ANALYSIS
OF THE
FINANCIAL POSITION
AS OF 09.30.2021

EMPRESAS LIPIGAS

Abbreviations:

M$	Million Chilean pesos
Th$	Thousand Chilean pesos

ANALYSIS OF THE CONSOLIDATED FINANCIAL STATEMENTS
For the period ended September 30, 2021

1. SUMMARY

The results of Empresas Lipigas S.A. (the Company or the Company) continue to be impacted by the effects of the strong increase in international fuel prices, which has increased the cost of products and pressured margins. However, compared to the previous year, there was an improvement in the results as a consequence of the relaxation of the health restrictions originated by the pandemic that affected 2020 results. Additionally, higher positive non-operating income was generated.

For the 3-month period ended September 30, 2021, income after taxes decreased by 3.8% compared to the third quarter of 2020, influenced by a better operating income that was offset by higher negative non-operating income and an increase in the income tax charge.

As of September 30, 2021, and for the 9 month period ended on that date, income after taxes reached M$ 37,508 an increase of M$ 7,251 (+24.0%), compared to the M$ 30,258 recorded in the same period of the previous year, due to higher operating income generated in both Chile and Peru and higher one-time non-operating income generated in the second quarter. After tax asset profitability for the last 12 months as of September 2021, increases slightly from 6.3% to 6.6% compared to December 2020.

Consolidated EBITDA reached M$ 84,305, 14.8% higher than the figure obtained in the same period of the previous year, which amounted to M$ 73,457, mainly due to better results in Chile and Peru, due to higher sales volumes of both LPG and NG and, additionally, in the case of Peru, due to non-recurring effects produced in the first quarter and lower operating expenses.

Gross profit for the period reached M$ 158,008, M$ 15,697 (+11.0%) higher than in the same period of the previous year, due to the higher gross profit in Chile, mainly associated with higher sales volume and the increase in sales to end customers of bottled LPG. This variation in Chile is offset by the increase in expenses corresponding to the increase in the proportion of sales to end customers of bottled LPG. In turn, there is a higher gross profit in Peru impacted by higher sales volumes of LPG and NG and by the non-recurring effect of the ruling in favor in controversy with the supplier Calidda, due to the discrepancy regarding the price used by the distributor to invoice natural gas intended for the vehicle segment in the Lima area since 2012. This ruling resulted in Calidda having to recognize a credit in favor of Limagas Natural for M$ 1,570 which was reflected as a higher gross margin in the first quarter of 2021. Colombia's gross margin decreases due to lower unit margins affected by sharp increases in LPG prices, partially offset by higher sales volumes in all channels. The figures shown are nominal and, logically, include the increase in margins due to the effect of inflation.

Accumulated LPG sales volume through September 2021 compared to the same period last year increased by 9.1%, equivalent to 47,625 tons. In Chile, Colombia and Peru, volume increases by 5.3%, 18.9% and 16.9%, respectively. In Chile, volume increased mainly due to higher sales to end customers of bottled LPG and industrial customers. The commercial segment also grew with respect to the same period of the previous year due to the elimination of quarantines and restrictive measures by the health authorities as a result of a significant decrease in COVID-19 infections beginning in the second quarter.

Natural gas sales (in its different formats) totaled 105.4 million m3, an increase of 19.1% compared to 88.4 million m3 as of September 2020, as a result of higher sales in Chile (+34.6%) and Peru (+11.1%). This was partially offset by lower NG sales in Colombia (-3.5%) due to the national strike that occurred during May and June, which generated illegal blockades in different areas of the country, preventing the normal distribution of natural gas.

Revenues from ordinary activities amounted to M$ 509,575, an increase of 33.0% compared to the same period of the previous year. In general, this increase is due to the increase in the international prices of oil by-products to which the sales prices refer. Additionally, in Chile this increase (+34.5%) is also influenced by higher sales to end customers of bottled LPG, industrial and commercial customers, in Colombia (+36.6%) by higher LPG sales volumes in all channels, and in Peru (+23.6%) by higher sales volumes of both LPG and NG.

Operating income as of September 2021 increased by M$ 8,550 (+17.8%) from M$ 48,089 in 2020 to M$ 56,639 in 2021. Operating asset profitability (measured as operating income for the last 12 months net of income tax compared to total assets at year-end) decreased from 8.2% to 7.8% compared to December 2020.

Negative non-operating income was M$ 4,037, which is M$ 3,498 lower than the loss of M$ 7,534 recorded in the previous year. The main variations are due to the result of the expropriation of the land in the Callao area, where the storage and bottling plant that supplies LPG sales in the Lima area is located, which amounted to M$ 4,377. Additionally, there was a higher positive restatement of liabilities for guarantees received from customers for M$ 2,151, a gain from exchange rate differences for M$ 1,190, higher gains from the restatement of advances from Oxiquim for M$ 605, higher collections from sub-distributors for M$ 433 and lower bank interest expenses for M$ 405. The above was partially offset by higher interest on debt securities (net of hedging operations) of M$ 2,238, higher results from debt securities adjustment units (net of hedging operations) of M$ 1,213 and higher write-offs associated with items of Property, plant and equipment of M$ 1,689.

Income after taxes increased by 24.0% due to the increase in operating income and lower negative non-operating income.

MATERIAL DISCLOSURES DURING THE QUARTER AND AS OF THE DATE OF ISSUANCE OF THIS ANALYSIS

- On August 25, 2021, the Board of Directors of Empresas Lipigas S.A. agreed to pay an interim dividend out of 2021 earnings of Ch$ 80 per share, which will be paid as of September 23, 2021.

- On September 30, 2021, the Company acquired an 80% ownership interest in the capital of Four Trees Energía Distribuida SpA, a company dedicated to distributed solar generation that currently operates 19 photovoltaic solar plants with a total capacity of 3.6 MW.

2. CONSOLIDATED INCOME STATEMENT BY FUNCTION

INCOME STATEMENT BY FUNCTION	01.01.2021 to 09.30.2021	01.01.2020 to 09.30.2020	07.01.2021 to 09.30.2021	07.01.2020 to 09.30.2020	Var Jan - Sep (2021 - 2020)		Var Jul - Sep (2021 - 2020)	
	M$	M$	M$	M$	M$	%	M$	%
Revenue	509,575	383,085	214,009	147,379	126,490	33.0 %	66,630	45.2 %
Cost of sales	(351,567)	(240,774)	(149,964)	(90,614)	(110,793)	46.0 %	(59,349)	65.5 %
Gross Earnings	**158,008**	**142,311**	**64,046**	**56,765**	**15,697**	**11.0 %**	**7,281**	**12.8 %**
Other income by function	501	554	131	157	(53)	(9.6)%	(26)	(16.4)%
Other expenses by function	(26,279)	(21,144)	(9,824)	(7,169)	(5,135)	24.3 %	(2,655)	37.0 %
Distribution costs	(42,024)	(39,983)	(15,630)	(15,168)	(2,041)	5.1 %	(462)	3.0 %
Administrative expenses	(33,566)	(33,648)	(11,070)	(12,295)	82	(0.2)%	1,225	(10.0)%
Operating income	**56,639**	**48,089**	**27,653**	**22,289**	**8,550**	**17.8 %**	**5,364**	**24.1 %**
Financial costs	(8,007)	(7,217)	(3,540)	(2,364)	(790)	10.9 %	(1,176)	49.7 %
Financial income	1,716	1,282	432	612	434	33.9 %	(181)	(29.5)%
Exchange differentials	843	(347)	949	(183)	1,190	(342.9)%	1,132	(619.5)%
Profit (loss) on indexation units	(2,434)	(2,196)	393	(65)	(238)	100.0 %	459	(702.0)%
Other gains (losses)	3,845	944	(1,614)	497	2,901	307.1 %	(2,111)	(424.9)%
Earnings (loss) before taxes	**52,603**	**40,555**	**24,273**	**20,786**	**12,048**	**29.7 %**	**3,487**	**16.8 %**
Income tax expense	(15,094)	(10,297)	(9,126)	(5,043)	(4,797)	46.6 %	(4,083)	81.0 %
Profit (loss)	**37,508**	**30,258**	**15,148**	**15,743**	**7,251**	**24.0 %**	**(595)**	**(3.8)%**
Profit (loss) attributable to the owners of the controller	37,094	29,709	15,015	15,597	7,385	24.9 %	(582)	(3.7)%
Profit (loss) attributable to non-controlling interests	414	549	133	146	(134)	(24.4)%	(13)	(8.9)%
Profit (loss)	**37,508**	**30,258**	**15,148**	**15,743**	**7,251**	**24.0 %**	**(595)**	**(3.8)%**
Depreciation and amortization	**27,666**	**25,368**	**18,821**	**17,067**	**2,299**	**9.1 %**	**1,754**	**10.3 %**
EBITDA	**84,305**	**73,457**	**46,474**	**39,356**	**10,848**	**14.8 %**	**7,118**	**18.1 %**

Accumulated income after-taxes as of September 2021 amounted to M$ 37,508 billion, 24.0% higher than the M$ 30,258 recorded in the same period of the previous year.

