

**Water- en Energiebedrijf
Aruba (W.E.B.) N.V.**

**Abbreviated
Financial statements 2020**



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Abbreviated statement of financial position as at December 31, 2020

ASSETS

(in Aruban florin)

	<u>2020</u>	<u>2019</u>
Non current assets		
Intangible assets	1,749,253	3,230,473
Tangible fixed assets	544,079,020	479,442,768
TOTAL NON CURRENT ASSETS	<u>545,828,273</u>	<u>482,673,241</u>
Current assets		
Inventories	23,202,356	23,943,330
Trade and other receivables	41,112,004	83,029,749
Cash and cash equivalents	81,799,022	33,472,163
Restricted Cash	-	28,037,831
TOTAL CURRENT ASSETS	<u>146,113,382</u>	<u>168,483,073</u>
TOTAL ASSETS	<u><u>691,941,655</u></u>	<u><u>651,156,314</u></u>

Abbreviated statement of financial position as at December 31, 2020
SHAREHOLDER'S EQUITY AND LIABILITIES

(in Aruban florin)	2020	2019
Shareholder's equity		
Issued and paid-in capital	139,496,675	139,496,675
Retained earnings	197,965,477	189,798,016
Undistributed result for the year	16,998,635	19,167,461
TOTAL EQUITY	354,460,787	348,462,152
Provisions		
Provision for employee benefits	8,281,487	8,031,554
Deferred income tax liability	30,485,901	30,047,219
Provision for claims	9,357,092	8,953,656
TOTAL PROVISIONS	48,124,480	47,032,429
Non-current liabilities		
Loans	225,441,278	166,940,216
Deposits	6,062,541	6,097,634
TOTAL NON CURRENT LIABILITIES	231,503,819	173,037,850
Current liabilities		
Short term portion of loans	25,418,981	17,185,294
Short term portion of provisions	380,816	753,502
Trade payables	26,110,144	58,710,596
Profit tax	1,275,690	836,462
Other liabilities	4,666,938	5,138,029
TOTAL CURRENT LIABILITIES	57,852,569	82,623,883
TOTAL EQUITY AND LIABILITIES	691,941,655	651,156,314

Abbreviated statement of comprehensive income for the year ended December 31, 2020

(in Aruban Florin)	2020	2019
<i>Revenue from operations</i>		
Sale of electricity	265,515,618	320,809,965
Sale of water	96,562,817	111,094,241
Other revenues	3,634,941	7,391,622
Total operating revenue	365,713,376	439,295,828
Fuel expenses	123,463,004	177,992,433
Electricity expenses – purchase	24,605,769	27,714,509
Water expenses – purchase	17,211,924	14,933,926
Chemicals and gases expenses	6,366,957	7,301,287
Personnel expenses	54,305,629	55,347,730
Depreciation, amortization expenses and impairments	59,215,284	66,963,937
Maintenance expenses	25,809,065	26,554,192
Other operating expenses	24,829,054	25,375,039
Total operating expenses	335,806,686	402,183,053
OPERATING RESULTS	29,906,690	37,112,775
Financial expenses		
Net financing costs	8,323,710	8,367,285
Other financial expenses	2,447,183	4,311,852
	10,770,893	12,679,137
RESULTS BEFORE TAX	19,135,797	24,433,638
Income tax expenses	2,137,162	5,266,177
RESULT FOR THE YEAR	16,998,635	19,167,461

Abbreviated statement of cash flow for the year ended December 31, 2020

(in Aruban florin)	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Net results	16,998,635	19,167,461
Adjustments for non-cash income and expenses:		
Depreciation, amortization expenses and impairments	59,215,284	66,963,937
Amortized transaction costs UIB loan	145,884	-
Income tax expenses	2,137,162	5,266,177
Changes in operating assets and liabilities:		
(Increase)/ decrease in inventories	740,974	2,825,422
(Increase)/ decrease in trade and other receivables	41,872,208	(4,456,356)
(Increase)/ decrease in provisions	280,683	(38,134)
(Increase)/ decrease in deposits	(35,094)	97,452
(Increase)/ decrease in trade payables	(43,577,591)	10,516,331
(Increase)/ decrease in other liabilities	10,199,453	15,266,566
Increase/ (decrease) in financial derivatives designated as hedges	-	3,420,955
Cash generated from operations	<u>87,977,598</u>	<u>119,029,811</u>
Interest received	45,537	8,292
Interest paid, agency fee, management fee and commission fee	(10,670,546)	(14,839,222)
Payment of profit tax	(1,259,250)	-
Net cash generated from operating activities	<u>76,093,339</u>	<u>104,198,881</u>
Cash flows from investing activities		
Investments in property, plant and equipment	(111,044,865)	(99,617,095)
Investments in intangible assets	(348,310)	(994,296)
Net cash from investing activities	<u>(111,393,176)</u>	<u>(100,611,391)</u>
Cash flow from financing activities		
Proceeds of long-term loans	89,966,186	215,891,651
Repayment of long-term loans	(23,377,321)	(168,052,184)
Payment of dividend	(11,000,000)	(12,000,000)
Net cash from financing activities	<u>55,588,865</u>	<u>35,839,467</u>
Net increase in cash and cash equivalents	<u>20,289,028</u>	<u>39,426,957</u>

The movement in cash and cash equivalents can be broken down as follows:

At January 1	61,509,994	22,083,037
Movements during the year	20,289,028	39,426,957
At December 31	81,799,022	61,509,994

