ANALYSIS OF THE CONSOLIDATED FINANCIAL STATEMENTS

INTRODUCTION

This document aims to present an analysis of the economic/financial position of the Company and its subsidiaries as of December 31, 2020, discussing the financial structure and its main trends through comparative tables of the Consolidated Statements of Financial Position as of December 31, 2020 and December 31, 2017, and the Consolidated Statements of Comprehensive Income by Function as of December 31, 2020 and 2019, which are attached, expressed in thousands of Chilean pesos.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of December 31, 2020, Total Assets and Liabilities & Equity amounted to ThCh$5,714,201,856, reflecting an increase of ThCh$410,904,671, equivalent to 7.7%, compared to December 2019.

In terms of total assets, fixed assets clearly dominate. For this reason, as of December 31, 2020, Property, Plant & Equipment and Net Investment Properties represent 88.6% of total Assets. On the other hand, Current Assets and Other Non-current Assets represent 9.6% and 1.8 % of total Assets, respectively.

As of December 31, 2020, Net Property, Plant and Equipment, and Investment Properties (commercial stores and other assets under operating leases) increased by 3.5%, or ThCh$170,303,337, with respect to December 2019, as a result of ThCh$286,071,662 spent on purchases of assets for projects intended for the expansion of the Metro network, mainly Lines 7 and extension of Line 2 and 3, which includes ThCh$240,304,792 in works in progress, ThCh$5,743,265 in electrical equipment and machinery, ThCh$14,520,690 in rolling stock, ThCh$23,672,346 in civil works, ThCh$1,805,233 in land and ThCh$25,336 in buildings. These figures are offset by a depreciation of ThCh$116,318,067 of the Company's assets, to a lesser extent by derecognized assets in the amount of ThCh$271,258 and transfers to Other Assets in the amount of ThCh$600,566, despite an increase of ThCh$1,739,422 in transfer of spare parts from Other Assets. On the other hand, investment properties fell by ThCh$317,856.

As of December 2020, Current assets increased by 79.0% or ThCh$243,014,430 compared to December 2019. This variation was explained mainly by an increase of ThCh$298,678,877 in cash and cash equivalents as a result of a higher level of ThCh$302,634,333 of investments in time deposits of less than 90 days, despite a decrease of ThCh$2,446,293 in resale agreements and a drop of ThCh$1,509,163 in Cash. This increase is explained by the cash available after the Company issued international bonds (Series 3 and 4) that raised MUS$1,500. To a lesser extent, Trade and other accounts receivable increased by ThCh$4,419,025 and Inventories by ThCh$1,913,617. The above is offset by a decrease of ThCh$61,832,162 in Other current financial assets due to a lower level of investments in time deposits over 90 days by ThCh$60,785,341, a decrease in interest receivable from derivative transactions by ThCh$881,637 and financial lease payments by ThCh$165,184. To a lesser extent, Other current non-financial assets decreased by ThCh$127,735, mainly due to decreases in other accounts receivable by ThCh$107,250 and prepaid expenses by ThCh$96,179 despite an increase in advances to suppliers and personnel (including advance for collective bargaining) by ThCh$75,694. On the other hand, current tax assets decreased by ThCh$37,192.

Among the components of Current assets are the following items: Cash and cash equivalents of ThCh$405,182,146, Other financial assets ThCh$94,655,396, Trade debtors ThCh$20,509,029, Inventories ThCh$19,343,911, Other non-financial assets ThCh$9,725,658 and Current tax assets ThCh$1,184,782.

Non-current assets (excluding property, plant and equipment and investment property) decreased by ThCh$2,413,096 (-2.3%) mainly due to the drop of ThCh$51,943,643 in Other financial assets, which consists of the following decreases: decrease of ThCh$39,221,561 in advertising debtor contract (new Exhibit No. 1 and amendments to MAG), of ThCh$12,080,632 in valuation of derivative transactions, of ThCh$233,663 in finance leases, of ThCh$406,190 in promissory notes receivable and of ThCh$1,597 in other accounts receivable. Intangible assets other than goodwill fell by ThCh$208,657 and accounts receivable by ThCh$624,788. The above is offset by an increase of ThCh$50,363,992 in Other non-financial assets, which results from an increase of ThCh$51,146,856 in appropriations and expropriations for new lines (Line 7 and Line 2 - 3 Extensions), plus an increase of ThCh$734,319 in VAT credit, plus ThCh$342,866 in other advances to personnel and plus ThCh$26,990 in lease of investment land, less a decrease of ThCh$1,887,039 for advance payment for collective bargaining.

