



## **SALMONES CAMANCHACA S.A. AND SUBSIDIARIES**

### **Quarterly Earnings Report on the Consolidated Financial Statements**

For the period ended March 31, 2021

#### **Salmones Camanchaca**

*Salmones Camanchaca S.A. is a vertically integrated salmon producer engaged in breeding, egg production, recirculating hatcheries for Atlantic salmon and pass-through or lake hatcheries for Pacific salmon and trout, fish farming sites in estuary and oceanic waters used mainly for the Atlantic salmon, primary and secondary processing, and marketing and sales of Atlantic and Pacific salmon through five offices in its main markets. The Company participates in trout farming in its own coastal-estuary farming sites through a one third interest in a joint venture with average annual harvests of 12,000 MT WFE until 2028. The Company harvested 53,000 MT WFE of Atlantic salmon in 2020 and expects to harvest between 55,000 and 60,000 MT WFE in 2023. Pacific salmon harvest volumes fluctuate between 3,000 and 5,000 MT WFE. Overall production of all salmonid species at its own farming sites is expected to reach between 60,000 and 65,000 MT WFE in 2023. Salmones Camanchaca has 1,900 employees on average, 60% of whom work in its secondary processing and value-added plant. Main markets for Atlantic salmon are USA, Mexico and Japan, with approximately 20% of sales going to emerging markets in a variety of fresh and frozen formats.*

## Highlights for the first quarter 2021 (Q1 2021)

- **Revenue of USD 70 million for the quarter**, down 17.1% from Q1 2020. Both sales volumes and sales prices decreased 11% compared to Q1 2020 due to COVID, although prices rose by USD 0.79/ kg or 19%, compared to previous quarter.
- **Algae Blooms in the Reñihué and Comau fjords significantly impacting the 2021 harvest and profitability.** Three sites in the Reñihue Fjord were affected by algae blooms throughout the Chilean summer of 2021, which impacted biomass growth, while at the end of March and April four sites in the Comau Fjord were impacted by a Harmful Algae Bloom (HAB) resulting in high fish mortality. This is a natural and infrequent phenomenon, typical for the summer season, and this year was the driest and sunniest in 50 years. Mortality at the sites in both fjords was approximately 3,700 tons, and the direct financial impacts, including insurance claims, deductibles and mitigation and removal costs, amount to USD 12.1 million which is included in the financial statements.

These HAB will result in extraordinary losses, lower estimated harvest and sales volumes for 2021, higher costs of harvested fish and higher secondary processing costs due to lower volumes.

- **The estimated 2021 harvest volume for Atlantic salmon decreased to between 41,000 and 44,000 MT WFE.** Pacific harvest volumes remain at 2,000 MT WFE.
- **Q1 2021 Atlantic salmon harvest volume were 9,163 MT WFE**, 30% lower than Q1 2020 mainly due to the Islotes incident in May 2020, which resulted in mortality of 520,000 fish. Average harvest weights from the Reñihue Fjord were lower due to the HAB and oxygen depletion, which limited feeding. There were no Pacific salmon harvests during the quarter.
- **Farming ex-cage cost of Atlantic salmon** (live weight) was 24% above Q1 2020 and reached USD 3.91/kg due to harvested sites, which included the last fish from Islotes site that lost 25% of its fish last year due to severe currents in Q2 2020, and a Reñihue site with slow growth. As a result, the ex-cage cost live weigh for the last 12 months was USD 3.40/kg, 11% higher than the company's long-term target.
- **Total processing costs** were USD 1.2/kg WFE in Q1 2021, which was higher than the long-term target of USD 1 /kg, and 32% higher than Q1 2020 due to 26% lower processing volumes.
- **EBITDA** for the quarter was negative USD 7.4 million, USD 14.4 million lower than Q1 2020, due to lower sales prices, lower volumes and the cost of extraordinary mortalities and mitigation expenses associated with the aforementioned HAB. The latest had a negative impact on EBITDA of USD 7.2 million. This led to a **negative EBIT** in Q1 2021 of USD 11.4 million, which was USD 22.8 million lower than in Q1 2020.
- **EBIT/kg WFE Atlantic salmon was negative USD 0.98** for Q1 2021, compared to positive USD 0.97 in Q1 2020, due to the USD 0.62 /kg fall in average Atlantic salmon sales prices, higher farming costs and the extraordinary mortalities as mentioned above. Excluding the algae bloom effects for the quarter the EBIT/Kg was negative USD 0.38 /Kg.
- **The Net Result** for Q1 2021 was a loss of USD 15.2 million. Other losses include USD 4.9 million loss due to biomass insurance deductibles at four sites in Comau Fjord with excess losses due to the HAB.
- On February 9, 2021, Salmones Camanchaca obtained a 1.5-year committed financing facility for USD 35 million with DNB and Santander banks. These credit lines will strengthen the Company's cash position and replace uncommitted short-term credit lines.
- **Cash** at 31 March 2021 was USD 13.3 million and **net interest-bearing debt USD 128.2 million**, USD 49 million higher than as of 31 March 2020. The Company also has an additional USD23 million in available lines of credit,

giving it total liquidity of USD36 million. The Company notified the creditor banks that it did not comply with the Net Financial Debt to EBITDA ratio covenant as the latter was negative, and a waiver has been obtained from the banks.

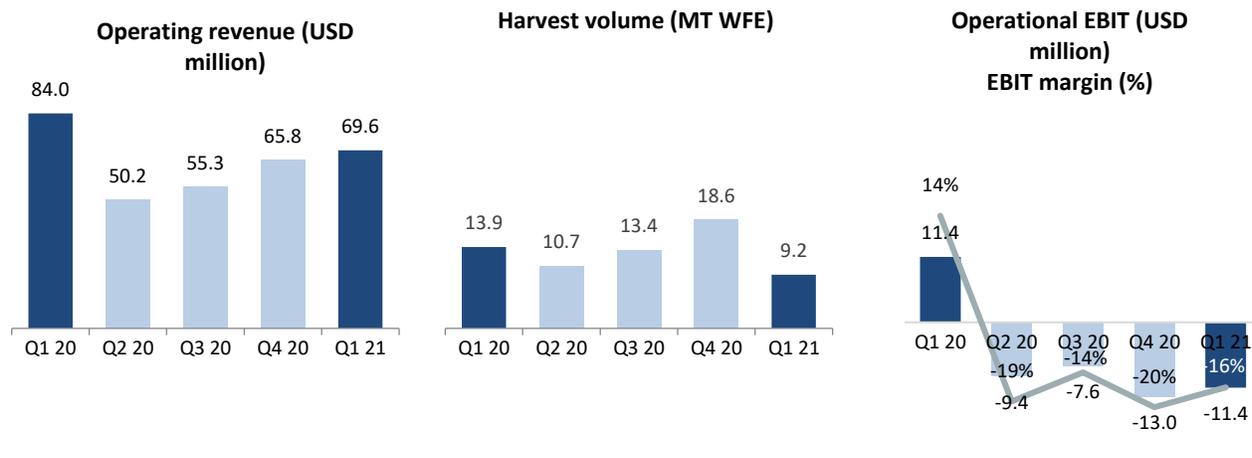
- **Preventive measures to avoid COVID-19 continued, including sanitary and operational measures, thus preserving the health of employees and operational continuity.** As of the date of this report, more than 75% of employees have been vaccinated with at least the first dose. There are 10 active infectious cases representing 0.54% of the total workforce. We conducted more than 47,000 tests with only 0.44% producing a positive result, and no serious cases.