- Gross profit at the consolidated level increased by M$ 15,697 billion, mainly due to higher gross profit in Chile due to an increase in the share of direct sales to end customers of bottled LPG, higher sales volume in the industrial, commercial and residential bulk segments, and the positive effect of the increase in the value of inventories due to higher international prices. This increase in profit is partially offset by the increase in costs related to the increase in the proportion of direct sales to end customers of bottled LPG. In Peru, gross profit increased due to the non-recurring effect of the credit note issued by Calidda in favor of Limagas Natural for recognition of differences in natural gas invoicing since 2012 and also due to higher LPG and NG sales volumes.

- Operating costs and expenses recorded an increase of M$ 7,095 (7.5%). In Chile, they are associated with the increase in LPG freight expenses, remunerations, logistics operators' services fees (related to the increase in direct sales of bottled LPG) and external advisors. In Colombia, expenses increased slightly due to higher remuneration, maintenance, fees, insurance and transportation expenses. In Peru, expenses decreased due to lower expenses in LPG freight, remuneration, leases, fees and the devaluation of the Peruvian sol.
- Operating income reached M$ 56,639, M$ 8,550 (+17.8%) higher than the M$ 48,089 recorded as of September 2020.
- EBITDA (operating income before depreciation and amortization) as of September 2021 reached M$ 84,305, which is M$ 10,849 (+14.8%) higher than the same period of the previous year due to better results in Chile and Peru.

Income after taxes for the third quarter of 2021 amounted to M$ 15,148, 3.8% lower than the M$ 15,743 recorded in the same quarter of the previous year.

- Gross profit at the consolidated level for the quarter increased by M$ 7,281, mainly due to higher gross profit in Chile due to increased sales volumes from higher sales volume in industrial and commercial bulk customers, an increase in the share of direct sales to end customers of bottled LPG, and a positive effect from an increase in the value of inventories due to higher international prices. This increase in profit is partially offset by the increase in costs related to the increase in the proportion of direct sales to end customers of bottled LPG. In Colombia, gross profit increased compared to the same quarter of the previous year due to higher LPG sales volume and a positive effect from the increase in the value of inventories due to higher international prices. In Peru, gross profit decreased slightly compared to the same quarter of the previous year due to lower unit margins partially offset by higher LPG and NG sales volume.
- Operating costs and expenses increased by M$ 1,891 (5.5%). In Chile, they are associated with the increase in LPG freight expenses, remunerations and logistics operators' service fees. In Colombia, expenses increased compared to the same quarter of the previous year due to higher expenses in remunerations, personnel expenses and transportation expenses. In Peru, expenses decreased due to lower LPG freight, leases and legal expenses, and the devaluation of the Peruvian currency.
- Operating income reached M$ 27,653, an increase of M$ 5,362 (+24.1%) compared to the M$ 22,289 recorded in the third quarter of 2020.
- EBITDA (operating income before depreciation and amortization) for the third quarter of 2021 reached M$ 46,474, which is M$ 7,118 (+18.1%) higher than the same period of the previous year due to better results in Chile and Peru.

INCOME BY SEGMENT

M$	From 07.01.2021 to 09.30.2021				Accumulated at 09.30.2021			
	Segments			Total Group	Segments			Total Group
	Chile	Colombia	Peru		Chile	Colombia	Peru	
Revenue	163,905	21,817	28,287	214,009	379,833	55,146	74,595	509,575
Purchases charged to cost of sales	(99,282)	(13,778)	(22,488)	(135,548)	(219,999)	(32,772)	(56,371)	(309,142)
Expenses charged to cost of sales	(5,958)	(1,220)	(1,317)	(8,495)	(16,775)	(3,436)	(3,681)	(23,891)
Depreciation and amortization	(5,050)	(584)	(286)	(5,920)	(14,804)	(1,862)	(1,867)	(18,533)
Gross profit	**53,615**	**6,235**	**4,196**	**64,046**	**128,255**	**17,076**	**12,677**	**158,008**
Other income by function	15	111	5	131	48	320	132	501
Other operating expenses	(26,727)	(3,504)	(2,606)	(32,837)	(74,011)	(9,755)	(8,971)	(92,737)
Depreciation and amortization	(2,508)	(451)	(727)	(3,687)	(6,948)	(1,020)	(1,165)	(9,133)
Operating Income	**24,395**	**2,390**	**868**	**27,653**	**47,344**	**6,622**	**2,673**	**56,639**
EBITDA	**31,953**	**3,426**	**1,881**	**37,261**	**69,096**	**9,504**	**5,705**	**84,305**

M$	From 07.01.2021 to 09.30.2021				Accumulated at 09.30.2021			
	Segments			Total Group	Segments			Total Group
	Chile	Colombia	Peru		Chile	Colombia	Peru	
Revenue	113,359	13,467	20,553	147,379	282,349	40,381	60,355	383,085
Purchases charged to cost of sales	(55,728)	(5,858)	(14,268)	(75,854)	(138,797)	(17,198)	(41,783)	(197,778)
Expenses charged to cost of sales	(6,419)	(1,058)	(1,320)	(8,797)	(18,322)	(3,324)	(3,975)	(25,621)
Depreciation and amortization	(4,591)	(662)	(710)	(5,963)	(13,242)	(1,901)	(2,231)	(17,374)
Gross profit	**46,620**	**5,889**	**4,256**	**56,765**	**111,988**	**17,958**	**12,365**	**142,311**
Other income by function	20	123	14	157	101	397	56	554
Other operating expenses	(24,626)	(3,137)	(4,162)	(31,925)	(64,550)	(9,646)	(12,586)	(86,782)
Depreciation and amortization	(2,057)	(232)	(419)	(2,708)	(5,834)	(862)	(1,298)	(7,993)
Operating Income	**19,957**	**2,644**	**(311)**	**22,289**	**41,705**	**7,847**	**(1,463)**	**48,089**
EBITDA	**26,605**	**3,538**	**817**	**30,960**	**60,782**	**10,609**	**2,066**	**73,457**

M$	Variation 3Q 2021 vs. 3Q 2020				Accumulated variation at 09.30.2021 vs. 09.30.2020			
	Segments			Total Group	Segments			Total Group
	Chile	Colombia	Peru		Chile	Colombia	Peru	
Revenue	50,547	8,350	7,733	66,630	97,484	14,765	14,241	126,490
Purchases charged to cost of sales	(43,554)	(7,920)	(8,220)	(59,694)	(81,202)	(15,574)	(14,588)	(111,364)
Expenses charged to cost of sales	462	(162)	3	302	1,547	(112)	294	1,730
Depreciation and amortization	(459)	78	424	43	(1,562)	39	364	(1,159)
Gross profit	**6,996**	**345**	**(60)**	**7,281**	**16,267**	**(882)**	**312**	**15,697**
Other income by function	(5)	(12)	(8)	(26)	(53)	(76)	76	(53)
Other operating expenses	(2,101)	(367)	1,556	(912)	(9,461)	(108)	3,615	(5,955)
Depreciation and amortization	(452)	(219)	(309)	(979)	(1,114)	(159)	133	(1,140)
Operating Income	**4,438**	**(253)**	**1,180**	**5,364**	**5,639**	**(1,225)**	**4,136**	**8,550**
EBITDA	**5,349**	**(112)**	**1,064**	**6,301**	**8,315**	**(1,105)**	**3,639**	**10,848**

Chile: EBITDA for the third quarter of 2021 was M$ 5,349 (+20.1%) higher than in the third quarter of the previous year, explained by a higher gross margin, partially offset by higher operating expenses.