Total liabilities increased by ThCh$410,904,671. The main variations are the increases in: Non-current liabilities ThCh$480,833,644 and Equity ThCh$8,847,683, despite a decrease of ThCh$78,776,656 in current liabilities.

Equity varied as a result of the increase of ThCh$275,953,354 in paid-in capital due to the capitalization of government contributions in 2020 and 2019. The above is offset by the increase of ThCh$266,088,315 in Accumulated deficit, which results from the loss of ThCh$265,488,302 recorded for the year 2020 plus the negative variation of ThCh$600,013 in accumulated results. To a lesser extent, there was a decrease of ThCh$1,017,356 in Other reserves due to valuations (losses) of ThCh$1,453,187 in hedging financial instruments less ThCh$435,831 in defined benefit plans (gain) measurements.

The variation in Current Liabilities results from a decrease in the following items: Other financial liabilities fell by ThCh$66,675,202, as a result of payments and prepayments of installments and interest on loans and bonds, as well as derivative transactions. To a lesser extent, there was a decrease of ThCh$11,208,837 in Trade and other payables mainly due to assets associated with projects for new lines and/or extensions, a decrease of ThCh$292,311 in Other provisions and a decrease of ThCh$1,585,123 in Other non-financial liabilities. Contrary to the above, Employee benefits increased by ThCh$909,017 and Due to related companies rose by ThCh$75,800.

Non-current liabilities rose mainly due to increases of ThCh$376,791,822 in Other financial liabilities, because of the increase of ThCh$745,935,392 in Bonds as a result of new issuance of Bonds (Series 3 and 4) that raised MUS$1,500, and to a lesser extent because of the increase of ThCh$23,240,537 in Derivative operations. The above is offset by a decrease of ThCh$392,384,107 in Interest-bearing Loans, as a result of prepayments of principal installments. There was another increase of ThCh$142,591,161 in Due to Related Companies resulting from contributions received from the Chilean Treasury for expansion, improvement and reconstruction projects in the metro network and for debt service, and because of transactions with other related companies. To a lesser extent, Accounts payable increased by ThCh$880,745, as a result of an agreement entered into between the Company and third parties. However, there was a decrease of ThCh$39,404,784 in Other non-financial liabilities as a result of decreases in Advertising unearned income (new Exhibit No. 1 and amendments to the MAG), and a decrease of ThCh$25,300 in Employee benefits.

Non-current liabilities, which amount to ThCh$2,639,830,006, consist in 57.4%, or ThCh$1,516,267,337, of foreign currency liabilities; in a 35.4%, or ThCh$933,161,861, in indexed local currency liabilities; and in 7.2%, or ThCh$190,400,808, of non-indexed local currency liabilities. Foreign currency obligations comprise ThCh$15,289,613 in Obligations with banks and financial institutions (Interest bearing loans) and ThCh$1,500,977,724 in bonds; while the obligations in indexed domestic currency comprise ThCh$909,486,977 in bonds; ThCh$13,061,941 in employee benefits, ThCh$254,293 in derivative transactions and ThCh$10,358,650 in Other non-financial liabilities. Non-indexed local currency liabilities consist of contributions amounting to ThCh$165,106,291 provided by the Chilean Treasury and by related companies for Metro network expansion-reconstruction projects, plus ThCh$2,308,273 in Accounts and other payable and plus ThCh$22,986,244 in Derivative transactions.

In terms of liquidity indicators, the Net working capital of ThCh$333,288,418 is positive and increased by ThCh$321,791,086 compared to December 2019. Current liquidity ranged from 1.04 to 2.53 times and the acid ratio varied from 0.36 to 1.86 times. All these changes are due to an increase of ThCh$243,014,430 in Current assets and a decrease of ThCh$78,776,656 in Current liabilities.