## Key Figures

(USD'000).	3m 2021	3m 2020	Δ%
Operating revenue	69,620	83,988	(17.1%)
EBITDA* before fair value adjustments	(7,391)	15,117	-
EBIT** before fair value adjustments	(11,377)	11,431	-
EBIT margin %	-16.3%	13.6%	(2,995 pb)
Net income (loss) for the period	(15,159)	1,823	-
Earnings per share	(0.2297)	0.0276	-
<b>Atlantic salmon</b>			
Harvest volumes (tons WFE)	9,163	13,142	(30.3%)
Sales volumes (MT WFE)	12,064	13,613	(11.4%)
% sales of fillets and portions	87.6%	77.9%	972 bp
Atlantic salmon ex-cage farming costs (USD/kg LW)	3.91	3.15	24.1%
Atlantic salmon ex-cage farming costs (USD/kg WFE)	4.20	3.39	24.1%
Processing costs (USD/kg WFE)	1.20	0.91	31.5%
Sales price (USD/kg WFE)	5.06	5.68	(11.0%)
EBIT/kg WFE (USD)	(0.98)	0.97	-
<b>Pacific salmon</b>			
Harvest volumes (tons WFE)	0	760	-
Sales volumes (MT WFE)	1,375	861	59.7%
EBIT/kg WFE (USD)	0.36	(1.81)	-
Financial Debt	141,545	103,410	36.9%
Net Financial Debt	128,235	79,116	62.1%
Equity Ratio	41.8%	49.6%	(780 pb)
Net Financial Debt / LTM EBITDA	-	1.02	-

\* EBITDA: Gross profit before fair value adjustments + depreciation - administrative expenses - distribution costs

\*\* EBIT: Gross margin before fair value adjustment - administrative expenses - distribution costs



# Financial Performance

## First quarter 2021 results

Harvest volume of 9,163 MT WFE of Atlantic salmon in Q1 2021, 30% less than Q1 2020 (13,142 MT WFE), with an average harvest weight of 4.7 kg. Atlantic salmon sales volumes were 12,064 MT WFE, which were 32% higher than the harvest volumes as the company sold 2020 inventory that was decided not sold in Q4 as prices were historically low. Sales volumes were 11% lower than in Q1 2020. Pacific salmon sales volumes from Q4 2020 harvests were 1,375 MT WFE, 60% higher than in Q1 2020.

The Atlantic salmon sales price was 11% or USD 0.62/kg lower than in Q1 2020, which together with the reduced sales volume accounts for a sales revenue reduction of USD 8.6 million.

Accordingly, total operating revenue for Q1 2021 was USD 69.6 million, 17.1% lower than for Q1 2020.

Farming costs for the quarter were USD 3.91/kg live weight, 24% higher than the same period previous year, due the 25% biomass loss at the Islotas site in May 2020, which affected harvest volumes in Q1 2021; and low biomass growth, caused by the algae blooms and oxygen depletion. Lower volumes harvested and processed affected processing costs, which were USD 1.20 /kg and higher than the long-term target of USD 1 /kg.

Cost of sales was also affected by USD 7.3 million of extraordinary mortalities, not covered by insurance, and the salvage, mitigation and remediation expenses associated with the blooms in the Reñihue and Comau fjords. Expenses on inactive sites with no biomass, or only the minimum required to avoid the concession lapsing, were USD 2.2 million in the quarter, similar to Q1 2020. Consequently, the gross margin was negative USD 6.9 million.

Administrative expenses in Q1 2021 decrease by USD 0.39 million or 16%, but as a percentage of operating revenue they remained at 2.9%. Distribution and selling costs decreased by USD 353 thousand or 12.6% but increased slightly as a percentage of operating revenue to 3.5%. Thus, the Company's combined sales and administrative expenses decreased by USD 0.7 million but increased from 6.2% to 6.5% of Q1 2021 operating revenue due to the reduced scale of operations.

EBIT before FVA was negative USD 11.4 million in Q1 2021 (negative USD 4.3 million excluding algae bloom impact), lower by USD 22.8 million compared to the positive USD 11.4 million for Q1 2020. Sales of Atlantic salmon generated a negative EBIT of USD - 0.98 /kg WFE in Q1 2021, which was unfavorable compared to the positive USD 0.97 in Q1 2020. The EBIT/kg WFE for Pacific salmon was positive USD 0.36, which was USD 2.17 higher than in the same period for the previous year, as a result of lower farming costs.

The net Fair Value Adjustment (FVA) for Q1 2021 was negative USD 3.4 million, compared to negative USD 6.1 million in Q1 2020, a favorable difference of USD 2.7 million, which is attributable to better prices in 2021, although offset by higher farming costs and lower biomass weight due to the blooms affecting growth.

The positive impact of the decrease in the interest rate (Libor) was partially offset by the increase in financial debt, which reached USD 141.5 million as of March 31, 2021, higher than the USD 103.4 million as of March 31, 2020, which reflects lower cash flows from operating activities over the last twelve months. Financial expenses decreased by 2.8% to USD 1.1 million in Q1 2021.

Other gains/losses were negative USD 5.2 million, mainly due to the provision for biomass insurance deductibles on the biomass losses at four sites of USD 4.9 million.

The trout joint venture had a net loss of USD 0.3 million, which compares unfavorably with net income of USD 0.4 million for Q1 2020.

The appreciation of the Chilean peso against the US dollar during Q1 2021 generated a negative exchange difference of USD 0.2 million, lower than the negative USD 2.4 million in Q1 2020.

Consequently, the Company had a net loss after tax of USD 15.2 million for Q1 2021, which was unfavorable compared to positive net income of USD 1.8 million in Q1 2020, mainly explained by lower average sales prices and the impacts of the blooms in the quarter described above.

### Cash flow in Q1 2021

Positive net cash flow of USD 4.3 million was generated in Q1 2021 compared to positive cash flow of USD 10.4 million in Q1 2020, explained by:

- Negative operating cash flow of USD 10.8 million, compared to positive USD 14.3 million in Q1 2020, due to lower sales and collections at lower prices compared to those of the previous year.
- Negative investing cash flow of USD 2.7 million in Q1 2021, down from USD 6.9 million in Q1 2020, a continuation of the reduction initiated in 2020 to preserve liquidity during pandemic. Estimated investment for 2021 is USD 25-30 million.
- Positive financing cash flow of USD 18 million, due to drawing down additional debt to finance operating activities.

Salmones Camanchaca has net cash of USD 13.3 million as of March 31, 2021 and available credit lines of USD 23 million as of that date, resulting in USD 36 million of available liquidity.

### Financial position

#### Assets

The Company's total asset reached USD 365.5 million, a decrease of USD 9.5 million or 2.5% during Q1 2021 compared to December 31, 2020, mainly driven by a decrease of current assets USD 10.2 million, specifically biological assets and inventories. Non-current assets increased by USD 0.7 million.

Current assets were USD 232.1 million, 4.2% lower than end 2020, due to USD 17.7 million decrease in biological assets, explained by the effects of mortalities from the algae bloom incidents and their fair value adjustments. This was partially offset by an increase in receivables of USD 13.3 million, reflecting Q1 sales at better prices than at the end of 2020. The Company's finished products inventories valued at cost as of March 31, 2021 decreased to USD 34.5 million, equivalent to 3,784 MT of finished product, which is about 40 harvesting days, compared to 6,076 MT as of December 31, 2020.

Non-current assets remained similar to values as of December 31, 2020.

## Liabilities and Equity

The Company's total liabilities reached USD 213 million at the end of Q1 2021, an increase of USD 5.7 million or 2.8% compared to December 31, 2020.

Current liabilities were USD 109.1 million, a decrease of USD 11.3 million or 9.4% compared to December 31, 2020, due to the replacement of USD 4.3 million of short-term debt with long-term debt using the tranche D of the syndicated loan signed in February 2021, plus a decrease of USD 7.9 million in trade payables.

Non-current liabilities increased by USD 17 million or 19.6% to USD 103.6 million, due to a USD 23.1 million increase in long-term financial liabilities, which was slightly offset by a USD 5.9 million decrease in deferred taxes.

Net financial debt increased by USD 18.8 million during the quarter, reaching USD 141.5 million.

Thus, the Company's equity was USD 152.8 million, a decrease of USD 15.2 million compared to December 31, 2020, due to losses for the period, resulting in an equity ratio of 41.8%.

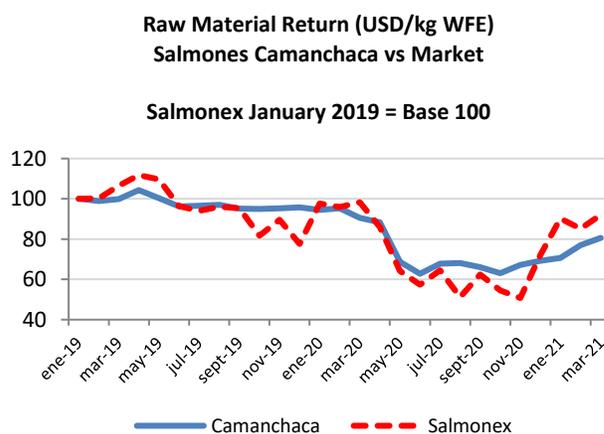
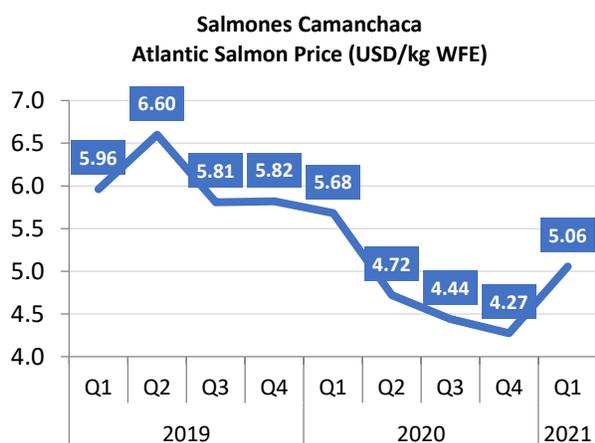
# Operating Performance

Salmones Camanchaca's performance is driven by three key factors:

1. **The price of Atlantic salmon**, which is sensitive to Norwegian and Chilean supply conditions and demand from the main markets for its products.
2. **Farming practice and sanitary conditions for Atlantic salmon**, which affect conversion factors, the use of pharmaceutical and mechanical means to improve fish health and welfare and the surviving biomass that absorbs the total farming costs.
3. **Feed costs**, which accounts for about half the unit ex-cage farming cost.