LPG sales volumes increased by 7.3% compared to the same period of the previous year, reflecting a greater economic activity with respect to the health restrictions that were in place in 2020. Bottled LPG sales volumes increased by 1.8% and direct sales grew by 18.6% compared to the third quarter of 2020, reaching 60.9% of the segment's total sales, resulting in an increase in margins. Likewise, sales volumes in the industrial and commercial customer segments increased by 12.7% and 36.5%, respectively compared to the third quarter of 2020.

Natural gas sales volumes increased by 2.5% and LNG volumes increased by 36.1% due to higher consumption by industrial customers, the addition of a new customer and the activation of two LNG-fired power plants that were not in operation last year. Total sales volumes in LPG equivalent tons (including sales of natural gas in its different formats) increased by 8.9%.

Gross margin is favorable compared to the previous year due to an increase in sales volumes due to higher consumption by industrial and commercial customers and to a greater participation in the sale of bottled LPG to end customers, which is offset by an increase in expenses related to this operation and by the impact on inventories due to the increase in international fuel prices, which produces an estimated positive effect of M$ 2,548.

Operating expenses (excluding depreciation and amortization) increased by M$ 2,101 (8.5%), mainly explained by higher expenses in LPG freight, remuneration and logistics operators' service fees. This was partially offset by lower expenses in external consulting and commercial agreements with sub-distributors.

EBITDA through September 2021 was higher by M$ 8,315 (+13.7%) compared to the same period of the previous year, explained by a higher gross margin, partially offset by higher operating expenses.

LPG sales volumes increased by 5.3% compared to the same period of the previous year. Bottled LPG sales volumes increased by 2.8% and direct sales grew by 31.3% compared to September 2020, reaching 59.5% of the segment's total sales, resulting in higher margins. Likewise, sales volumes in the industrial, commercial and residential bulk customer segments increased compared to September 2020 by 9.5%, 14.0% and 4.0%, respectively. Natural gas sales volumes decreased slightly by 0.3% and LNG volumes increased by 39.7% due to higher consumption by industrial customers, the addition of a new customer and the activation of three LNG-fired power plants that were not in operation last year. Total sales volumes in LPG equivalent tons (including sales of natural gas in its different formats) increased by 7.3%.

Gross margin is favorable compared to the previous year due to a higher participation of bottled LPG sales to end customers, which is offset by an increase in expenses related to this operation, due to higher consumption by industrial customers and the impact on inventories due to the increase in international fuel prices, which produces an estimated positive effect of M$ 4,814.

Operating expenses (excluding depreciation and amortization) increased by M$ 9,461 (14.7%), mainly explained by higher expenses in LPG freight, remunerations, logistics operators' service fees (related to the increase in direct sales of bottled LPG) and fees. This was partially offset by lower maintenance expenses, donations and commercial agreements with sub-distributors.

Colombia: EBITDA for the third quarter of 2021 was slightly lower by M$ 112 (-3.2%) compared to the same period of the previous year, variation mainly explained by higher operating expenses, partially offset by higher LPG sales volume which increased by 21.8%. Sales in LPG equivalent tons increased by 20.4%.

Gross profit increased by 5.9% due to higher sales volumes, offset by lower unit margins due to higher LPG costs.

Operating expenses (excluding depreciation and amortization) increased by M$ 367 (11.7%), mainly explained by higher remuneration expenses, personnel expenses, fees, insurance and transportation expenses, partially offset by lower tax expenses.

The Colombian peso devalued by 7.8% against the Chilean peso compared to the same period of the previous year.

Peru: EBITDA for the third quarter of 2021 increased by M$ 1,064 (+130.22%) compared to the same quarter of the previous year, mainly explained by higher LPG and NG sales volumes and lower operating expenses.

LPG sales increased by 12.9% due to higher sales volumes in the industrial (+21.8%), commercial (+63.6%) and automotive (+67.8%) channels. Natural gas sales increased by 11.6%. During the third quarter of 2020, activity in Peru had been strongly affected by health restrictions.

Gross profit decreased slightly by M$ 60 (-1.4%) impacted by lower unit gross margin, partially offset by higher LPG and NG sales volumes.

Operating expenses (excluding depreciation and amortization) decreased by M$ 1,556 (-37.4%) mainly explained by lower LPG freight, leases and legal expenses, partially offset by higher remuneration and maintenance expenses.

The Peruvian sol devalued by 13.4% against the Chilean peso compared to the same quarter of the previous year.

EBITDA as of September 2021 increased by M$ 3,639 (+176.1%) compared to the same period of the previous year, including the recording of a credit note for M$ 1,570 in the cost of natural gas for a lawsuit won against the NG supplier Calidda for differences in the NG billing price for the Lima area generated from 2012 to date. Higher LPG and NG sales volumes and lower operating expenses also have an impact. LPG sales increase by 16.9% due to higher sales volumes in all channels: bottled (+1.9%), industrial (+31.8%), commercial (+30.4%) and automotive (+58.3%). Natural gas sales increased by 11.1%, with higher sales in the natural gas vehicle and industrial channels.

Gross profit increased by 2.5%, impacted by the aforementioned credit note from the natural gas supplier, which offset lower LPG unit margins and higher sales volumes in LPG and NG.

Operating expenses (excluding depreciation and amortization) decreased by M$ 3,615 (-28.7%), mainly explained by lower LPG freight expenses, remunerations, leases and fees, partially offset by higher maintenance and insurance expenses.

The Peruvian sol devalued by 17.1% against the Chilean peso compared to the same period of the previous year.

3. ANALYSIS OF THE CONSOLIDATED FINANCIAL POSITION

ASSETS

	09.30.2021 M$	12.31.2020 M$	Var. M$	Var. %
Current assets	192,616	132,618	59,998	45.2%
Non-current assets	448,306	426,630	21,676	5.1%
Total assets	**640,922**	**559,248**	**81,674**	**14.6%**

The Company's assets as of September 30, 2021 show an increase of M$ 81,674 equivalent to 14.6% compared to the figures recorded as of December 31, 2020. The main variations correspond to:

- Current assets increase by M$ 59,998 mainly due to higher trade debtors and other current accounts receivable by M$ 24,229 impacted by the higher price of commercialized products and higher sales in the winter season. Inventory increased by M$ 27,963 due to the higher price of commercialized products, higher stock of LPG and in transit at the Quintero and Mejillones terminals, and cash and cash equivalents increased by M$ 5,374.
- Non-current assets increased by M$ 21,676, of which M$ 19,739 correspond to the increase in property, plant and equipment, mainly due to the start-up of the Mejillones maritime terminal, higher other non-current financial assets by M$ 7,133, which includes the recording at market value of the hedging derivative of the UF variation of the financial debt. The above is partially offset by a decrease in non-current accounts receivable of M$ 6,815 corresponding to the reduction of prepayments made to Oxiquim for the construction of the Mejillones terminal, which now offset the liability for the lease agreement of that terminal as of the date of commencement of operations.

LIABILITIES

	09.30.2021 M$	12.31.2020 M$	Var. M$	Var. %
Current liabilities	107,934	70,737	37,197	52.6%
Non-current liabilities	350,339	322,660	27,678	8.6%
Total liabilities	**458,273**	**393,398**	**64,875**	**16.5%**

The Company's liabilities as of September 30, 2021 show an increase of M$ 64,875, equivalent to 16.5% with respect to the figures recorded as of December 31, 2020. The main variations correspond to:

* Current liabilities increased by M$ 37,197, of which M$ 22,236 correspond to higher trade and other accounts payable due to higher liabilities with LPG suppliers, M$ 5,052 corresponding to other financial liabilities with maturity of less than one year. Additionally, M$ 4,956 correspond to current tax liabilities, M$ 2,094 correspond to other non-financial current liabilities due to higher prepayments received from customers for coupon sales and M$ 1,624 correspond to higher lease liabilities.
* Non-current liabilities increased by M$ 27,678, of which M$ 17,629 correspond to other non-current financial liabilities mainly due to higher liabilities for financial leases corresponding to the recording of the liability for the agreement with Oxiquim due to the beginning of the operation of the Mejillones terminal. Additionally, M$ 3,419 correspond to higher non-current other non-financial liabilities mainly associated to cylinder guarantees and an increase in deferred tax liabilities by M$ 5,291.