As for debt, the Total debt-to-equity ratio varied from 0.86 to 1.00; the Current portion of short-term debt from 12.06% to 7.61%; and the proportion of Long-term debt from 87.94% to 92.39%.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

As of December 31, 2020, the Company recognized a ThCh$177,434,322 gross loss (revenue less cost of sales), and a ThCh$88,053,980 loss from Profit or loss other than gross profit, leading to a ThCh$265,488,302 after-tax net loss for the period. A ThCh$1,017,356 loss related to other comprehensive income is added to the above figure. Therefore, the Total loss for the year is ThCh$266,505,658.

As of December 31, 2020, Revenue amounted to ThCh$185,146,106 and compared to the same period of the previous year it fell by ThCh$231,177,849, equivalent to 55.5%. Among the main decreases, the decrease of ThCh$208,026,999 in passenger transportation services is worth mentioning, explained by a drop of 440.3 million in metro rides, which amounts to a negative variation of 62.6% compared to the same date in 2019. The above is mainly explained as a result of Covid-19 and the measures implemented by the government to contain its spread, which included restrictions to the free movement of people (lockdowns in the so-called “step by step plan”), in addition to social distancing, the implementation of teleworking and the suspension of school classes. All these measures contributed to a significant decrease in the number of passengers transported by Metro during 2020. Also the acts of violence that caused damage to the network in October 2019 contributed to a drop in the number of transported passengers in the first months of 2020. As of December 31, 2020, thanks to the progress in the reconstruction process, Metro has all of its 136 stations operational. To a lesser extent, sales channel income fell by ThCh$20,616,048 and rental income declined by ThCh$2,034,027, which are also explained by the effects of COVID-19 and the social demonstrations that began in October 2019; likewise, other income decreased by ThCh$500,775.

The Cost of sales of ThCh$362,580,428 decreased 4.4% or ThCh$16,543,343 compared to December 2019, which is explained by decreases of ThCh$12,816,588 in General expenses, of ThCh$2,844,477 in Electric energy and of ThCh$1,783,016 in Personnel. The above is offset by increases of ThCh$219,119 in Operation and maintenance and of ThCh$681,619 in Depreciation and amortization.

The variation in depreciation and amortization expense is explained by the commissioning of the NS16 trains.

Energy expenses decreased due to lower energy use following lower operation compared to 2019 as a result of the measures implemented by the government to contain the spread of the Covid-19 pandemic; such decrease occurred despite an increase in fares compared to the same period of the previous year.

The variation in operating and maintenance expenses is explained by increases in contractor services for elevators and escalators, stations, railways and other maintenance contracts, mainly because of their higher average value and the commissioning of Line 3.

With respect to general expenses, their variation is mainly explained by lower expenses in contracts associated with the operation of the Company itself (security, cleaning of stations and premises, fixed and variable services by sales channel operators, business management consulting, among others), because the Company is operating at a reduced pace as a result of the measures implemented by the government to deal with Covid-19.

Profit or loss other than gross profit generated a loss of ThCh$88,053,980, explained by the negative effects of: Financial expenses of ThCh$99,668,759 (interest on foreign loans and bonds), Indexation units of ThCh$24,539,080, Administrative expenses of ThCh$35,583,139, Other expenses by function of ThCh$4,989,810, Other losses of ThCh$2,943,785 and Depreciation and amortization of ThCh$534,055. The above is offset by the positive effects of: Exchange differences of ThCh$66,037,702, Other income by function of ThCh$3,178,646 and Financial income of ThCh$10,988,300 (income from financial investments). The gain from Foreign currency translation differences was due to a 5.05% appreciation of the Chilean peso against the US dollar (Ch$748.74 at December 2019 vs. Ch$710.95 as of December 2020), which increases profits in 2020, mainly from US dollar-denominated liabilities.

Compared to the same period of the previous year, Profit or loss other than gross profit generate a ThCh$144,644,455 profit. This was mostly due to the positive effects of Foreign currency translation differences and Indexation units that decreased their losses by ThCh$141,371,225, Other expenses by function that fell by ThCh$37,927,446, Administrative expenses (including depreciation and amortization) that decreased by ThCh$8,245,102 and Financial income that increased by ThCh$676,886. Contrary to the above, financial costs increased by ThCh$12,630,442, other income decreased by ThCh$3,038,891 and other income by function decreased by ThCh$27,906,871.

VALUATION OF MAIN ASSETS

No information is available regarding differences between the carrying amounts and economic and/or market values that is worth mentioning, except for those that may arise in Property, plant and equipment, given the particular characteristics of the Company's assets, such as tunnels, stations and civil works.