Breakdown of balance sheet items related to cash:

Cash and Cash equivalents	81,799,022	33,472,163
Restricted cash	-	28,037,831
Total cash at the end of the period	81,799,022	61,509,994

Notes to the abbreviated financial statements as per December 31, 2020

1 General notes

General information

These abbreviated financial statements of Water- en Energiebedrijf Aruba N.V. (hereinafter: W.E.B. N.V.) are derived from the statutory financial statements for the year ending December 31, 2020. The statutory financial statements were approved for issue by the Board of Directors on June 3, 2021. The abbreviated financial statements do not contain all the disclosures required by the accounting principles generally accepted in the Netherlands (“Dutch GAAP”) and should therefore be read in conjunction with the statutory 2020 financial statements, including the accounting policies and notes. W.E.B. N.V. does not contain publication requirements. Therefore, the statutory financial statements are available at W.E.B. N.V. solely for the shareholder and directly related parties.

Basis of preparation

The abbreviated financial statements are prepared in accordance with the criteria developed by management. Under these criteria, management discloses extracts derived from the statutory financial statements. The statutory financial statements are prepared in accordance with accounting principles generally accepted in the Netherlands (“Dutch GAAP”). The abbreviated financial statements are presented in Aruban Florins.

Reporting entity

W.E.B. N.V. was incorporated in Aruba on August 29, 1991. In conformity with the “independization” agreement dated November 13, 1992, through Utilities Aruba N.V., the former Water- en Energiebedrijf Aruba transferred assets, the right of use, and liabilities to W.E.B. N.V., a wholly owned subsidiary of Utilities Aruba N.V. whose ultimate parent is Land Aruba. W.E.B. N.V. started as a water and electricity company on January 1, 1992.

The main activities of W.E.B. N.V. are the production of potable and industrial water and of electricity and the distribution of the water. The distribution of electricity is solely conducted by N.V. Elmar, a subsidiary of Utilities Aruba N.V. The registered and actual address of W.E.B. N.V. is Balashi 76, Aruba and is registered at the chamber of commerce under number 12126.0.

2 Accounting policies for the balance sheet

Tangible fixed assets

Items of tangible fixed assets are valued at cost or manufacturing cost minus straight-line depreciation based on the estimated useful lives. Cost includes expenditure that is directly attributable to the acquisition of the asset. The costs of self-constructed assets include the costs of materials, direct labor, and an appropriate proportion of overhead. Depreciation is calculated using the straight-line method over the estimated remaining useful lives of the related assets taking into account any residual values.

Trade and other receivables

Trade and other receivables are recognized initially at fair value and are subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables (allowance for bad debts) is established when there is objective evidence that W.E.B. N.V. will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the allowance is recognized in the statement of income within other operating expenses.

Loans

Loans are initially recognized at fair value, net of transaction costs incurred. Loans are subsequently stated at amortized cost, being the amount received taking account of any premium or discount, less transaction costs. The difference between stated book value and the mature redemption value is accounted for as interest cost in the income statement on the basis of the effective interest rate during the estimated term of the long-term debts.

3 Accounting policies for the income statement

Profit or loss is determined as the difference between the realizable value of the goods delivered and services rendered, and the costs and other charges for the year. Revenues on transactions are recognized in the year in which they are realized.

4 Accounting policies for the cash flow statement

The cash flow statement has been prepared using the indirect method. The cash items disclosed in the cash flow statement comprise cash at banks and in hand except for deposits with a maturity longer than three months. Cash flows in foreign currencies have been translated at average estimated exchange rates. Interest paid and received, and income taxes are included in cash from operating activities. Dividends paid are recognized as cash used in financing activities.

Independent auditor's report

To: Management and board of supervisory directors of Water- en Energiebedrijf Aruba N.V.

Opinion

The abbreviated financial statements of Water- en Energiebedrijf Aruba N.V. (the Company), which comprise the abbreviated statement of financial position as at December 31, 2020, the abbreviated statement of comprehensive income and the abbreviated statement of cashflow for the year ended, and related notes, are derived from the complete audited financial statements of the Company for the year ended December 31, 2020.

In our opinion, the accompanying abbreviated financial statements are consistent, in all material respects, with the audited financial statements, on the basis described in note 1 "Notes to the abbreviated financial statements as of December 31, 2020 - basis of preparation".

Abbreviated financial statements

The abbreviated financial statements do not contain all the disclosures required by accounting principles generally accepted in the Netherlands. Reading the abbreviated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's report thereon.

The audited financial statements and our report thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated June 7, 2021. The audited financial statements and the abbreviated financial statements do not reflect the effects of events that occurred subsequent to the date our report on the audited financial statements.

Management's and the supervisory board's responsibility for the abbreviated financial statements

Management is responsible for the preparation of the abbreviation of the complete audited financial statements in accordance with the basis described in note 1 "Notes to the abbreviated financial statements as of December 31, 2020 - Basis of preparation".

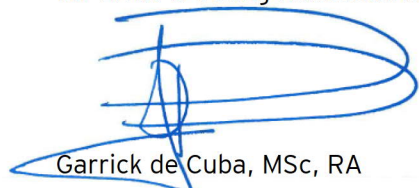
The supervisory board is responsible for overseeing the company's financial reporting process.

Auditors' responsibilities

Our responsibility is to express an opinion on whether the abbreviated financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.

Aruba, August 31, 2021
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for Ernst & Young Accountants



Garrick de Cuba, MSc, RA