EQUITY

* The Company's equity as of September 30, 2021 presents an increase of M$ 16,799 compared to the figures recorded as of December 31, 2020. The variation is due to an increase in retained earnings of M$ 12,789 and an increase in other reserves of M$ 3,845, partly due to the positive results of translation differences on investments in foreign subsidiaries of M$ 1,965.

ANALYSIS OF STATEMENT OF CASH FLOW

CONSOLIDATED STATEMENT OF DIRECT CASH FLOW	01.01.2021 to 09.30.2021 M$	01.01.2020 to 09.30.2020 M$	Var. M$	Var. %
Cash flows provided by (used in) operating activities	**63,310**	**80,846**	**(17,536)**	**(21.7%)**
Cash flows provided by (used in) investing activities	**(19,621)**	**(35,963)**	**16,342**	**(45.4%)**
Net cash flows provided by (used in) financing activities	**(37,821)**	**3,587**	**(41,407)**	**(1,154.5%)**
Net Increase (decrease) in cash and cash equivalents, before effects of variation in foreign exchange rates	**5,868**	**48,469**	**(42,601)**	**(1,221.7%)**
Effects of variations in foreign exchange rate on cash and cash equivalents	(495)	(490)	(5)	0.9%
Net increase (decrease) in cash and cash equivalents	**5,374**	**47,979**	**(42,605)**	**(1,220.7%)**
Cash and cash equivalents - beginning of the period or fiscal year	62,317	17,040	45,277	265.7%
Cash and cash equivalents - end of the period or fiscal year	**67,691**	**65,019**	**2,671**	**4.1%**

Cash and cash equivalents as of September 30, 2021 recorded a balance of M$ 67,691, increasing by M$ 2,671 with respect to the balance at the end of the same period of the previous year.
The variations in the cash flow statement are mainly explained by the following movements:

CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES

There was a positive net cash flow generated by the operation of M$ 63,310 as of September 30, 2021, which decreased with respect to the previous year's cash flow by M$ 17,536. The main variations correspond to an increase in working capital between periods which was partially offset by a M$ 10,849 increase in EBITDA generated. In the first nine months of 2020, working capital had decreased by M$ 12,636, increasing the cash flows generated by the operation. In 2021, the same variation is an increase in working capital of M$ 21,311, which decreases the flows generated. The net variation is a lower cash flow of M$ 33,947. This variation is mainly due to a higher increase in accounts receivable and inventories (both impacted mainly by the higher price of commercialized products and higher sales volume due to the winter season).

CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES

Net cash flows used in investing activities as of September 30, 2021 were M$ 19,621, which was M$ 16,342 lower than the cash flows used in the same period of the previous year, mainly due to amounts from the disposal of property, plant and equipment associated with the expropriation of the Callao plant in Peru in the amount of M$ 11,899 and lower purchases of property, plant and equipment.

CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES

Net cash flow used in financing activities as of September 30, 2021 is a negative M$ 37,821 and presents a negative variation of M$ 41,407 in relation to the positive net cash flow of M$ 3,587 for the same period of the previous year. The main variation results from the funds raised during 2020 from the issuance of the long-term bond (M$ 80,813) net of the payment of bank loans from both Chile and its subsidiaries (-M$ 36,319) made with the funds raised.

4. FINANCIAL INDICATORS

LIQUIDITY

Indicators	Units	09.30.2021	12.31.2020
Liquidity ratio (1)	Times	1.78	1.87
Acid-test ratio (2)	Times	1.31	1.55

(1) Liquidity ratio = Current Assets /Current Liabilities

(2) Acid-test ratio = (Current Assets-Inventories)/ Current Liabilities

Liquidity indicators as of September 30, 2021 decrease compared to December 2020 mainly due to the increase in other financial liabilities, trade and other current payables, tax liabilities and other non-financial liabilities offsetting the increase in current assets mainly due to the increase in trade debtors, other receivables, inventories and cash and cash equivalents.

INDEBTEDNESS

Indicators	Units	09.30.2021	12.31.2020
Indebtedness ratio (1)	Times	2.51	2.37
Portion of current debts (2)	%	23.6%	18.0%
Portion on non-current debts (3)	%	76.4%	82.0%
Net financial debt / Equity (4)	Times	0.93	0.92

(1) Indebtedness ratio = Total liabilities / Equity.

(2) Portion of current debts = Current liabilities / Total liabilities.

(3) Portion on non-current debts = Non-current liabilities / Total liabilities.

(4) Net financial debt / Equity = (Other financial liabilities - cash and cash equivalent) / Equity.

Indebtedness ratio increased at September 30, 2021 compared to the end of December 2020, mainly due to the increase in trade and other current accounts payable, current tax liabilities, higher current and non-current other financial liabilities (including the liability arising from the start-up of the Mejillones maritime terminal), an increase in deferred tax liabilities and other non-current non-financial liabilities.

PROFITABILITY

Indicators	Units	09.30.2021	12.31.2020
Equity profitability (1)	%	23.1%	21.1%
Asset profitability (2)	%	6.6%	6.3%
EBITDA (3)	M$	107,123	96,274
EAT (4)	M$	42,248	34,997

(1) Equity profitability = Gain (Loss) LTM / Equity.

(2) Asset profitability = Gain (Loss) LTM / Total assets.

(3) EBITDA = Operating income + depreciation and amortization (LTM)

(4) EAT = Earnings after taxes (LTM)

Equity profitability and asset profitability increase compared to December 2020 mainly due to an increase in earnings over the last twelve months.

EBITDA increases compared to December 2020 due to higher sales volumes and improved gross margin.

Earnings after taxes increases compared to December 2020 due to higher sales volumes, better gross margin and lower negative non-operating income (influenced by the positive result of the expropriation of the Callao plant in Peru, by a higher positive restatement of the liability for guarantees received from customers and by a foreign exchange gain), as described in the analysis of the income statement.

INVENTORIES

Indicators	Units	09.30.2021	12.31.2020
Inventory turnover (1)	Times	5.7	14.3
Inventory permanence (2)	Days	63.5	25.1

(1) Inventory turnover = Cost of sales LTM / Inventory average (Beginning inventory + final inventory) / 2

(2) Inventory permanence = 360 days / Inventory turnover

Inventory turnover decreased compared to December 2020 mainly due to an increase in inventory and an increase in the value of final inventory.

5. BUSINESS ANALYSIS

Empresas Lipigas S.A. participates in the Chilean market for LPG with its brand Lipigas. It has over 60 years of presence in the market reaching an annual average market share of 35.5% as of December 2020 according to data provided by Chile's Superintendence of Electricity and Fuels *(Superintendencia de Electricidad y Combustibles - SEC)*.

For the distribution and commercialization of LPG in Chile, the Company has 14 storage and/or bottling plants, two maritime terminals located in the communes of Quintero and Mejillones, and 20 sales offices distributed throughout the country. In addition, it has an outsourced distribution network of more than 2,500 mobile sales points achieving nationwide coverage from the Region of Arica and Parinacota to the Region of Magallanes.

It also has natural gas (NG) residential distribution networks in the city of Calama, enabling a continuous supply of this energy to nearly 3,000 homes, thus satisfying their heating, hot water and cooking needs. Beginning 2017 it started supplying natural gas to clients in the cities of Puerto Montt and Osorno, where it currently has more than 3,500 customers.

It has supply, sale and distribution operations of liquefied natural gas (LNG) shipped in trucks to industrial customers far from gas pipelines, which incorporate this type of fuel to their productive processes in industries of power generation, construction, food, manufacturing and others seeking to comply with environmental-regulatory standards given the benefits of LNG in this field, as well as lower costs regarding other types of energy. Investments performed, and territorial coverage reached - from the Region of Coquimbo to the Region of Los Lagos – place Empresas Lipigas as one of the major players in the industrial LNG market.

Since 2017 it has been developing activities in the market for generating and commercializing electricity, including the recent acquisition of Four Trees Energía Distribuida, a company dedicated to distributed solar generation.

In 2010, Empresas Lipigas entered the Colombian market through *Chilco Distribuidora de Gas y Energía S.A.S. E.S.P*. This company commercializes LPG and participates in the Colombian market with the brand *Gas País*.