CONSOLIDATED STATEMENT OF CASH FLOWS

Cash flows from operating activities.

As of December 31, 2020, the total net cash flow provided by operating activities was negative and amounts to ThCh$108,976,285, while for the same period of the previous year it was positive and amounted to ThCh$118,777,976. Positive cash flows include ThCh$161,313,552 in Cash receipts from sale of goods and provision of services, which fell by ThCh$241,992,457 compared to December 2019, item which represents the Company’s main operating revenue, which are passenger transportation, sales channel and revenue not related to fares (leases), and to a lesser extent, ThCh$13,982,503 in Other cash receipts from operating activities, which basically includes interest on financial investments under 90 days and other operating proceeds.

Negative operating cash flows consist of ThCh$190,670,153 in Cash payments to suppliers for goods and services, ThCh$86,265,417 in Payment to and on behalf of employees and ThCh$7,336,770 in Other payments for operating activities involving tax payments and other operating payments.

Compared to the same period of the previous year, operating cash flows are of the same nature, reflecting a decrease in net cash flow of ThCh$227,754,261, due to lower positive flows of ThCh$253,112,359 offset by lower negative flows of ThCh$25,358,098.

The decrease in positive cash flows and the decrease in negative cash flows, compared to the same period of the previous year, is explained by the low level of the Company's operations as a result of the measures implemented by the government to curb the spread of COVID-19, which resulted mainly in lower revenues from passenger transportation and lower expenses due to the decrease in services received and contracted associated with a lower operation.

Net cash used in investing activities.

As of December 31, 2020, the Net cash used in investing activities had a negative balance of ThCh$281,728,121, while for the same period last year the balance was also negative and amounted to ThCh$309,102,845. Positive cash flows include ThCh$338,244,082 in Other collections to acquire equity or debt securities of other entities relating to the redemption of term deposit investments for periods greater than 90 days and ThCh$447,283 in Other receipts from refund of advances granted to third parties for expropriation of land. Negative cash flows include: ThCh$280,001,942 in other payments to acquire debt securities of other entities, ThCh$271,129,216 in Acquisition of Property, plant and equipment, mainly associated with Lines 3 and 7 projects and the extension of Lines 2 and 3; ThCh$16,013,288 in Interest paid (Finance Cost of foreign loans and International Bond); ThCh$53,272,540 in advances granted to third parties (advance payment for expropriation for new lines), and ThCh$2,500 in Purchase of intangible assets.

Compared to the same period of the previous year, net negative cash flows decreased by ThCh$27,374,724 due to a drop of ThCh$88,591,250 in cash payments and due to a decrease of ThCh$61,216,526 in cash revenue/collections. The lower cash outflows include: lower purchases of Property, plant and equipment for ThCh$49,062,590, lower Interest paid for ThCh$4,904,256, lower Other payments of equity or debt instruments involving the purchase of investments in time deposits over 90 days for ThCh$87,525,619, lower purchases of intangible assets for ThCh$21,700, notwithstanding a higher Advance granted to third parties for ThCh$52,922,915. The lower cash inflows include: Other cash receipts from equity or debt instruments corresponding to redemptions of time deposits over 90 days for ThCh$60,097,105 and lower cash receipts from refunds of advances granted to third parties for ThCh$1,119,421.

Cash flow from financing activities.

As of December 31, 2020 the net cash flow was positive and amounted to ThCh$736,580,778, while for the same period of the previous year it was positive and amounted to ThCh$131,525,581. As of December 2020, there was income from long-term loans for ThCh$1,220,789,305 related to the bonds that raised MUS$1,500 on May 4, 2020. Other cash inflows involved Loans from related entities for ThCh$161,606,291 relating to contributions received from the Chilean Treasury for expansion and improvement projects of the Metro network (debt service) and by related companies, and ThCh$256,938,224 from issuance of shares due to the capitalization of Chilean Treasury contributions in 2020 and 2019, and Other cash inflows for ThCh$46,697,356, mainly from Swap derivative operations.

On the other hand, cash outflows include ThCh$827,641,408 in Repayment of loans (Foreign loans and bonds), ThCh$99,044,311 in Interest paid (Foreign loans, Bonds and Swap derivative transactions), and ThCh$22,764,679 in Other cash outflows involving Swap derivative operations, commissions and other payments.

