciated 4.0% in 2021 and depreciated 14.9% in 2022. When comparing the exchange rate as of the end of each period, the Chilean peso appreciated by 8.2% in 2017, depreciated 13.0% in 2018, depreciated 7.8% in 2019, appreciated 5.0% in 2020, and depreciated 18.8% and 1.1% in 2021 and 2022, respectively. See “Item 3: Key Information – A. Selected Financial Data – Exchange Rates.”

While our ADSs trade in USD, Chilean trading in the shares of our common stock underlying our ADSs is conducted in CLP. Cash distributions to be received by the depositary for the shares of our common stock underlying our ADSs will be denominated in CLP. The depositary will translate any CLP received by it to USD at the then-prevailing exchange rate with the purpose of making dividend and other distribution payments on the ADSs. If the value of the CLP declines relative to the USD, the value of our ADSs and any distributions to holders of our ADSs received from the depositary may be adversely affected. See “Item 8: Financial Information – A. Consolidated Statements and Other Financial Information – Dividend Policy and Dividends”.

For example, since our consolidated financial statements are reported in CLP, a decline in the value of the CLP against the USD would reduce our earnings as reported in USD. Any dividend we may pay in the future would be denominated in CLP. A decline in the value of the CLP against the USD would reduce the USD equivalent of any such dividend. Additionally, in the event of a dividend or other distribution, if exchange rates fluctuate during any period of time when the ADS depositary cannot convert a foreign currency into USD, a holder of our ADSs may lose some of the value of the distribution. Also, since dividends in Chile are subject to withholding taxes, which we retain until the following year when the exact amount to be paid is determined, if part of the retained amount is refunded to the shareholders, the amount received by holders of our ADSs would be subject to exchange rate fluctuations between the two dates.

Holders of our ADSs may be subject to certain risks since holders of our ADSs do not hold shares of our common stock directly.

ADS holders may exercise voting rights associated with common stock only in accordance with the deposit agreement governing our ADSs. Accordingly, ADS holders will face practical limitations when exercising their voting rights because ADS holders must first receive a notice of a shareholders' meeting from the depositary and may then exercise their voting rights by instructing the depositary, on a timely basis, on how they wish to vote. This voting process necessarily will take longer for ADS holders than for direct common stockholders, who are able to exercise their vote by attending our shareholders' meetings. Therefore, if the depositary fails to receive timely voting instructions from some or all ADS holders, the depositary will assume that ADS holders agree to give a discretionary proxy to a person designated by us to vote their ADSs on their behalf. Furthermore, ADS holders may not receive voting materials in time to instruct the depositary to vote. Accordingly, ADS holders may not be able to properly exercise their voting rights.

The right of a holder of our ADSs to force us to purchase the underlying shares of our common stock pursuant to Chilean corporate law upon the occurrence of certain events may be limited.

Because of the absence of legal precedent as to whether a shareholder that has voted both for and against a proposal, such as the depositary of our ADSs, may exercise withdrawal rights (as described in "Item 10. Additional Information – B. Memorandum and Articles of Association") with respect to those shares voted against the proposal, there is doubt as to whether a holder of ADSs will be able to exercise withdrawal rights either directly or through the depositary for the shares of our common stock represented by their ADSs. Accordingly, for a holder of our ADSs to exercise its appraisal rights, it may be required to surrender its ADRs, withdraw the shares of our common stock represented by its ADSs, and vote those shares against the proposal.

In the past, Chile has imposed controls on foreign investment and repatriation of investments that affected investments in, and earnings from, our ADSs.

Equity investments in Chile by persons who are not Chilean residents have historically been subject to various exchange control regulations that restrict repatriation of investments and earnings therefrom. In April 2001, the Central Bank eliminated most of the regulations that affected foreign investors, although foreign investors still have to provide the Central Bank with information related to equity investments and must conduct such operations within the formal exchange market. Additional Chilean restrictions applicable to holders of our ADSs, the disposition of the shares underlying them, the repatriation of the proceeds from such disposition or the payment of dividends may be imposed in the future, and we cannot advise you as to the duration or impact of such restrictions if imposed. See also "Item 10: Additional Information – D. Exchange Controls".

If for any reason, including changes in Chilean law, the depositary for our ADSs were unable to convert CLP to USD, investors would receive dividends and other distributions, if any, in CLP.

Preemptive rights to purchase additional shares of our common stock may be unavailable to holders of our ADSs in certain circumstances and, as a result, their ownership interest in our Company may be diluted.

The *Ley sobre Sociedades Anónimas* N° 18,046 (the "Chilean Corporations Act"), and its ordinance (*Reglamento de Sociedades Anónimas)*, require us, whenever we issue new shares for cash, to grant preemptive rights to all holders of shares of our common stock, including shares of our common stock represented by ADSs, giving those holders the right to purchase a sufficient number of shares to maintain their existing ownership percentage. We may not be able to offer shares to holders of our ADSs pursuant to preemptive rights granted to our shareholders in connection with any future issuance of shares unless a registration statement under the Securities Act is effective with respect to those rights and shares, or an exemption from the registration requirements of the Securities Act is available.

We intend to evaluate at the time of any future offerings of shares of our common stock the costs and potential liabilities associated with any registration statement as well as the indirect benefits to us of enabling U.S. owners of our ADSs to exercise preemptive rights and any other factors that we consider appropriate at the time, before deciding whether or not to file such a registration statement. We cannot assure you that any such registration statement would be filed.

To the extent that a holder of our ADSs is unable to exercise their preemptive rights because a registration statement has not been filed, the depositary will attempt to sell the holder’s preemptive rights and distribute the net proceeds of the sale, net of the depositary’s fees and expenses, to the holder, provided that a secondary market for those rights exists and a premium can be recognized over the cost of the sale. A secondary market for the sale of preemptive rights can be expected to develop if the subscription price of the shares of our common stock upon exercise of the rights is below the prevailing market price of the shares of our common stock. Nonetheless, we cannot assure you that a secondary market in preemptive rights will develop in connection with any future issuance of shares of our common stock or that if a market develops, a premium can be recognized on their sale. Amounts received in exchange for the sale or assignment of preemptive rights relating to shares of our common stock will be taxable in Chile and in the United States. See “Item 10: Additional Information – E. Taxation – Chilean Tax Considerations – Capital Gains” and “– United States Federal Income Tax Considerations – Taxation of Capital Gains”. If the rights cannot be sold, they will expire and a holder of our ADSs will not realize any value from the grant of the preemptive rights. In either case, the equity interest of a holder of our ADSs in U.S. will be diluted proportionately.