It has presence in 25 of the 32 departments of the country, reaching an annual average market share of 14.5% as of December 2020, according to data from Colombia's Single Information System of the Superintendence of Public Services (*Sistema Único de Información de la Superintendencia de Servicios Públicos*.)

For the commercialization of LPG in Colombia, it has 16 bottling plants and an own distribution network that together with the third-party distribution network service approximately 500,000 customers. In 2017 it began supplying network liquefied gas to clients from 12 municipalities in the interior of Colombia. In 2018, the Company acquired control of the subsidiary *Surcolombiana de Gas S.A.S.* Currently supplying network gas to approximately 106,000 customers.

Empresas Lipigas S.A. enters the Peruvian market in 2013 through the purchase of Lima Gas S.A., an LPG company. The decision was based mainly on the sustained growth of the LPG market and favorable conditions of the Peruvian economy.

Lima Gas participates in the Peruvian LPG market in the cylinder-bottled and bulk business and commercializes the product mainly under three brands: *Lima Gas, Zafiro* and *Caserito*. It has an annual average market share of 6.5% as of December 2020, according to data provided by Peru's Energy and Mines Investment Regulator - *Osinergmin*.

Currently, Lima Gas has eight bottling plants and two distribution centers, enabling a relevant logistic capacity to supply LPG to its clients. The distribution network of bottled LPG is composed of approximately 350 distributors that supply LPG to end-customers. Regarding bulk LPG, direct distribution reaches over 2,000 clients.

In November 2015, the Company reached an agreement to acquire Neogas Peru S.A. (currently Limagas Natural Peru S.A.), a company dedicated to the distribution of CNG and LNG to industrial clients and supply service stations for automobiles. The Company acquired control over this new operation in February 2016. Commercialization of LNG began at the end of 2018.

6. RISK MANAGEMENT

Risk factors inherent to the Company's activity are those of the markets in which it participates, and the activity conducted by the Company and its subsidiaries. The Board of Directors and Management periodically review the Company's significant risks' map to design and monitor compliance with risk mitigation measures deemed appropriate. The main risk factors affecting the business can be detailed as follows:

6.1 Credit risk

Credit risk arises in losses that might occur because of a breach of the contractual obligations on behalf of counterparties of the Company's different financial assets.

The Company has credit policies that mitigate risks of non-collection of trade accounts receivable. These policies consist of establishing limits to the credit of each client based on their financial background and behavior, which is permanently monitored.

The Company's financial assets consist of cash and cash equivalents balance, trade accounts and other accounts receivable and other financial assets.

Credit risk is mainly related to trade accounts and other accounts receivable. The balance of cash and cash equivalents and other financial assets are also exposed to a lesser extent. The exposure of cash and cash equivalents to credit risk is limited because cash is deposited in banks with a high credit rating. The Company’s cash surplus investments are diversified among different financial institutions that also have high credit ratings. Investments classified as financial assets correspond to obligations issued by companies with AA- o higher ratings. Other non-current financial assets correspond to funds of restricted availability related to guaranty deposits for the delivery of cylinders to clients in Colombia and to hedging instruments contracted with high-credit quality financial institutions.

As described in Note 4.1 of the consolidated financial statements, the Company has signed an agreement that commits to give advances to Oxiquim S.A. and subsidiaries of that company with which it has signed contracts for the provision of the service of reception, storage and dispatch of LPG at facilities already built and to be built at the maritime terminals owned by those companies. The Company has performed a solvency analysis of Oxiquim S.A. and its subsidiaries, concluding that there are no significant non-collection risks. These advances are offset by the financial lease liability entered into with Oxiquim S.A., because of the beginning of operations of the Quintero and Mejillones maritime terminal facilities in March 2015 and April 2021, respectively, or recorded as trade debtors and other non-current accounts receivable, with regards to anticipated payments in the construction of the discharge, storage and dispatch facilities at the Mejillones terminal.

There are no significant guarantees to cover the credit risk, so the maximum exposure to credit risk approximates its book value. Such value of financial assets is as follows:

Financial Assets	**Note**	**09.30.2021 Th$**	**12.31.2020 Th$**
Cash and cash equivalents	3	67,690,590	62,317,022
Trade receivables and other accounts receivable, current	7	60,839,269	36,609,778
Trade receivables and other accounts receivable, non-current	7	2,677,987	9,492,935
Other financial assets, current	4	2,873,777	1,961,963
Other financial assets, non-current	4	7,891,815	758,321
Total		**141,973,438**	**111,140,019**

The subsidiaries in Peru and Colombia have contracted insurance policies covering the credit risk of commercial customers for the following amounts, respectively: ThPEN 26,032, equivalent to Th$ 5,110,911 and ThCOP 14,825,925 equivalent to Th$ 3,113,444.

Policy on uncollectible debt

Uncollectible provisions are determined according to the Company's policy on uncollectible debt.

This policy is in accordance with IFRS 9, where the recognition of uncollectible client accounts is determined based on the expected losses of these, establishing the following criteria to make the provisions:

- Segmentation: clients are grouped by business lines according to the Company's sales channels.
- Risk Variables: the business line and arrearage are considered.
  - The business line, because it groups different segments of clients which are possible to identify and group for risk analysis purposes.
  - Arrearage, because it is directly associated with the levels of recovery and maturity of the debt. The longer the payment term is in arrears, it is considered more difficult to recover.
- Simplified statistical model: the payment period of accounts receivable for this type of business is not more than 12 months. For the same reason we opted for a simplified model, which is one of the alternatives recommended by IFRS 9, when it relates to lower than one-year debts.
- Significant payment risk increase:
  a. A provision is made, considering partial or total debt, should a client be found to have an inability to pay due to significant risk increase, even if it does not classify within the above criteria.
  b. A provision is made, considering partial or total debt, should a client refinance its debt for relevant amounts.

6.2 Liquidity Risk

Liquidity risk refers to the possibility that an entity cannot cope with their short-term payment commitments.

Liquidity risk is handled through the proper management of assets and liabilities, optimizing daily cash surplus, investing in top quality financial instruments, thus, ensuring compliance with debt commitments upon maturity.

The Company maintains relationships with major financial institutions in the markets in which it operates. This allows counting on credit lines to deal with specific illiquidity situations.

Periodically, cash flow projections and analysis of the financial situation are performed, to acquire new financing or restructuring of existing debts on terms that are consistent with the Company's business cash flow generation, should the need arise.

Note 14 of the consolidated financial statements presents an analysis of the Company's financial liabilities classified according to their maturity.

6.3 Market risk

It relates to the risk of fluctuation of fair values of financial assets and liabilities due to changes in market prices, and the risks associated with the demand and supply of commercialized products. The Company's exposure to market risks regarding financial assets and liabilities are the exchange rate, indexation unit risk, and interest rate risk. In addition, the Company is exposed to risks related to commercialized products.

Exchange rate and indexation unit risk

This risk arises from the probability of loss due to the exchange rate fluctuations of the currencies in which financial assets and liabilities are denominated with respect to currencies other than the functional currency of the Company and its subsidiaries:

Purchases of goods and future payment commitments denominated in foreign currency:

The Company's cash flows are mainly comprised of transactions in the Company's functional currency and those of its subsidiaries. The Company and its subsidiaries hedge the risk of transactions involving the purchase of LPG by sea until it enters the Chilean market, and imports of goods or future payment commitments denominated in foreign currency by contracting forward currency purchase transactions (forwards) in order to hedge significant commitments in currencies other than the functional currency of each company.

- As of September 30, 2021, and December 31, 2020, the balances of accounts in currencies other than the functional currency of the Company and its subsidiaries were as follows:
- Originating transaction currency: US dollar

Current and non-current assets	Assets at 09.30.2021 Th$	Assets at 12.31.2020 Th$
Cash and cash equivalents	14,368,678	477,514
Trade accounts and other accounts receivable, current and non-current	1,514,277	1,064,411

Current and non-current liabilities	Liabilities at 09.30.2021 Th$	Liabilities at 12.31.2020 Th$
Other financial liabilities, current	79,041	88,273
Trade accounts and other accounts payable, current	37,671,927	14,141,224
Other financial liabilities, non-current	804,696	846,072

Foreign investments: as of September 30, 2021, the Company holds net foreign investments in Colombian pesos for an amount equivalent to Th$ 54,702,835 (Th$ 52,528,775 as of December 31, 2020) and in Peruvian soles for an amount equivalent to Th$ 45,199,420 (Th$ 49,872,495 as of December 31, 2020).