Compared to the same period of the previous year, net positive cash flows increased by ThCh$605,055,197 due to a rise of ThCh$1,382,458,779 in cash inflows and an increase of ThCh$777,403,582 in cash outflows. The increase in cash inflows consists of ThCh$1,203,374,519 in long-term loans, ThCh$142,591,161 in loans from related entities, ThCh$36,186,905 in Other cash receipts and ThCh$306,194 in issuance of shares. The increase in cash outflows consists of ThCh$744,093,608 in Loan repayments, ThCh$22,042,590 in Other cash outflows and ThCh$11,267,384 in Interest paid.

Increase (decrease) in cash and cash equivalents.

At the beginning of the year 2020, the opening balance of cash and cash equivalents (financial investments not exceeding 90 days) amounted to ThCh$106,503,269. The closing balance of cash and cash equivalents as of December 31, 2020 amounted to ThCh$405,182,146. Therefore, cash and cash equivalents had a net positive variation of ThCh$298,678,877 for the period. In the same period in 2019, the opening balance of cash and cash equivalents was ThCh$165,110,682. The closing balance for cash and cash equivalent was ThCh$106,503,269. Therefore, there was a net negative variation of ThCh$58,607,413 for the period.

MARKET RISK ANALYSIS

The Company faces several risks inherent to the activities involved in the public transportation of passengers, in addition to the risks associated with economic/financial changes in market conditions, accidental events or force majeure, among others.

Currently, as a result of the measures implemented by the government to curb the spread of Covid-19, which include restrictions on free movement of people, Metro has experienced a significant decrease in the number of transported passengers, which has had an impact on the risk associated with demand. As a result, the Company's transportation revenues have decreased with respect to previous years. Likewise, the income from the Sales Channel (-46% compared to the same period in the previous year), leases of stores, commercial and advertising spaces and other income (-10% compared to the same period in the previous year), among others, has fallen due to the Covid-19 pandemic and the lockdowns.

In this regard, Management has adopted some measures that have partially mitigated the effects of the pandemic, which will be described under "Measures taken to curb Covid-19".

Fares

The Company became part of the Integrated Public Passenger Transport System of Santiago, which is referred to as Metropolitan Mobility Network, and its fare revenue was originally based on the effectively confirmed number of passengers transported and the technical fare established in Exhibit 1 of the Tender Documents for the Use of the Thoroughfares of the City of Santiago.

On December 14, 2012, a transportation agreement was signed to replace the aforementioned Exhibit No. 1.

Beginning on February 11, 2019 a new transportation agreement is in force between the Company and the Ministry of Transportation and Telecommunications of Chile, which established a flat-rate technical fare of Ch$$480.18 per confirmed transported passenger, taking November 2018 as a base, and which is updated monthly by the indexation polynomial, included in this new agreement, which takes into consideration changes in the variables making up the Company's long-term cost structure (CPI, US dollar, euro, power and electric energy price. This allows for a natural partial hedge in case of cost variations caused by an increase in any of the variables making up the polynomial.

On February 5, 2020, an amendment was made to the Transportation Agreement that took effect on February 10, 2020. The amendment added a 12-month extension to the term of the agreement signed in 2019, which, as a result, will be in force until February 11, 2021. In addition, the income associated with the Inter-modal stations is established in the form of a fixed remuneration, eliminating the associated concept from the base fare and replacing it with fixed income quotas expressed in U.F., thus generating a new base fare of Ch$478.67 per validated transported passenger, based on November 2018.

Passenger demand

The Company forms part of the Integrated Public Passenger Transport System (Metropolitan Mobility Network). As of December 2020, Metro reached 263.4 million transported passengers, with an average of 0.89 million trips on a working day.

The demand for passenger transport derives from the other economic activities. In this regard, as of December 2020, there was a decrease of 440.3 million trips, which is a negative variation of 62.6% compared to the same date in 2019. The above is mainly explained by Covid-19 and the measures implemented by the government to curb its spread. Likewise, the damages sustained by the Metro network as a result of the violent events that took place in October 2019 contributed to reduce passenger transportation during the year. Beginning in September 2020, thanks to the its reconstruction process, Metro has once again all of its 136 stations operational.