## I. Product Sales Prices

The average sales price of Atlantic salmon by Salmones Camanchaca during Q1 2021 was USD 5.06 /kg WFE, which was 11% or USD 0.62 lower than Q1 2020. This decrease was due to the effects of the pandemic on demand that heavily affected the restaurant and food service segments. However, prices have risen significantly during Q1 2021, which reflects improvements in demand and the favorable effects of mass vaccinations in major markets. The Company's sales strategy focused on value-added products helped reducing price volatility and achieved an average raw material return (RMR) <sup>1</sup>for Atlantic salmon in 2020 around USD 0.60 higher than its benchmark market index, Salmonex<sup>2</sup>. However, given the rapid rise in market prices in Q1 2021, the Company's standing sales programs resulted in a delay in prices increases for the quarter, ending USD 0.40 lower than the Salmonex index during the first months of the year. The restrictions imposed on the Russian market in February 2020 have continued to date.



## Volume

<sup>1</sup> Raw Material Return is the final product price less distribution and specific secondary processing costs. It is a price measurement before selecting the final destination for harvested fish and provides a homogeneous aggregate indicator for the Company's products.

<sup>2</sup> The market Index or "Salmonex" is based on the price of fresh fillet trim D exported by Chilean firms, net of Salmones Camanchaca's processing and distribution costs, in order to eliminate cost differences and isolate marketing differences.

Atlantic salmon		Q1 2021	Q1 2020	Δ	Δ %
Harvest volumes	MT WFE	9,163	13,142	-3,979	-30.3%
Production	MT WFE	9,502	12,879	-3,377	-26.2%
Sales	MT WFE	12,064	13,613	-1,549	-11.4%
Sales	ThUSD	61,013	77,372	-16,359	-21.1%
Average sales price	USD/kg WFE	5.06	5.68	-0.62	-11.0%

Pacific salmon		Q1 2021	Q1 2020	Δ	Δ %
Harvest volumes	MT WFE	0	760	-760	-100.0%
Sales	MT WFE	1,375	861	514	59.7%
Sales	ThUSD	4,967	3,487	1,480	42.5%
Average sales price	USD/kg WFE	3.61	4.05	-0.44	-10.8%

Salmones Camanchaca harvested 9,163 MT WFE of Atlantic salmon during Q1 2021, with an average harvest weight of 4.7 kg WFE (open cycle). This harvest volume is 30.3% lower than in Q1 2020. Atlantic and Pacific salmon sales were 13,439 MT WFE during Q1 2021, 7.2% lower than in Q1 2020, and comprised 90% and 10% of each of the respective species.

#### Operating revenue

The Company's marketing and sales strategy is to build its capacity and flexibility in order to diversify its products and target markets and focus on the most attractive markets for its raw material, based on medium-term conditions, and preferring stable customer relationships.

#### Sales by market segment for Q1 2021

Product or Species	USA	Europe and Russia	Asia, except Japan	Japan	LATAM, except Chile	Chile	Others	TOTAL
	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD
Atlantic salmon	26,068	1,576	4,017	4,519	18,562	5,561	711	61,013
Coho	1,288	140	1,426	1,628	380	42	64	4,967
Others	0	0	0	0	0	3,640	0	3,640
<b>TOTAL</b>	<b>27,356</b>	<b>1,716</b>	<b>5,443</b>	<b>6,147</b>	<b>18,941</b>	<b>9,242</b>	<b>775</b>	<b>69,620</b>

#### Sales by market segment for Q1 2020

Product or Species	USA	Europe and Russia	Asia, except Japan	Japan	LATAM, except Chile	Chile	Others	TOTAL
	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD
Atlantic salmon	38,384	11,988	6,366	4,291	13,498	2,507	337	77,372
Coho	636	1,034	0	1,018	777	22	0	3,487
Other income	0	0	0	0	0	3,129	0	3,129
<b>TOTAL</b>	<b>39,021</b>	<b>13,022</b>	<b>6,366</b>	<b>5,309</b>	<b>14,276</b>	<b>5,658</b>	<b>337</b>	<b>83,988</b>

The Company defines its value-added products as those containing some degree of secondary processing (excluding frozen whole salmon), which represented 87.6% of Atlantic salmon sales for Q1 2021 and was higher than for Q1 2020 at 77.9%. The remaining sales are head-on gutted whole salmon for the South American and Chinese markets.

North American's share of sales rose from 39.3% to 46.5% for Q1 2021, while European and Russian sales decreased from 15.5% during 2019 to 2.5% for Q1 2021. Russia prohibited imports from some Chilean plants at the end of February 2020, which included Salmenes Camanchaca's products, so there were no sales from March 2020 onwards. Asia excluding Japan remained stable at 7.8% of sales, while Japan increased from 6.3% to 8.8%. Latin America grew from 17% to 27.2%, mainly due to a significant increase in the Mexican market, where the parent company Camanchaca S.A. opened a commercial office during 2020, partially offset by the fall in the Brazilian market. Accordingly, current conditions in certain markets have led to sales being redirected to traditional markets for Salmenes Camanchaca, such as the USA, Japan and Mexico, who require predominantly value-added products.

The Company's other businesses, such as processing services for third parties, leasing farming sites and sales of smolts and byproducts, resulted in an operating margin of USD 1.1 million for Q1 2021.

#### Other Businesses

Salmenes Camanchaca has six sea farming concessions that are leased for trout farming in the Reloncaví Estuary in the Tenth Region. These leases are the Company's contribution to the trout joint venture. The neighborhood where these concessions are located has a mandatory fallow period in the first quarter of odd-numbered years when harvest volumes are smaller, such as in Q1 2021 when 4,032 MT WFE were harvested, much lower than the 10,415 MT WFE harvested in Q1 2020. Sales by the joint venture in Q1 2021 were 2,762 MT WFE, 6.3% higher than in Q1 2020, and with slightly higher prices, but with finished product costs 12% higher than in Q1 2020. Thus, Salmenes Camanchaca's one third interest in this result was a net loss of USD 0.3 million for Q1 2021, compared to its net income of USD 0.4 million in Q1 2020, which is disclosed under Other gains (losses).

The strategy to develop this joint venture business has not varied to date. It is operated by Caleta Bay, who continues to estimate average annual harvest volumes of 12,000 MT until 2022 when the current agreement ends. During November 2020, the agreement was extended for a 6 year term from January 2023. During this term (2023-2028) it will only use 4 concessions and smolt stocking will be reduced to two thirds, which is approximately 6 million trout for each 2 year productive cycle. From 2023 onwards, the remaining approximately 3 million fish and 2 sites will be used for Salmenes Camanchaca's own Atlantic or Pacific salmon farming.

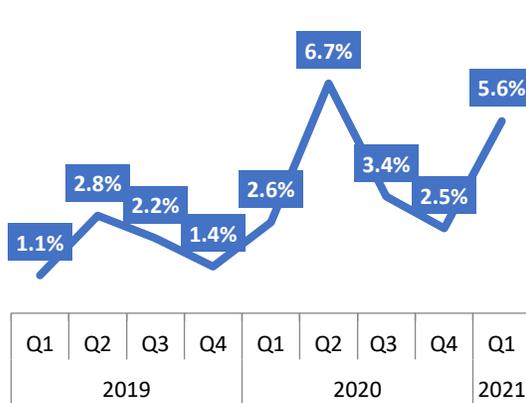
Salmenes Camanchaca began farming Pacific salmon in 2019, to improve the use of its estuarine concessions in the Tenth region and complement the trout joint venture. This initiative will give the Company specific experience in producing and marketing this species, which the Company considers beneficial as it will make better use of its concessions and enable it to diversify into a species with lower biological risks. Salmenes Camanchaca expected negative margins during the first 2 productive years in 2019 and 2020, due to the reduced smolt stocking density required by regulations. But from 2021 onwards, smolt stocking can be at optimum densities with an estimated cost improvement of USD 1/kg.