Fluctuations of the Colombian peso and the Peruvian sol to the Chilean peso would affect the value of these investments.

In the past, evolutions of the Colombian peso and the Peruvian sol have been correlated with the Chilean peso. Management has decided not to cover this risk, continuously monitoring the forecasted evolution for the different currencies.

Liabilities on debt securities: The Company's indebtedness for this concept corresponds to the placement of bonds in the Chilean market as follows:

a) The first placement corresponds to Series E bonds carried out during April 2015 (mnemonic code BLIPI-E), charged to the 30-year bond line registered in Chile's CMF Securities Register under number 801, for UF 3,500,000. The placement rate was 3.44% annual for a face rate of 3.55%. Interest is paid semi-annually, and the principal will be amortized in a single installment on February 4, 2040.

b) The second placement corresponds to Series G bonds carried out during January 2020 (mnemonic code BLIPI-G) charged to the 30-year bond line registered in Chile's CMF Securities Register under number 881, for UF 2,500,000. The placement rate was 2.18% annual for a face rate of 2.90%. Interests are paid semi-annually, and principal will be amortized paid in a single installment on November 5, 2044.

These liabilities are denominated in Unidades de Fomento (UF), which is indexed to inflation in Chile and differs from the Company's functional currency (CLP).

As of September 30, 2021, the Company holds derivative instruments to hedge the risk of readjustment of the bonds placed in the local market.

Financial lease liabilities: The Company signed a lease agreement with Oxiquim S.A. for a term of 25 years for the use of the reception, storage and dispatch facilities to be built by Oxiquim S.A. in the Quintero Bay. To date, the balance of these liabilities amounts to UF 651,587. The annual interest rate is 3.0%. Additionally, the Company signed a new lease agreement with Terminal Marítimo Oxiquim Mejillones S.A. (a subsidiary of Oxiquim S.A.) for a term of 20 years for the use of the reception, storage and dispatch facilities to be built by Terminal Marítimo Oxiquim Mejillones S.A. in the Mejillones bay. To date, the balance of these liabilities amounts to UF 367,205. The annual interest rate is 0.84%. The nomination currency of both liabilities is the Unidad de Fomento (UF), which is indexed to inflation in Chile and differs from the Company's functional currency (CLP). However, most of the Company's profit margins in Chile are correlated to the variation of the UF, so this risk is mitigated.

Leasing liabilities: The Company has entered into agreements for terms ranging from 3 to 18 years for the use of property, technology and vehicles with various suppliers in the amount of UF 733,125. The average annual interest rate is 1.6%. The nomination currency of these liabilities is the Unidad de Fomento (UF), which is indexed to inflation in Chile and differs from the Company's functional currency (CLP). However, most of the Company's profit margins in Chile are correlated to the variation of the UF, so this risk is mitigated.

Sensitivity analysis regarding exchange rate variations and indexation units.

The Company estimates the following effects on results or equity, resulting from variation of the exchange rate and indexation units:

Exchange rate Variation (*)	Increase Loss (Gain) Th$	Decrease Loss (Gain) Th$	Allocation
CLP/USD +/- 5.3%	50,087	50,087	Results: Exchange rate differences
CLP/USD +/- 5.3%	834,331	(834,331)	Equity: Reserves for cash flow hedging
CLP/COP +/- 0.0%	-	-	Equity: Reserves for exchange rate translation differences
CLP/PEN +/- 4.8%	(2,159,989)	2,159,989	Equity: Reserves for exchange rate translation differences

***** Percentages equivalent to the annual average of the evolution of the last two years.

The portion of unhedged financial liabilities (indexed to the UF) has no effect on equity or income.

Interest rate risk

It refers to the sensitivity to interest rate fluctuations of the value of financial assets and liabilities.

The purpose of interest rate risk management is to achieve a balance in the financing structure, minimizing the cost of the debt with reduced volatility in the income statement.

As of September 30, 2021, 98.72% of the Company's financial debt is at fixed rates. As a result, the risk of fluctuations in market interest rates is low regarding cash flows. Regarding the portion in variable rates, Management permanently monitors the outlook in terms of the expected evolution of interest rates.

The breakdown of financial liabilities separated between fixed and variable interest rates is presented below as of September 30, 2021, and December 31, 2020:

Category	Note	Maturity in less than one year		Maturity in more than one year		Total	
		Fixed Rate Th$	Variable Interest Th$	Fixed Rate Th$	Variable Interest Th$	Fixed Rate Th$	Variable Interest Th$
Other financial liabilities	14	10,954,565	1,285,441	223,267,915	1,749,147	234,222,480	3,034,588
Total at 09.30.2021		**10,954,565**	**1,285,441**	**223,267,915**	**1,749,147**	**234,222,480**	**3,034,588**

Category	Note	Maturity in less than one year		Maturity in more than one year		Total	
		Fixed Rate Th$	Variable Interest Th$	Fixed Rate Th$	Variable Interest Th$	Fixed Rate Th$	Variable Interest Th$
Other financial liabilities	14	6,464,513	723,044	205,655,161	1,732,919	212,119,674	2.455.963
Total at 12.31.2020		**6,464,513**	**723,044**	**205,655,161**	**1,732,919**	**212,119,674**	**2,455,963**

Risks related to commercialized products

a) LPG

The Company participates in the distribution of liquefied gas business in Chile, with coverage that extends between the Region of Arica and Parinacota and the Region of Magallanes, reaching a market share of 35.5% at December 2020, according to data provided by Chile's Superintendence of Electricity and Fuels *(Superintendencia de Electricidad y Combustibles - SEC)*.

At the end of 2010, the Company entered the Colombian market through the purchase of assets from Group Gas País, currently achieving a presence in 25 of the 32 Colombian departments and reaching a market share of 14.5% at December 2020, according to data from Colombia's Single Information System of the Superintendence of Public Services (*Sistema Único de Información de la Superintendencia de Servicios Públicos*.)

Continuing with its internalization process in the LPG industry, in July 2013, the Company acquired 100% of Lima Gas S.A., a Peruvian-based LPG distributing company, which at December 2020 reached a market share of 6.5%, according to data provided by Peru's Energy and Mines Investment Regulator - *Osinergmin*.

a.1) Demand

The demand for residential LPG is not significantly affected by economic cycles since it is a basic consumption good in all countries where the Company operates. However, the demand can be affected by factors such as temperature, precipitation levels and the price of LPG compared with other substitute energies (natural gas, firewood, diesel, paraffin, electric power, etc.), and deep economic activity crises. In some regions, demand has a high seasonality resulting from temperature variations. The economic cycles have a significant impact on the demand from commercial and industrial segments.

Since it participates in a highly competitive market, the business strategy of its competitors may impact the sales volume of the Company.

a.2) Supply

One of the risk factors in the business of commercializing LPG is the supply of LPG.

Regarding Chile, the Company can minimize this risk through a network of multiple suppliers such as Enap Refinerías S.A., Gasmar S.A., and the management performed when importing this fuel from Argentina and from other countries by sea.

To strengthen its strategic position in terms of LPG supply, in 2012, the Company entered into a series of agreements with Oxiquim S.A. to develop the construction of facilities for the reception, storage and dispatch of LPG at the terminal owned by that company located in the Quintero Bay, allowing the Company to have different seaborne supply sources beginning March 2015. Additionally, in 2019, the Company signed a series of contracts with the company Oxiquim S.A. to develop the construction of LPG reception, storage and dispatch facilities in the terminal owned by that company located in the Bay of Mejillones that, since it began operating in April 2021, strengthens its strategic position in terms of raw material supply.

For the Colombian market, the risk factor of commercializing LPG in terms of supply is minimized through the establishment of purchase quotas, which are agreed upon with Ecopetrol S.A., which covers a great part of the demand of distribution companies through public offerings. In addition to the agreements with Ecopetrol S.A., the Company also has purchase agreements with other local market players and imports product by sea through facilities located in Cartagena.