Measures taken to curb Covid-19

The coronavirus outbreak and the measures implemented in Chile to contain its spread, or the economic damage suffered as a result of the coronavirus pandemic, have had, and will continue to have, an impact on Metro’s business, financial position, operating results and liquidity. In particular, the above has contributed to a general slowdown in the Chilean economy and a significant reduction in the number of passengers transported by Metro in 2020 compared to 2019. The pandemic and its fallout have caused delays in the Company’s projects and have required the implementation of cost-cutting measures, in order not to jeopardize compliance with Metro’s financial covenants or compliance with Metro’s overall obligations.

As a result, management has adopted operating measures that have partially mitigated the effects of the pandemic: a reduction in operating hours, an adjustment in the program for the supply of trains, and application of sanitation plans in both Metro facilities and in trains in order to protect the health of both passengers and Metro employees.

The following are some of the operational measures taken by Metro to deal with the pandemic:

✓ Reduction of operating hours to comply with sanitary measures, and in keeping with the restriction of free movement of people at certain hours (curfew).

✓ Adjustments to the programs for the supply of trains, according to the current level of passenger demand in the network. As of December 2020, the offer reached a total of 113.9 million coach-km, down 25.6% from the offer in the same period of the previous year (153.0 million coach-km)

✓ Incorporation of sanitation measures for facilities and trains.

The purpose of these measures is to provide a transportation service with a sanitary standard that can deal with the pandemic, trying to protect the health of passengers and Company workers as much as possible. As of December 31, 2020, Metro has incurred expenses associated with sanitary measures totaling MCh$524,603, consisting mainly in the purchase of supplies such as masks, gloves, and sanitizing items, and sanitation measures conducted both in the trains and in Metro facilities.

Liquidity risk due to Covid-19

In financial terms, no liquidity or solvency issues are anticipated for Metro, since the Company raised MUS$1,500 in the international market through a bond issue, and this money was allocated to refinancing operations, thereby optimizing the financial structure.

It should be noted that Metro has the backing of the Chilean State, which has maintained a continued capitalization of the Company so that it may execute its growth plan and its reconstruction of the network, after the violent events that took place in October 2019 and damaged 118 of the 136 stations.

Interest rate and currency exchange rate risk.

The Company, in accordance with its financial risk management policy, enters into financial derivative contracts to hedge its exposure to currency variation (exchange rate) and inflation. The Company has obligations payable to financial institutions and has issued bonds in the foreign market, negotiated in foreign currencies, to finance the extensions of the Metro network. To minimize exchange rate risks, the Company has contracted cross currency swap (CCS) financial derivatives, which amount to MUS$560 as of December 31, 2020. These instruments meet the hedge accounting criteria under IFRS 9 as of 2019. In addition, in accordance with its risk-hedging policy, Metro entered into 10 exchange rate (USD/CLP) Forward contracts in November and December for a total of MUS$80.0.

In addition, it is worth noting that the indexation polynomial, through which the Company's technical fare is updated, includes the U.S. dollar and Euro variables, among others, which is a partial "natural hedge" in the long-term cash flow.

Liquidity risk and financial liabilities structure

Revenue from fares associated with Metro S.A. passenger transportation, based on the new transport contract, are deducted daily from the funds collected by the Company's sales channel, generating the liquidity necessary to cover the Company's commitments.

The Company's debt structure consists mainly of long-term bonds and to a lesser extent by long-term bank loans, which are intended to ensure financial stability and improve matching with the maturity terms of the Company's assets.

Credit risk

The credit risk of accounts receivable arising from the Company’s main business (passenger transportation) is limited, since this revenue accounts for approximately 74% of the Company's total revenue, which is received daily in cash, whereas the remaining fraction corresponds to income not related to the main business. However, due to the effects of the pandemic, it is possible that the above percentage undergoes changes. These modifications and their impact are being monitored on an ongoing basis.

Receivables involve mainly commercial leases, advertising and invoices receivable with low delinquency under normal circumstances. However, as a result of the Covid-19 pandemic, it is possible that delinquency may undergo changes with respect to the normal circumstances. The Company is constantly monitoring accounts receivables for any changes and for their financial impact.