## II. Sanitary and Production Conditions

The total open cycle biomass mortality of the Atlantic salmon during Q1 2021 was 5.6%, higher than mortality for the same quarter in the previous cycle in 2019, which was 1.1%. The mortality for the quarter recognizes the full mortality of Reñihué Fjord, which add to 240 thousand fish. However, only 12% of the total mortalities in the Comau Fjord, as the remainder will be recorded in the biological performance report for Q2 2021.

Mortality for the two sites that completed their cycle (closed cycle) in Q1 2021, including the Islotes site, was 28.3%. This was higher than the historical average due to the closure of the Islotes site, which was affected by severe currents in May 2020 causing high mortality.

Atlantic salmon mortality\* (%)



Atlantic salmon ex-cage live weigh cost (USD/kg)



\* Total quarterly mortality (number of fish) including both closed and open sites. The closed sites affected by the HAB are included.

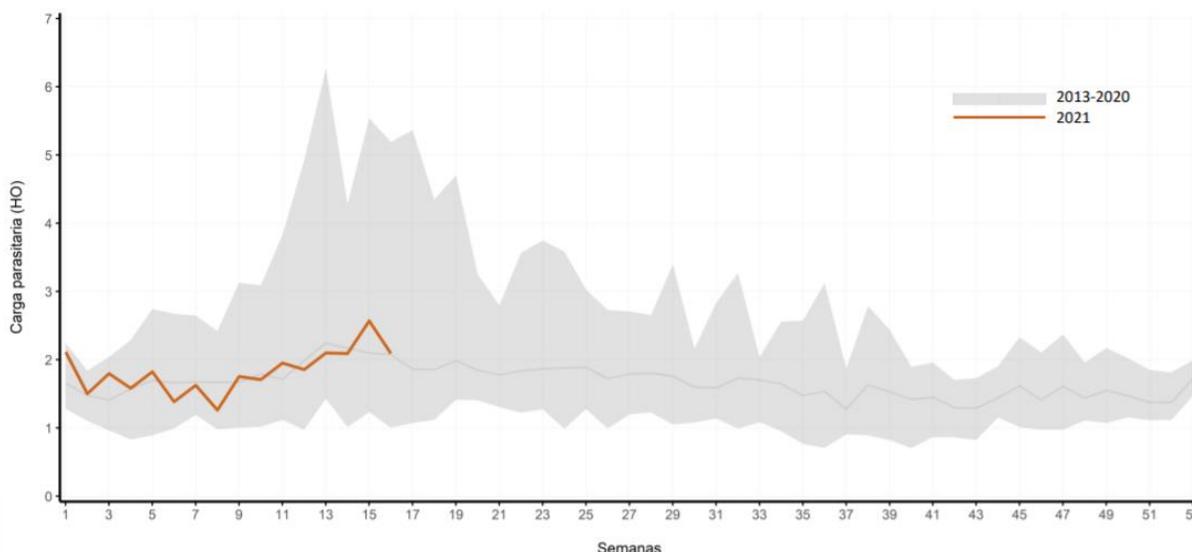
The following table shows the trends in the principal closed cycle Atlantic salmon production and sanitary variables for the last twelve months (LTM).

Atlantic salmon	Biological Indicators					Sustainability Indicators				
	FCRb (LW)	Productivity kg WFE/smolt	Average harvest weight kg WFE	Antibiotic use Gr/MT	Antiparasitic treatments Gr/MT	Number of antibiotic treatments	Medicinal treatments (baths) Gr/MT	Number of escapes Fish	Cycle duration / Fallow periods	FIFO Ratio
LTM 2017	1.27	4.7	5.4	545.7	6.7	2.6	6.3	0	18/6	0.80
LTM 2018	1.20	4.7	5.1	553.5	7.9	2.5	7.9	0	17/7	0.66
LTM 2019	1.16	4.8	5.3	513.5	6.3	2.5	6.3	0	17/7	0.59
LTM 2020	1.19	4.8	5.2	532.7	12.3	1.8	12.2	0	16/8	0.57
LTM 2021	1.15	4.7	5.5	539.9	7.0	2.40	7.0	37,150	16/8	0.60

Smolt productivity is measured as the harvested biomass weight in kg/number of smolts. It reached 4.7 kg WFE/smolt in Q1 2021 (LTM), which is 2% lower than the average for Q1 2020 (LTM). The average harvest weight was 5.5 kg WFE, which was 8% higher than in Q1 2020 (LTM) and 5% higher than the previous cycle in 2019 (Q1 2019 LTM). Escapes in Q1 2020 (LTM) were the result of the incident at the Islotes site in May 2020 due to extreme weather conditions in the vicinity of the Islotes site that resulted in the loss of approximately 520,000 fish, and about 37,000 fish escaped, of which 27% were recovered.

As of the date of this report, Salmones Camanchaca had no farming sites classified as sea lice High Propagation Sites (HPS), where more than 3 incubating females on average have been spotted.

Figure 1: Weekly abundance comparison for breeding females



Source: Aquabench

Antibiotic use during the first quarter of 2021 (LTM) remained the same as the previous year, but 5% higher than the same quarter in the previous production cycle (Q1 2019 LTM). The number of parasitic treatment baths decreased by 43% compared to Q1 2020 (LTM) but increased by 11% compared to the same quarter in the previous production cycle (Q1 2019 LTM).

Improvements were achieved in the biological conversion factor, which reached 1.15 during Q1 2021, resulting in 6% growth in average harvest weights compared to Q1 2020 (LTM).

Accordingly, Atlantic salmon costs in Q1 2021 were as follows.

Costs (USD/kg WFE)	Q1 2019	Q1 2020	Q1 2021
Ex cage (WFE)	3.73	3.39	4.20
Harvest and primary processing (WFE)	0.36	0.34	0.36
Value-added processing (WFE)	0.70	0.57	0.84
Processing cost (WFE)	1.06	0.91	1.20
<b>Total cost of finished product (WFE)</b>	<b>4.79</b>	<b>4.30</b>	<b>5.40</b>

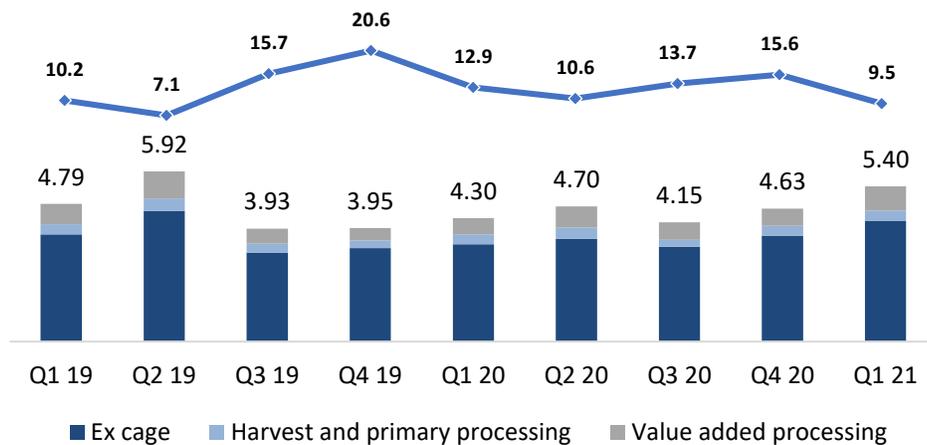
The farming cost ex-cage WFE in Q1 2021 was USD 4.20 /kg WFE (equivalent to USD 3.91/kg live weight), 24% higher than in Q1 2020 and 12.7% higher than in Q1 2019, being the same production cycle at the same sites. The increase is due to lower harvest volumes mainly caused by lower growth associated with algae blooms and oxygen depletion, and the harvest volumes at the Islotes site affected by the mass mortality event. The sites harvested were also affected by SRS outbreaks and sea-lion mortality during their productive cycle.

Primary and secondary processing costs were USD 1.20 /kg WFE, which was USD 0.29 or 31.5% higher than Q1 2020, and USD 0.14 or 13.2% higher than Q1 2019. This was due to the lower scale of production and the increase in the value-added production.

Consequently, the total cost of finished products was USD 5.40 /kg WFE, which was USD 1.10 higher than in Q1 2020, and USD 0.60 higher than in Q1 2019 during the previous cycle for the same neighborhoods and harvested sites. It was USD 1.17 higher than the long-term target of USD 4.23/ kg WFE.