For the Peruvian market, LPG supply presents a high concentration in Lima where almost half of this capacity is located. Since the nation's capital is the area of highest consumption, important supply facilities have been built to provide it with a greater level of reliability. In this sense, agreements have been entered into with Petroperú (which has two supply plants: Callao and Piura) and Pluspetrol. In addition to these agreements, the Company also has purchase agreements with other market players and imports product from Bolivia to supply the south of the country.

a.3) Prices

LPG purchase prices are affected by the variations of international value of fuel prices and exchange rate variation of each local currency with respect to the U.S. dollar. Variation of raw material costs are considered when setting selling prices, although market competitive dynamics are always considered.

The Company maintains LPG inventories. The realization value of these inventories is affected by the variation of international fuel prices that are the basis for establishing selling prices to customers. Variation in LPG international prices would produce a variation in the same direction and of similar magnitude in the realization price of inventories. Generally, the Company does not cover this risk, since it considers that the variations of international prices are offsetting over time. The Company permanently monitors the evolution and forecasts of international commodity prices. Since the maritime terminal, located in the Quintero Bay, began operating, the Company has decided to cover the risk of variation of the price of inventory realization of stored product at the maritime terminal through swaps related to LPG prices and currency forwards to hedge the effect of exchange rate variations of the U.S. dollar (currency used to express the reference price of inventories).

b) Natural gas

Residential demand for natural gas is not significantly affected by economic cycles since it is a basic consumption good, but deep economic crisis could affect it. Demand from commercial and industrial segments is most significantly impacted by economic cycles. Regarding the risk of product supply for the operations that the Company owns in the north and south of Chile, both are covered with long-term agreements with different suppliers.

In Peru, the subsidiary Limagas Natural Peru S.A. has entered into supply agreements with natural gas distributors from several regions to meet demand requirements.

In Colombia, the subsidiary Surcolombiana de Gas S.A. E.S.P. has entered into supply agreements with natural gas commercializing companies from several regions to meet demand requirements.

c) Liquefied natural gas

The Company has agreements for the supply of liquefied natural gas (LNG) to industrial clients in Chile, including a "take or pay" clause. Such agreements contain formulas to establish the selling price that, in turn, transfer the agreed variation to the price of the agreements with the supplier of the product. To respond to commitments with customers, the Company has entered into LNG supply agreements with several suppliers, which include the "take or pay" clause (with similar characteristics to those signed with customers, which mitigate the risk).

In Peru, the Company has entered into LNG supply agreements with industrial customers, which are supplied through supply agreements which the Company has entered into with several market producers and marketers.

The demand for LNG, mainly aimed at industrial customers, is impacted by economic cycles.

6.4 Regulatory Risk

The amendments of the Gas Services Law (DFL 323) came into effect in February 2017.

The most relevant changes affect businesses in networks under concession, with the most meaningful change being the establishment of a profitability cap of 3% above the capital cost rate for the supply of gas through networks under concession. The capital cost rate may not be lower than 6% with which resulting profitability is 9% for new networks. Regarding networks built during the 15 years preceding the effective date of the amendments to the law and during the 10 years following the effective date of the amended law, a 5% profitability cap on the capital cost is established for a period of 15 years from its entry into operation, resulting in an 11% rate for the first 15 years of operation.

The Company currently has a natural gas operation in the city of Calama and has begun supplying natural gas in cities located in the south of Chile. The changes included in the law do not affect the evaluation of the natural gas projects currently being developed, since the Company has included the previously mentioned profitability restrictions within the evaluation parameters. For all natural gas distribution operations in networks under concession, annual returns are below the maximum range allowed by law.

The freedom of fixing prices to customers remains for networks not under concession. In addition, it reaffirms that customers or consumers with residential gas services are entitled to change the distribution company. Given the above, a maximum period of five years is set for the validity of relationship contracts between residential gas customers and distributing companies for new real estate projects or should the transfer to another company involves the replacement and adaptation of existing client facilities due to the amendment of supply specifications, in order to enable the connection to the distribution network. In the other cases, the maximum term of the contracts is two years.

As in other liquefied gas markets, the residential bulk business is very competitive among its participants. Additionally, LPG distributing companies must compete with other types of energy (natural gas, firewood, diesel, paraffin, electric power, etc.). The possibility that customers change the company that provides LPG already existed before the amendments introduced by law. The service delivered to customers and the security both of supply and facilities, in addition to a competitive price, are relevant to the degree of customer satisfaction. The Company intends to continue being a competitive energy option for those customers connected to LPG networks.

In January 2018, Chile’s Antitrust Court issued its Resolution 51/2018 concerning, inter alia, the analysis of existing property relations between the different companies operating in the relevant gas market (LPG and LNG), in order to avoid anti-competitive risks. The measures included in that resolution do not affect the Company.

In November 2020, Chile's Antitrust Department, the *Fiscalía Nacional Económica* (FNE) announced the initiation of a Gas Market Study (Estudio del Mercado del Gas), in order to determine the proper functioning of the gas market from the point of view of free competition. The FNE has broad powers to determine the initiation of market studies, define their scope and issue regulatory and conduct recommendations (to authorities and individuals). However, market studies cannot result in a direct intervention of the FNE in the market. The study covers all stages of the gas supply chain, from the exploration and exploitation of national reserves, along with its importation, to the commercialization stage, either to large consumers, such as electricity generators, or at the retail level, where the final consumers are homes, offices, commercial establishments and the public sector. At the beginning of October 2021, the FNE published its Preliminary Report, in order to receive comments from interested parties. In this preliminary version, an analysis of the functioning of the market and recommendations for modifications to the functioning of the market are made. In no case does the FNE conclude that there are infringements to free competition regulations. However, it makes three recommendations, among which is to prohibit by any means, either directly or indirectly, the participation of wholesale distributors in the LPG retail distribution market. In order to collaborate with this process, as we have done from the beginning, and to ensure that the changes effectively benefit the final consumer, we sent our observations to the FNE's Preliminary Report. Based on studies carried out by experts in the gas market worldwide, we pointed out to the FNE that its study contains analyses that do not reflect the reality of the market and recommendations that could harm consumers, contrary to what we all seek. We trust that the FNE's

Final Report will consider this background information and make recommendations that effectively benefit consumers so that they have more and better alternatives from which to choose and continue to receive a service that has been recognized by various surveys as one of the best services of its kind in Chile.

In April 2021, a group of members of Chile's Honorable Chamber of Representatives requested the creation of a Special Investigation Commission to review the way in which various public agencies investigate situations related to free competition, especially of the different types of products offered in the residential LPG service. In this context, the FNE was one of the authorities summoned to make a presentation. Among other reasons, the request for the creation of the Commission points out that, according to press reports, in the last 12 months LPG has increased its price by 13.6%, which would be justified, mainly, by the international price of oil. The Special Investigation Commission must submit its report within a term not exceeding 90 days.

Significant changes in laws and regulations in the sectors in which the Company operates may adversely affect its business or the conditions thereof, increase the Company's operating costs or affect the financial situation of the Company. In addition, change of rules or their interpretation could require incurring costs that could affect financial performance or impact the financial position of the Company.

6.5 Accident risk

All human activities are exposed to dangers that can lead to accidents and certainly, the fuel distribution industry is no exception. To minimize the likelihood that these hazards will become unwanted situations, prevention and mitigation actions must be developed to reduce its consequences if hazards such as accidents or emergencies should exist.

For this, actions are permanently developed to ensure that all operations are carried out with high safety levels. Among these actions, the following can be mentioned:

- Training of collaborators and contractors regarding safe operations.
- Emergency response procedures with on-site service vehicles.
- Awareness actions on the safe handling of gas among customers and the community in general (firefighters, associations, etc.).
- Maintain OHSAS 18001:2007 Occupational Health and Safety Assessment Series at 13 storage and bottling plants in Chile and at the main offices.
- Implementation of management systems based on the OHSAS standard and safety systems pursuant to the Peruvian law N° 29,783. There are five plants that have this certification.
- Certification of 15 plants in Colombia, under ISO 9001 quality standard for the operation and maintenance of LPG storage tanks and bottling service of LPG cylinders, pursuant to legal requirements.

- Strict compliance of health, safety and environmental standards at all our operations

Complementing the reinforcement actions of the safe handling of fuel, the Company has insurance coverage deemed consistent with the industry's standard practices.