The impairment of accounts receivable is determined through the expected loss model, which contains historical collection information for each tranche/stratification of accounts receivable for the last three years (using a matrix where the provision is stratified by maturity or default per days) and additionally includes the expected losses projected by the statistical calculation of a "forward look", which takes into account the most relevant macroeconomic factors that affect uncollectibility, and the projection is based on the probability of each scenario.

Credit risk of financial assets (cash and short-term investments), is limited as the Company's Financial Investments Policy aims to reduce risks by means of portfolio diversification, setting maximum investment limits for each bank, as well as considering minimal risk classifications by issuers.

Electricity Supply Risk

One of the main risk factors is the supply of electrical energy required to operate the Metro and the need for service continuity, to avoid possible interruptions in supply. In this regard, the Company has a feeding system that allows it to reduce exposure to outages, by having a direct connection to two points of the National Electrical System, which feed Lines 1, 2 and 5, two points that feed Lines 3 and 6, as well as two points for feeding Line 4 and 4A. Additionally, please note the following:

✓ The electricity feeding systems are duplicated and in the event of failure of one there is always a backup that keeps the power supply for regular operation of the network.

✓ The operating control systems are designed with redundant criteria, i.e. they operate on stand-by. Therefore in case of absence of one of the systems, the other begins operating immediately, resulting in normal network operation.

For Lines 1, 2 and 5, in the event of a crash in the National Electrical System, the distributing company has defined as a first priority the replenishment of the supply that feeds downtown Santiago, which allows the Metro network to have energy simultaneously, since Metro is supplied by the same feeder.

Currently, power supply is provided by three companies: San Juan, El Pelicano and Enel. The first two companies relate to wind and photovoltaic power generation, respectively, the contracts of which were entered into on May 19, 2016, for 15 years and both supply 60% of Metro’s energy. On the other hand, Enel is a power distribution entity with which the Company entered into a contract on December 2015 for 40% of power supply until December 2023.

On December 29, 2018, the El Pelicano power plant was sold. As a result of the sale, only its parent company (Sunpower) changed, without generating operational risks for the power supply to Metro.

1.- COMPARATIVE TABLE OF THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

ITEMS		December 2020 ThCh$	December 2019 ThCh$	VARIATIONS ThCh$	%
Assets :					
Current assets		550,600,922	307,586,492	243,014,430	79.0
Property, Plant and Equipment and Investment Property		5,063,046,816	4,892,743,479	170,303,337	3.5
Non-Current Assets		100,554,118	102,967,214	(2,413,096)	(2.3)
Total assets		5,714,201,856	5,303,297,185	410,904,671	7.7
Liabilities / Total Debt :					
Current liabilities		217,312,504	296,089,160	(78,776,656)	(26.6)
Non-current liabilities		2,639,830,006	2,158,996,362	480,833,644	22.3
Total liabilities / total debt		2,857,142,510	2,455,085,522	402,056,988	16.4
Net equity:					
Share capital		3,988,119,362	3,712,166,008	275,953,354	7.4
Other reserves		21,532,832	22,550,188	(1,017,356)	(4.5)
Retained earnings (accumulated deficit)		(1,152,582,203)	(886,493,888)	(266,088,315)	(30.0)
Non-controlling interests		(10,645)	(10,645)	0	0.0
Total net equity		2,857,059,346	2,848,211,663	8,847,683	0.3
Net Equity and Liabilities, Total		5,714,201,856	5,303,297,185	410,904,671	7.7
Liquidity and debt indicators :					
Liquidity Index :					
Net working capital					
(Current assets (-) Current liabilities)	ThCh$	333,288,418	11,497,332	321,791,086	2,798.8
Current liquidity					
(Current assets / Current liabilities)	times	2.53	1.04		143.3
Acid ratio					
(Cash and cash equivalents / Current Liabilities)	times	1.86	0.36		416.7
Debt ratio :					
Debt ratio:					
(Total debt / Equity)	times	1.00	0.86		16.3
	%	100.00	86.20		16.0
Short-term debt ratio:					
(Current liabilities / Total debt)	%	7.61	12.06		(36.9)
Long-term debt ratio:					
(Non-current liabilities / Total debt)	%	92.39	87.94		5.1

2.- COMPARATIVE TABLE OF THE CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME BY FUNCTION