A twelve-month trend analysis shows more stability in costs, which reached USD 4.67/kg WFE LTM and is 10% higher than the long-term target, explained by the factors mentioned in this report.

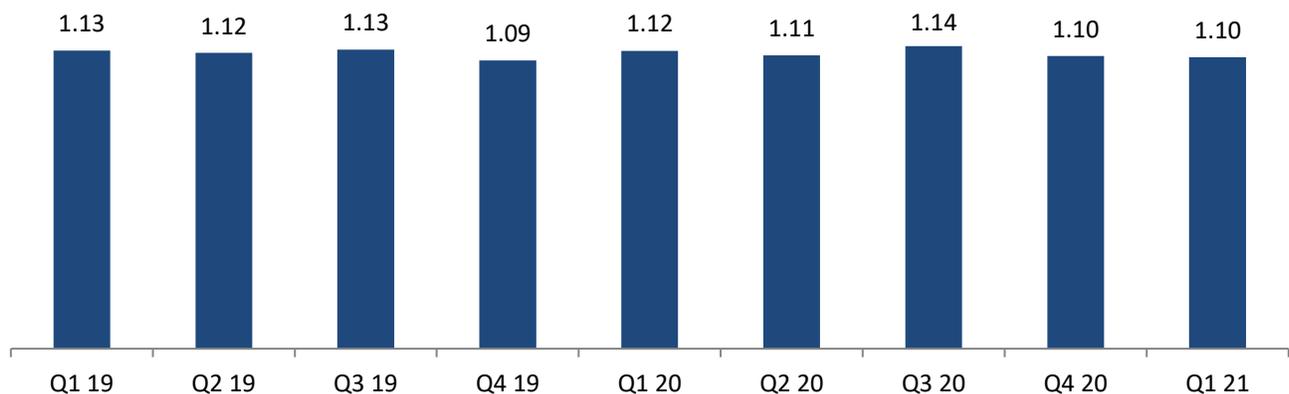
**Total cost of Atlantic salmon finished products (USD/kg WFE) and processed volume (MT WFE) by quarter**



### III. Feed Cost

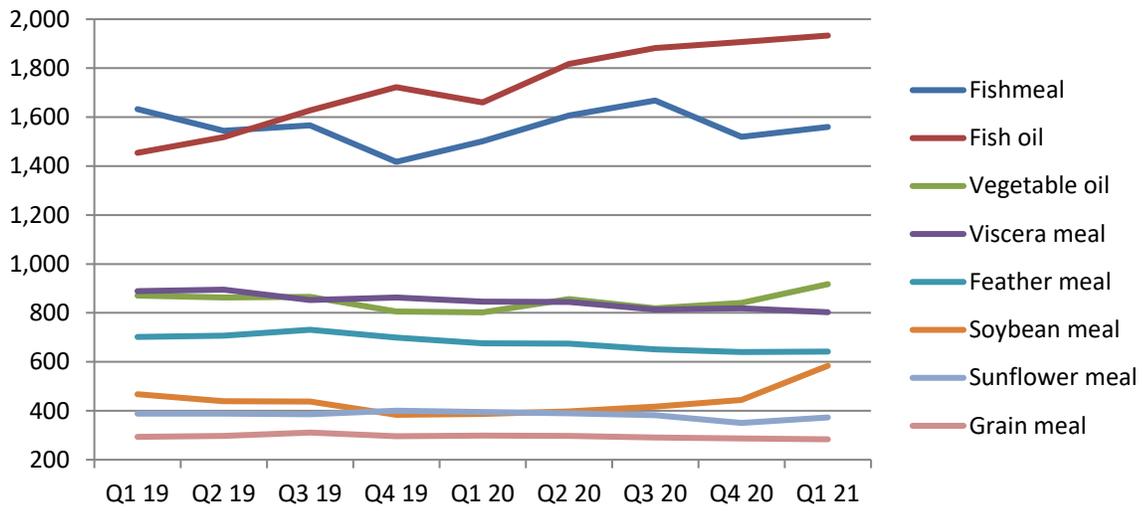
The price of feed for fish over 2.5 kg, which represent approximately 40% of the Company's total feed cost, remained stable compared to the previous quarter, reaching USD 1.10/kg, which is 2% lower than Q1 2020, despite increases in the cost of fish oil, soybean and other feed ingredients.

**Price for 2500 caliber (Salmones Camanchaca) USD/kg**



Source: Internal data, Salmones Camanchaca price including pigment. Excludes medicated feed, feed additives and supplements

### Price of main ingredients USD/MT



Source: Internal data, Salmones Camanchaca

## Subsequent Events

The Comau Fjord was subject to a harmful algae bloom (HAB) during the last days of March, which is a natural phenomenon typical of an extremely dry and sunny summer but had not been seen in the area since 1988. It unexpectedly and aggressively affected four Atlantic salmon farming sites at Loncochagua, Leptepu, Porcelana and Marilmó. The Company activated its contingency plans, and approximately 1.4 million live fish were transferred out of the Comau Fjord to sites that had to be set up for this purpose between April 1 and 8, which involved the use of twelve specialized vessels. This measure allowed to save 49% of the original biomass at these sites. Simultaneously, the contingency plans for mass mortalities required deploying all available resources to remove the mortalities, including: (i) the traditional silage mortality removal fleet that comprised of two vessels; (ii) mortality extraction systems with cones; (iii) additional pumps and diving equipment to support mortality removal; (iv) an additional contingency fleet comprised of three barges and three launches with containers; (v) larger bulk cargo fleet consisting of the 300m<sup>3</sup> capacity vessel Ana Cristina; (vi) activating the “Tridente” mortality removal project, to support the offshore fishing vessels Duqueco and Erika, with cargo capacities of 1,200m<sup>3</sup> and 1,700m<sup>3</sup>, respectively; (vii) a complementary bulk cargo fleet of ten independently owned vessels, with individual cargo capacities between 30 and 75m<sup>3</sup>; and (viii) thirteen support vessels for diving operations. All the vessels used to transport the mortalities were specifically authorized for this purpose. Thus, 34 boats and 55 divers were used to remove the mortalities from the Leptepu, Loncochagua and Porcelana sites, working intensely until this task was completed on April 18. All the mortalities have been disposed of in specialized reduction plants that are authorized. The financial costs of biomass mortalities, including the corresponding removal, transferring surviving fish and opening new sites, after recovering claims and deductibles from the respective insurance policies, are estimated at USD 7.5 million before tax, which have been included in these financial statements.

## The COVID-19 Situation and Outlook for the Company

Salmones Camanchaca continues to reinforce and improve the measures it adopted to address the global pandemic in Chile, and thus reduce the risks of infection and mitigate the potential human, operational and financial consequences. These measures aim to achieve two main objectives:

1. Protect the health of our employees and their families, and everyone who works at the facilities operated by Salmones Camanchaca. Weekly tests have been performed on all employees since Q4 2020. At the close of this report, special coordination planning and facilities had vaccinated close to 75% of employees with at least one dose. As of April 22, 2021, 10 employees were actively infectious, representing 0.54% of the total workforce. We conducted more than 47,000 tests with only 0.44% producing a positive result, and no serious cases.
2. Protect the company's operational continuity, which is an indispensable requirement in order to protect employment at Salmones Camanchaca and conserve the company's own health.

As of the date of this report, the measures adopted by the company have enabled it to operate continuously and market its products with focus on production and marketing of products with the highest added-value to meet demand at supermarkets (retail), which has been growing significantly and partly offsetting the decrease of the food service sector. However, many restaurants and hotels around the world have closed, which has particularly affected some markets such as Brazil, China and Russia, where weak demand has led to significant reduction in selling prices in all markets, although these have been gradually recovering during Q1 2021 as this segment reopened.

The medium-term impact of COVID-19 has improved during Q1 2021 with massive vaccinations taking place in Chile and in the main North American market. These are essential for production. Nevertheless, Salmones Camanchaca continues to monitor its mitigating measures and will adapt as production conditions and its target markets evolve.

The world supply of Atlantic salmon for 2021 will have limited growth according to Kontali with increase only in Norway. A decrease of around 15-17% in Chile's production is estimated, with the consequent effect on its main markets. Furthermore, Canadian production is not expected to grow, so the availability of salmon will be restricted, which adds to the signs of increasing demand appearing at the end of Q1 2021.

## Main Risks and Uncertainties

External variables might materially impact the Company's annual performance. The main variable affecting revenue is the price of Atlantic salmon, while the main variables affecting costs are the environmental conditions at farming sites, and the sanitary status of the salmon biomass, including the biological conversion of feed.