6.6 Reputation and corporate image risk

The Company’s business is associated with the management of fossil fuels, particularly LPG, and its commercialization to a wide-ranging customer base. This business is subject to specific regulations in each of the countries where the Company operates. In addition, the Company is subject to several provisions relating to compliance with tax, environmental, labor, antitrust, and corporate regulations, among others. Should damage result from the commercialized products or in the event of observations from inspection bodies in compliance with the provisions that are applicable to the Company, this could lead to a deterioration of the Company's reputation and corporate image.

This risk is mitigated through the appropriate operating processes and compliance with regulations implemented within the Company. The controls implemented are constantly reviewed and people are trained to avoid these risks. The Company has established complaint lines and investigation procedures to determine actions that deviate from its Code of Conduct.

6.7 Risk of litigation, penalties and fines

The Company may be subject to litigation, penalties or fines resulting from its business. These potential impacts are mitigated from their inception, by complying with relevant regulations. The principal litigation and sanctioning procedures currently underway involving the Company or its subsidiaries are described in Note 28 to the consolidated financial statements.

The Company's main businesses are regulated by the Superintendence of Electricity and Fuels (*SEC*) in Chile, the Regulatory Commission of Energy and Gas (*CREG*) in Colombia, and the Ministry of Energy and Mines and the Energy and Mines Investment Regulator (*Osinergmin*) in Peru, which ensure compliance with the laws, decrees, rules, memorandum and resolutions that govern the activity. In addition, different agencies in different countries are responsible for the control of compliance with the provisions related to tax, environmental, labor, antitrust, and corporate regulations, among others.

The Company has procedures in place and has the knowledge required to act under the protection of current laws and avoid penalties and fines. The controls implemented are constantly reviewed and people are trained to avoid contractual and regulatory breaches.

6.8 Risk of changes in regulatory, political, economic and social conditions in the countries of operation.

The Company's financial and operating performance may be negatively affected by regulatory, political, economic and social conditions in the countries where it operates. In the jurisdictions where it operates. The Company is exposed to various risks such as potential renegotiation, nullification or forced amendment of contracts, expropriation, foreign exchange controls, and changes in laws, regulations and political instability. The Company also faces the risk of having to submit to the jurisdiction of a foreign court or arbitration panel or having to enforce a judgment in another country.

Company Management permanently monitors the evolution of the regulatory, political, economic and social conditions in the countries where it is present, to mitigate the risks described.

6.9 Acquisition strategy risk.

The Company has grown, in part, through several significant acquisitions, including:

- The assets of Gas País in 2010 through which the Company started growing with operations in Colombia.
- Lima Gas S.A. in 2013 through which the Company entered the Peruvian LPG market.
- Neogas Peru S.A. (currently Limagas Natural Peru S.A.), through which the Company has presence in the natural gas market in Peru since February 2016.

In the future, the Company will continue to be committed in several evaluations and pursuing other potential acquisitions, which could lead to the acquisition of other LPG and fuel distribution companies seeking to integrate them into its current operations.

Acquisitions involve known and unknown risks that could adversely affect the Company's future net sales and operating income. For example:

- Failing to identify companies, products or brands precisely and appropriately for acquisition;
- Facing difficulties in integrating the management, operations, technologies and distribution processes of the acquired companies or products;
- Failing to obtain the necessary regulatory approvals, including those of anti-trust authorities, in the countries where acquisitions are being made;
- Entering new markets with which we are unfamiliar;
- Diverting management's attention from other business concerns;
- Acquiring a company that has known or unknown contingent liabilities that include, among others, patent infringement or product liability claims; and
- Incur in considerable additional indebtedness.

Any future or potential acquisitions, may result in substantial costs, disrupt our operations or materially adversely affect the Company's operating results.

Each acquisition performed by the Company is analyzed in detail by multi-disciplinary teams with external counseling, if necessary, in order to analyze the consequences and mitigate the risks inherent in any new business acquisition.

6.10 Risk of production, storage and transportation of gas

Operations conducted at the Company's plants involve safety risks and other operating risks, including the handling, storage and transportation of highly inflammable, explosive and toxic materials.

These risks could result in personal injury and death, severe damage to or destruction of property and equipment and environmental damage. Although the Company is very careful about the safety of its operations, a sufficiently large accident at one of the bottling or storage plants, or at facilities located at client facilities for liquefied or natural gas, or during transportation or delivery of products being sold, could force to temporarily suspend operations at the location and result in significant remediation costs, loss of income or generate contingent liabilities, and adversely affect the Company's corporate image and reputation and that of its subsidiaries. Also, despite having broad insurance coverage, these may not be available on a timely basis and may be insufficient to cover all losses. Equipment breakdowns, natural disasters and delays in obtaining imports of required replacement parts or equipment can also affect distribution operations and consequently operating results.

6.11 Risk that insurance coverage may be insufficient to cover losses that may be incurred

The operation of any distribution company specializing in LPG logistics operations and fuel distribution involves substantial risks of property damage and personal injury and may result in significant costs and liabilities.

The Company permanently analyzes the risks that may be covered by insurance policies, both in the amount of possible losses for the Company as in the characteristics of the risks, so current insurance levels are appropriate. Notwithstanding the previous, the occurrence of losses or other liabilities that are not covered by the insurance or that exceed coverage limits may result in additional unexpected and significant costs.

6.12 Risks relating to climate change

Due to concern over risks of climate change, several countries have adopted, or are considering the adoption of, regulatory frameworks to, among other measures, reduce greenhouse gas emissions. These could include adoption of cap-and-trade regimes, carbon taxes, increased efficiency standards, and incentives or mandates to develop the generation of renewable energy. These requirements could reduce demand for fossil fuels, replacing them with energy sources of relatively lower-carbon sources. In addition, some governments may provide tax advantages and other subsidies and mandates to make alternative energy sources more competitive against oil and gas. Governments may also promote research into new technologies to reduce the cost and increase the scalability of alternative energy sources, all of which could lead to a decrease in the demand for our products. In addition, current and pending greenhouse gas regulations may substantially increase our compliance costs and, consequently, increase the price of products distributed by the Company.

In addition, climate change could force changes in consumer behavior and operating conditions that increase consumer costs (e.g., a higher likelihood of tidal surges that may impede normal port operations).

The Company permanently monitors the evolution of legislation on climate change and the consequences of this on consumer behavior and on the operation.

6.13. Risk of rioting

The economic and social situation of the different countries where the Company operates could lead to protests that could prompt violent actions damaging facilities or hindering the operation. The Company remains alert regarding the evolution of these events, prioritizing the protection and safety of workers, collaborators and the communities where it operates. It also has insurance coverage for possible damage or theft of goods or facilities.

6.14. Risk of natural or health catastrophes

In the countries in which the Company is present, catastrophic situations eventually occur such as floods, tsunamis or earthquakes, which force us to operate in contingency to maintain the supply to our customers. Previous experiences, in addition to emergency and contingency plans, periodically monitored, allow to mitigate this risk.

On the other hand, rapidly spreading infectious diseases can have consequences for the Company's business. Authorities may impose restrictions that impact the activity of customers or the Company, decreasing its revenue stream or incurring additional costs. In turn, the protection of the safety of workers, employees and customers can lead to higher operating costs driven by health reasons or arising from the same restrictions.

The Board of Directors and Management monitor the evolution of such situations, privileging the safety of workers, collaborators, customers and communities in which the Company's activities are conducted. Special committees are formed composed of first line managers to quickly respond and coordinate safeguard measures.

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6.15. Cybersecurity risk

The world is on a fast-paced path of digitization, whereby robotics, digitization and the Internet are rapidly integrating into the operating environment, bringing with them changes in cybersecurity risks. Companies of all sizes and sectors have seen an increase in cyberattack incidents and attempts. In addition, considering a business context in which the security of systems has been decentralized with the mobility of employees, having a cybersecurity strategy that includes this situation has become essential.

Aware of these risks, Management constantly monitors and updates the different cybersecurity risks and implements actions to mitigate them, evaluating the impact on the organization and the probability of occurrence according to scales defined for it. Thus, to closely examine the level of risk, a complete analysis has recently been developed that has allowed to determine the level of maturity and alignment of the organization, using the requirements established in ISO 27.001:2013 as a basis, this study showed a satisfactory status of controls at the level of indicators. In addition, an action plan has been initiated that will allow a higher level of risk mitigation to be achieved, targeting the last quarter of 2022 for completion of this action plan.