ITEMS		December 2020 ThCh$	December 2019 ThCh$	VARIATIONS ThCh$	VARIATIONS %
Total passenger flow (thousands of trips)		263,359	703,673	(440,314)	(62.57)
Total passenger flow, paid (thousands of trips)		263,419	703,647	(440,228)	(62.56)
Revenue					
Passenger transport service revenue		136,461,943	344,488,942	(208,026,999)	(60.4)
Sales channel revenue		24,521,059	45,137,107	(20,616,048)	(45.7)
Revenue from operating leases		15,535,109	17,569,136	(2,034,027)	(11.6)
Other income		8,627,995	9,128,770	(500,775)	(5.5)
Total revenue		185,146,106	416,323,955	(231,177,849)	(55.5)
Cost of sales					
Personnel		(72,309,522)	(74,092,538)	1,783,016	2.4
Maintenance and operating expenses		(84,101,108)	(83,881,989)	(219,119)	(0.3)
Electricity		(54,989,779)	(57,834,256)	2,844,477	4.9
General		(34,168,304)	(46,984,892)	12,816,588	27.3
Depreciation and amortization		(117,011,715)	(116,330,096)	(681,619)	(0.6)
Total cost of sales		(362,580,428)	(379,123,771)	16,543,343	4.4
Gross profit (loss)		(177,434,322)	37,200,184	(214,634,506)	(577.0)
Other income, by function		3,178,646	31,085,517	(27,906,871)	(89.8)
Administrative expenses		(35,583,139)	(43,828,296)	8,245,157	18.8
Administrative depreciation and amortization		(534,055)	(534,000)	(55)	(0.0)
Other expenses by function		(4,989,810)	(42,917,256)	37,927,446	88.4
Other income (expenses)		(2,943,785)	95,106	(3,038,891)	(3,195.3)
Finance income		10,988,300	10,311,414	676,886	6.6
Finance expenses		(99,668,759)	(87,038,317)	(12,630,442)	(14.5)
Foreign currency translation differences income (loss)		66,037,702	(73,372,712)	139,410,414	190.0
Profit (expense) from inflation-adjusted units		(24,539,080)	(26,499,891)	1,960,811	7.4
Profit or loss other than gross profit		(88,053,980)	(232,698,435)	144,644,455	62.2
Profit (loss) before tax		(265,488,302)	(195,498,251)	(69,990,051)	(35.8)
Income tax expense					
Profit (Loss)		(265,488,302)	(195,498,251)	(69,990,051)	(35.8)
Other comprehensive income					
Actuarial profit (loss) on defined benefit plans		435,831	(600,013)	1,035,844	172.6
Profit (loss) on cash flow hedges, before taxes		(1,453,187)	(10,228,760)	8,775,573	85.8
Total comprehensive income		(266,505,658)	(206,327,024)	(60,178,634)	(29.2)
Debt ratio					
Finance expense hedge:					
(Profit or loss before taxes and interests/Finance expenses)	%	(170.36)	(127.64)		(33.5)
Interest hedge ratio (*)	times	(1.05)	1.44		(172.9)
Profit or loss ratios:					
R.A.I.I.D.A.I.E					
(Earnings before taxes, interest, depreciation, amortization and extraordinary items)		(52,246,984)	5,768,204	(58,015,188)	(1,005.8)
Operating profit (*)					
(Gross profit less Administrative expenses, depreciation and amortization)		(213,551,516)	(7,162,112)	(206,389,404)	(2,881.7)
E.B.I.T.D.A. (Operating profit plus Depreciation and amortization) (*)		(96,005,746)	109,701,984	(205,707,730)	(187.5)
Ebitda margin. (Ebitda / Revenue) (*)	%	(51.85)	26.35		(296.8)
(*) Per contracts entered into					
Profitability ratio:					
Operating profitability (Operating profit / Property, plant and equipment)	%	(4.22)	(0.15)		2,713.3
Equity profitability (Profit (loss) /Average equity)	%	(9.31)	(6.93)		(34.3)
Asset profitability (Profit (loss)/Average asset)	%	(4.82)	(3.72)		(29.6)
Operating assets return (Operating profit/Average operating assets) (**)	%	(4.29)	(0.15)		(2,760.0)
Earnings per share (Profit (Loss)/No. of shares)	$	(2.20)	(1.80)		(22.2)
2020 - 120,666,032,338 shares					
2019 - 108,808,410,966 shares					

(**) Operating assets relate to Property, plant and equipment and investment properties