Individually and in aggregate, aquaculture businesses are exposed to various risks. Consequently, Salmenes Camanchaca uses a risk matrix that guides the Company in order to: i) review and update the critical risk inventory and generate a map that helps manage risks; ii) assess these risks on the basis of impact and probability parameters that helps with prioritizing; iii) implement an internal audit and control plan based on the risk map that focuses resources on the most vulnerable areas; iv) generate a set of strategies to reduce the probability and impact, including insurance wherever this is feasible and financially attractive. These risk maps guide management to continuously manage and mitigate each risk and establish the corresponding responsibilities, as well as review the frequency and severity of internal controls to validate the effectiveness of mitigating measures.

The factors used to detect critical risks are the Company's mission, vision and values; short and long-term strategic planning; known risks inherent to the business; the knowledge and experience of key personnel; and other factors.

### **a. Phytosanitary Risks**

The Company is exposed to risk of disease or parasites that can affect the biomass, increasing mortality or reducing the growth of specific species, and thereby, affecting production and sales volume. Examples of these risks are increases in parasitic concentrations, outbreaks of SRS or even ISA in 2008. Salmenes Camanchaca has adopted strict control standards to minimize those risks, and comply with regulatory requirements with respect to coordinated fallow periods for the concessions in each neighborhood. These standards cover the maximum fish density in cages, constant monitoring and reporting of the biomass and its biological status and health, total fish vaccination against ISA and SRS, smolt production in closed recirculating sites fed by groundwater, transport of breeders and fish for harvest in wellboats, coordinated anti-parasitic washing by neighborhood, identifying new parasitic treatments, frequent net cleaning, oxygen plants to supplement pronounced shortfalls in the water, vaccinations at the freshwater stage, and other standards. The risks associated with increased concentrations of parasites can result in early harvests, under certain circumstances, with the consequent lower harvest weights. In the extreme, they can result in unusable products. The Company is mitigating these risks by rigorously applying current treatments, diversifying the anti-parasitic treatments it applies to sites affected by higher concentrations.

### **b. Natural Risks**

The Company is exposed to natural hazards that may affect its business, such as pronounced oxygen depletion or harmful algae blooms, such as those seen in the Reñihue and Comau fjords between the end of Q1 2021 and the beginning of Q2 2021. It is also exposed to volcanic eruptions such as the Calbuco volcano in 2015, storm surges, tsunamis, earthquakes, natural predators, water pollution and other factors that can threaten the biomass and production infrastructure, such as the severe currents produced by heavy rains in 2020 that affected the Islotes site. Furthermore, it is exposed to non-aquaculture risks that affect people working in this industry, such as highly contagious diseases that limit normal production, intermediate or final logistic chains that can limit production and sales, such those imposed by the COVID-19 pandemic during 2020 and 2021. The Company is constantly monitoring these variables using the latest risk prevention technologies and tools available in Chile, in addition to having appropriate insurance coverage for these risks, where available.

### **c. Product Sale Price Risks**

The Company mainly exports its products to numerous markets and evaluates the prices it obtains, for which it has a wide commercial network. The Company adjusts the speed of its sales in accordance with production and market

conditions, which are constantly in flux. However, it does not accumulate inventory in order to speculate on better sale prices in the future.

Prices are highly dependent on supplies from Norway and Chile and on fluctuations in exchange rates used by the Company's major trading partners, which affects demand in these markets. Furthermore, demand may fall due as consumption patterns weaken, for example in the restaurant and hotel segment in 2020 as a result of the COVID-19 pandemic, which could continue well into 2021. Salmenes Camanchaca has sought to safeguard against this risk through diversifying its commercial network and flexing its range of products to enable its raw material to be sent to any market.

The Company complies with production standards and protocols applied by the country with the strictest requirements in the world, in order to take advantage of all available commercial opportunities. However, there is a risk that occasionally some markets will be limited as a result of tariff, para-tariff or sanitary measures, such as the limitations imposed by Russian and Chinese markets during 2020. Should this occur, the Company believes that it is sufficiently diversified across various markets to divert trade elsewhere, although this may result in price decreases in the short-term depending on market conditions.

#### **d. Purchase Price Risks**

The Company is exposed to changes in the price of salmon feed, which represents about half the cultivation cost. Salmenes Camanchaca ensures its diets achieve a balance between feed cost and nutritional quality at each fish development stage. The Company aims to produce a final product that contains the same amount of Omega 3 as wild salmon, as well as keeping the marine sourced feed compared to farmed fish feed (the fish in-fish out ratio) to no more than 1:1. The Company has feed contracts with prices adjusted quarterly, on a cost-plus basis. During the last few years, the prices of the main consumables used in production have remained stable.

#### **e. Regulatory Risks**

Aquaculture is strictly regulated in Chile by laws, standards and regulations issued by the corresponding authorities. Significant changes in these could impact the Company's performance. These regulations are mainly established by the General Law on Fisheries and Aquaculture, and its associated regulations that assign concessions, manage the biomass and set preventive sanitary standards. The Company is constantly monitoring changes in regulations in order to anticipate and mitigate any potential impact.

The regulations governing salmon farming densities were changed with effect from Q3 2016, and a smolt stocking reduction program was introduced (SRP) as an alternative to the general density regime. This program requires stocking and farming densities to be reduced when sanitary performance has fallen, or when smolt stockings are expected to grow in the area. The SRP mechanism gives producers the option to replace a reduction in density, when appropriate, with a smolt stocking plan that considers growth containment with respect to the previous cycle, so maintaining densities at maximum permitted levels.

Since the Company's policy has been to use its assets to provide services to third parties/producers, it has routinely leased out several farming sites. Regulations attribute the history of concession use to the concession owner, allowing the Company to use the history of smolt stocking at farming sites leased to third parties in its smolt stocking plans, without affecting the growth of smolt stocking in the areas involved. Therefore, as lease contracts expire beyond 2020, the Company estimates Atlantic salmon harvests of 60,000 MT WFE at its own farming sites, plus another 15,000 to 16,000 MT WFE of other species.

Most of the concessions held by Salmenes Camanchaca for farming fish are of indefinite duration. However, in order to retain the concession, the current regulation requires a minimum amount of use. If minimum use is not achieved, the concession may be revoked. This has led the Company to operate some of its farming sites at

minimum capacity where they are at risk of revocation, which results in additional expenses. This situation generates a regulatory contradiction between an obligation to use the concession, and legislation that prefers smolt stocking growth containment, in order to preserve a healthy sanitary situation.

Examples of these risks are limitations on smolt stocking due to anaerobic marine conditions in the concessions, the obligatory use of concessions to avoid them lapsing, and changes in anchoring requirements, all of which can materially impact costs. Congress is discussing the introduction of regulations to mitigate the impacts of marine farming. However, these discussions are still at an early stage, so their impact cannot be estimated.

The financial statements could be affected by changes in economic policies, specific regulations and other standards introduced by authorities.

**f. Social and Political Risks**

Specific social conditions and/or political situations, such as riots, violence or protests, can generate temporary operational interruptions that affect the continuity of processing plants, primary and/or secondary logistics at export ports, access to specific public services, such as customs or health authorities, availability of labor or security of onshore facilities when faced with strikes, protests, etc. These situations can affect and delay harvests, production or shipments of products to target markets. For example, the social unrest in Chile during the second half of 2019, which interrupted logistics chains. The Company continuously monitors these situations to ensure that its staff, facilities and products are safe, and regularly evaluates mitigating measures, including whether insurance policies are cost-effective.

**g. Liquidity Risks**

Liquidity risk is the risk of potential mismatches between the funds needed for investments in assets, operating expenses, finance costs, repayment of debt as it matures and dividend payments, and funding sources such as product sales revenue, collections from customers, disposal of financial investments and access to financing.

Salmones Camanchaca conservatively and prudently manages this risk by preparing cash flow forecasts for at least the next 12 months and by maintaining sufficient liquidity and access to third-party financing facilities, while carefully ensuring that it complies with all its financial obligations. These were the reasons for restructuring its debt in 2013, 2017 and 2020.

**h. Interest Rate Risks**

The Company is exposed to interest rate risk since its long-term financing includes a variable interest rate component, which is adjusted every six months. The Company continually evaluates its hedging opportunities, which depend on market conditions. However, it has not used them in the last five years given the interest rate trends and the expansive monetary policies adopted by the main economies since 2008. Exposure to this risk has increased as a result of its increased borrowing.

**i. Foreign Exchange Risks**

A substantial proportion of Salmones Camanchaca's revenue arises from contracts and commercial agreements in US dollars. However, given the diversity and importance of markets other than the North American market, which have historically represented approximately 50% of total exports, any devaluation of the US dollar against these markets' currencies and/or the Chilean Peso, could have an impact on market demand and consequently on prices, which would affect the financial performance of the Company.

Corporate policy is to agree income, cost and expenses in US dollars whenever possible. When that is not possible, expenses in Chilean pesos are converted to US dollars, which may appear higher if the Chilean peso appreciates. The Company occasionally evaluates exchange rate hedging instruments for its Chilean peso-denominated

expenses, based on market conditions, which results in non-operating income or loss, respectively, for any operational loss or income produced.

The Company borrows from financial institutions in U.S. dollars.

**j. Credit Risks**

**1. Surplus cash investment risk**

The Company has a highly conservative policy for investing its cash surpluses. This policy covers the quality of both financial institutions and their financial products.

**2. Sales Risks**

The Company has credit insurance policies covering most sales that do not require immediate payment. The remaining sales are backed by letters of credit, advance payments, or are sales to customers with good payment performance.

Operational stoppages at ports or by customs or other institutions, as well as protests, marches or road blockages, may affect and delay shipments of our products to the markets where they are sold. Therefore, the Company continuously monitors these variables in order to anticipate any issues and identify alternatives to minimize the impact.

# Financial Statements

## Statement of Net Income

Consolidated (ThUSD)	Q1 2021	Q1 2020	Δ
Operating revenue	69,620	83,988	(14,368)
Cost of sales	(76,500)	(67,317)	(9,183)
<b>Gross margin</b>	<b>(6,880)</b>	<b>16,671</b>	<b>(23,551)</b>
Administrative expenses	(2,053)	(2,443)	390
Distribution costs	(2,444)	(2,797)	353
<b>Sales and administrative expenses</b>	<b>(4,497)</b>	<b>(5,240)</b>	<b>743</b>
<b>EBIT* before fair value adjustments</b>	<b>(11,377)</b>	<b>11,431</b>	<b>(22,808)</b>
<b>EBITDA** before fair value adjustments</b>	<b>(7,391)</b>	<b>15,117</b>	<b>(22,508)</b>
Net fair value adjustments to biological assets	(3,400)	(6,090)	2,690
<b>EBIT after fair value adjustments</b>	<b>(14,777)</b>	<b>5,341</b>	<b>(20,118)</b>
<b>EBITDA after fair value adjustments</b>	<b>(10,791)</b>	<b>9,027</b>	<b>(19,818)</b>
Financial costs	(1,068)	(1,099)	31
Share of net income (losses) of equity method associates	336	544	(208)
Exchange differences	(224)	(2,431)	2,207
Other gains (losses)	(5,230)	(38)	(5,192)
Financial income	0	0	0
<b>Total non-operating expenses</b>	<b>(6,186)</b>	<b>(3,024)</b>	<b>(3,162)</b>
<b>Net income (loss) before taxes</b>	<b>(20,963)</b>	<b>2,317</b>	<b>(23,280)</b>
Taxation income (expense)	5,804	(494)	6,298
<b>Net income (loss) for the period attributable to owners of the parent company</b>	<b>(15,159)</b>	<b>1,823</b>	<b>(16,982)</b>

\* EBIT: Gross margin before fair value adjustment - administrative expenses - distribution costs

\*\* EBITDA: Gross profit before fair value adjustments + depreciation - administrative expenses - distribution costs

## Statement of Financial Position

ThUSD	03/31/2021	12/31/2020	03/31/2020
Cash and cash equivalents	13,310	9,038	24,294
Other financial assets, current	327	341	30
Other non-financial assets, current	8,085	7,422	8,885
Trade and other receivables, current	28,726	15,386	23,118
Related party receivables, current	37,519	35,704	46,573
Inventories	34,496	46,963	30,835
Biological assets, current	96,079	113,756	135,469
Tax assets, current	13,529	13,691	5,673
<b>Total current assets</b>	<b>232,071</b>	<b>242,301</b>	<b>274,877</b>
Other financial assets, non-current	27	27	27
Other non-financial assets, non-current	112	112	112
Rights receivable, non-current	2,696	2,168	1,100
Related party receivables, non-current	0	0	0
Equity method investments	5,151	4,889	4,773
Intangible assets other than goodwill	6,972	6,972	6,948
Property, plant, and equipment	115,593	115,618	114,856
Long-term deferred taxes	2,892	2,963	2,035
<b>Total non-current assets</b>	<b>133,443</b>	<b>132,749</b>	<b>129,851</b>
<b>Total assets</b>	<b>365,514</b>	<b>375,050</b>	<b>404,728</b>
Other financial liabilities, current	38,741	43,040	13,410
Operating lease liabilities, current	408	483	632
Trade and other payables, current	53,411	58,426	60,067
Related party payables, current	8,531	11,431	18,515
Current tax liabilities	0	0	714
Employee benefits provisions, current	1,291	1,573	902
Other provisions	6,730	5,479	4,830
<b>Total current liabilities</b>	<b>109,112</b>	<b>120,432</b>	<b>99,070</b>
Other financial liabilities, non-current	102,804	79,739	90,000
Operating lease liabilities, non-current	99	187	112
Deferred tax liabilities	644	6,519	14,674
Employee benefit provisions, non-current	73	158	123
<b>Total non-current liabilities</b>	<b>103,620</b>	<b>86,603</b>	<b>104,909</b>
<b>Total liabilities</b>	<b>212,732</b>	<b>207,035</b>	<b>203,979</b>
Share capital	91,786	91,786	91,786
Share premium	27,539	27,539	27,539
Retained earnings	10,545	25,704	59,153
Other reserves	22,912	22,986	22,271
<b>Total equity</b>	<b>152,782</b>	<b>168,015</b>	<b>200,749</b>
<b>Total equity and liabilities</b>	<b>365,514</b>	<b>375,050</b>	<b>404,728</b>

## Statement of Cash Flows

ThUSD	Q1 2021	Q1 2020
<b>CASH FLOW FROM (USED BY) OPERATING ACTIVITIES</b>		
<b>Receipts</b>		
Receipts from selling goods and providing services	78,176	93,822
<b>Payments</b>		
Payments to suppliers for goods and services	(81,669)	(72,321)
Payments to and on behalf of employees	(7,161)	(7,210)
Dividends received	0	0
Interest paid	(151)	0
Interest received	0	0
Income taxes received (paid)	0	0
Other cash receipts (payments)	0	0
<b>Cash flows from operating activities</b>	<b>(10,805)</b>	<b>14,291</b>
<b>CASH FLOWS USED BY INVESTING ACTIVITIES</b>		
Receipts from sales of property, plant and equipment	8	0
Purchases of property, plant and equipment	(2,745)	(6,944)
Other receipts (payments)	0	0
<b>Net cash flow from (used by) investing activities</b>	<b>(2,737)</b>	<b>(6,944)</b>
<b>CASH FLOW FROM (USED BY) FINANCING ACTIVITIES</b>		
Receipts from issuing shares	0	0
Receipts from loans	22,000	4,000
Loan repayments	(4,000)	0
Payments to related parties	0	0
Dividends paid	0	0
<b>Net cash flow from (used by) financing activities</b>	<b>18,000</b>	<b>4,000</b>
Effects of changes in exchange rates on cash and cash equivalents	(186)	(920)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,272	10,427
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	9,038	13,867
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>13,310</b>	<b>24,294</b>

## Statement of Changes in Equity

	Share capital	Share premium	Foreign currency translation reserve	Other reserves	Total other reserves	Retained earnings (accumulated losses)	Equity attributable to owners of the parent company	Total equity
Opening balance as of January 1, 2020	91,786	27,539	-668	23,515	22,847	61,543	203,715	203,715
Capital increase								
<b>Changes in equity</b>								
Dividends accrued						-4,213	-4,213	-4,213
Comprehensive income								
Net income for the period						1,823	1,823	1,823
Other comprehensive income			-576		-576		-576	-576
<b>Closing balance as of March 31, 2020</b>	<b>91,786</b>	<b>27,539</b>	<b>-1,244</b>	<b>23,515</b>	<b>22,271</b>	<b>59,153</b>	<b>200,749</b>	<b>200,749</b>
Opening balance as of January 1, 2020	91,786	27,539	-668	23,515	22,847	61,543	203,715	203,715
Capital increase								
<b>Changes in equity</b>								
Dividends accrued						-4,212	-4,212	-4,212
Comprehensive income								
Net income for the period						-31,627	-31,627	-31,627
Other comprehensive income			139		139		139	139
<b>Closing balance as of December 31, 2020</b>	<b>91,786</b>	<b>27,539</b>	<b>-529</b>	<b>23,515</b>	<b>22,986</b>	<b>25,704</b>	<b>168,015</b>	<b>168,015</b>
Opening balance as of January 1, 2021	91,786	27,539	-529	23,515	22,986	25,704	168,015	168,015
Capital increase								
<b>Changes in equity</b>								
Dividends						0	0	0
Comprehensive income								
Net income for the period						-15,159	-15,159	-15,159
Other comprehensive income			-74		-74		-74	-74
<b>Closing balance as of March 31, 2021</b>	<b>91,786</b>	<b>27,539</b>	<b>-603</b>	<b>23,515</b>	<b>22,912</b>	<b>10,545</b>	<b>152,782</b>	<b>152,782</b>

## Additional Information

### Analysis of Key Financial Indicators

This section compares the Company's key financial indicators based on its consolidated financial statements as of March 31, 2021, compared to December 31, 2020.

	03/31/2021	12/31/2020
<b>Liquidity Indicators</b>		
1) Current Liquidity	2.13	2.01
2) Acid Ratio	0.93	0.68
3) Working Capital (USD million)	122.959	121.869
<b>Debt Indicators</b>		
4) Net debt ratio	1.31	1.18
5) Current Liabilities / Total Liabilities	0.51	0.58
6) Non-Current Liabilities / Total Liabilities	0.49	0.42
<b>Profitability Indicators</b>		
	(3 months)	(12 months)
7) Return on Equity	-9.92%	-18.82%
8) Return on Assets	-1.88%	0.06%

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Notes:

1) Current Liquidity: Current Assets / Current Liabilities

2) Acid Ratio: Current Assets Net of Inventory and Biological Assets / Current Liabilities

3) Working Capital: Current Assets - Current Liabilities

4) Net Debt Ratio: Total Liabilities - Available Cash / Total Equity

7) Return on Equity: Net income (loss) attributable to owners of the parent company / Total equity

8) Return on Assets: Gross margin before fair value adjustment / Total assets

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The increase of 6% in the current liquidity ratio is mainly caused by the decrease of USD 11.3 million in current liabilities that was greater than the decrease of USD 10.2 million in current assets, as explained in the financial position analysis. Consequently, working capital increased by USD 1.1 million or 1%.

The acid ratio increased by 37.3% compared to year-end 2020 mainly due to the increase in current assets net of inventory and biological assets of USD 19.9 million and the decrease in current liabilities of USD 11.3 million. These changes have already been explained in the financial position analysis.

The increase in the net debt ratio from 1.18 to 1.31 is mainly due to equity decreasing by close to USD 9.5 million. These changes have already been explained in the financial position analysis. The increase in the proportion of long-term liabilities from 0.42 to 0.49 is due to drawing down a USD 35 million 1.5-year committed financing facility with DNB and Santander banks. These changes have already been explained in the financial position analysis.

The decrease in the return on equity and on assets is mainly explained by the drop in prices, volumes and other effects that affected the results and the Fair Value Adjustment during 2021.

## Indicators for Q1 2021

	Q1 2021	Q1 2020
a. Atlantic salmon sites harvested during the period	4	4
b. Atlantic salmon harvested during the period (MT WFE) / Site	2,291	3,286
c. Atlantic Salmon farming density (kg/m3)	5.9	10.5
d. Atlantic Salmon group survival rate in sea water at harvest	77.1%	93.50%
e. Pacific salmon sites harvested during the period	0	1
f. Pacific salmon harvested during the period (MT WFE) / Site	n.a	760
g. Pacific Salmon farming density (kg/m3)	n.a	0.7
h. Pacific Salmon group survival rate in sea water at harvest	n.a	93.0%
i. Operational EBIT before fair value adjustments (USD million)	-11.4	1.8
j. Atlantic salmon EBIT/kg WFE before fair value adjustments	-0.98	0.97
k. Pacific salmon EBIT/kg WFE before fair value adjustments	0.36	-1.81

### Notes:

a and e. Atlantic and Pacific salmon sites harvested during the period

b and f. Harvest volumes during the period (MT WFE) / Number of harvested sites, expressed in MT WFE / Site.

c and g. Average farming density, expressed in kg per cubic meter, for sites harvested during the period.

d and h. Survival rate for harvested fish groups compared to smolt stocking. A harvest group is fish of a similar origin and strain.

i. Gross margin before fair value adjustment - administrative expenses - distribution costs for the salmon farming division

k and k. (Gross margin before fair value adjustment - administrative expenses - distribution costs) / kg WFE of own salmon sold

## Biomass Fair Value

### For the period ended March 31, 2021 (ThUSD)

	Gain (loss) on fair value of biological assets		Cost of biological assets harvested and sold	
	As of 03/31/2021	As of 03/31/2020	As of 03/31/2021	As of 03/31/2020
Salmonids	-7,619	11,347	4,219	-17,437

The net effect of the fair value adjustment of the salmon biomass is reflected in two accounts:

- “Gain (loss) on FVA of biological assets” records the estimated gain or loss for the period from valuing the biomass of live and harvested fish at the end of each month that will be sold in future periods. It can be positive or negative based on changes in the biomass, its cost, the quality of concessions and the market price. A loss of USD 7.6 million was recorded for the fair value adjustment of the live and harvested biomass as of March 31, 2021, compared to a gain of USD 11.3 million as of the same date in 2020. This can be explained mainly by higher costs and lower biomass volumes between the two periods and the characteristics of these farming sites.
- “Fair value adjustment of biological assets harvested and sold” records the realized gain or loss on the live biomass, and the biomass harvested in current and prior periods that was sold in the current period. This account reverses the estimated gain or loss for the current and prior periods and the result of the transaction is recorded in operating revenue and cost of sales. The net effect on the biomass sold as of March 31, 2021 was a positive margin of USD 4.2 million, which reversed a negative margin estimated in prior periods, in contrast to a negative margin of USD 17.4 million as of March 31, 2020.

The net effect of the fair value adjustments on the salmon biomass for the period ended March 31, 2021 is negative USD 3.4 million, as opposed to the negative USD 6.1 million as of March 31, 2020.

### Differences between the market and book values of principal assets

Biological assets include the following.

Biological assets include groups of breeders, eggs, smolts and fish at marine grow-out sites. They are evaluated at initial recognition and through-out their growth.

Live fish inventories at all their freshwater stages, which are breeders, eggs, fry and smolts. These are valued at accumulated cost at the reporting date.

The fair value valuation criteria for fish at marine grow-out sites includes the value of the concession as a component of the farming risk, in accordance with the definition in IAS 41. Therefore, a valuation model has been adopted that calculates the Fair Value Adjustment (FVA) by applying a risk factor to the expected biomass margin at each marine grow-out site.

The estimated fair value of fish biomass is based on the volume of fish biomass, average biomass weights, cumulative biomass costs for each site, estimated remaining costs and estimated sales prices.

## Volume of fish biomass

The volume of fish biomass is an estimate based on the number of smolts in the sea, an estimate of their growth, identified mortality in the period, average weights, and other factors. Uncertainty with respect to the volume of biomass is normally lower in the absence of bulk mortality events during the cycle, or if the fish catch acute diseases.

The biomass is the weight when it is calculated for each farming site. The target harvest weight depends on each site.

## Cumulative Costs

Cumulative costs for farming sites at the date of the fair value calculation are obtained from the company's accounts.

## Remaining Costs

Estimated remaining costs are based on the forecast direct and indirect costs that will affect the biomass at each site through to final harvest.

This estimate is refined at each calculation, and uncertainty reduces as the harvest approaches.

## Operating revenue

Revenue is calculated using several sales prices forecast by the company for each month based on future price information from public sources, adjusted to historical price behavior from the main destination market for our fish. This is reduced by the costs of harvesting, processing, packaging, distribution and sale.

A Fair Value Adjustment is applied to all fish at marine grow-out sites, under the current model.

Changes in the fair value of biological assets are recorded in the statement of net income for the period.

All biological assets are classified as current biological assets, as they form part of the normal farming cycle that concludes with harvesting the fish.

The gain or loss on the sale of these assets may vary in comparison to their calculated fair value at the reporting date.

The Company uses the following method.

Stage	Asset	Valuation
Fresh water	Eggs, fry, smolts and breeders	Direct and indirect cumulative costs at their various stages.
Sea water	Salmon	Fair value includes prices, costs and volumes that are estimated by the company.