



(Free translation)

**CAPITAL INCREASE SALMONES CAMANCHACA S.A.**

**Capital Increase Fundamentals for up to US \$ 30 million.**

Words from Mr. Ricardo García, vice chairman of the company, to the shareholders at the Extraordinary General Meeting held today, October 18, 2021.

Dear Shareholders:

When Salmenes Camanchaca went public almost 4 years ago, we drew up a growth plan that would take harvests from 34 thousand tons in the year prior to opening, to approximately 70 thousand tons in 2023 or 2024. That plan and that goal developed well in the first two years and in the last 12 months as of March 2020, we harvested 61 thousand tons. From that moment, two phenomena adversely affected us.

The first was the pandemic that closed restaurants and hotels, where more than two thirds of the world's salmon was consumed, which generated a substantial drop in prices that reached historic lows in October 2020. Low prices generated negative margins and losses that were reflected in our results between the second quarter of 2020 and the first of 2021.

The second phenomenon was an exceptional 2021 summer in Los Lagos Region, the driest in 70 years, which caused algae blooms in the two fjords where Salmenes Camanchaca had seven grow-out sea sites that were harvested this year. Continuous presence of algae in Reñihue between the end of 2020 and until the second quarter of 2021, generated conditions that made it impossible for the fish to eat normally, which grew well below their normal harvest weight, increasing the cost per kilo and reducing the harvested volume. In addition

to the above, the sudden and unexpected presence of a harmful algae in the Comau fjord caused the mortality of half of the biomass of four sites that the company operated there.

The result of all the above has been losses and the consequent reduction in the Equity of Salmenes Camanchaca, from 204 million dollars in December 2019, to 144 million in June 2021, that is, 60 million less.

However, looking ahead, the demand looks very robust. Not only have people returned to restaurants and hotels, but they are now eating more salmon at home, and the reflection of that is that in the last few months we have seen the highest prices in history. For us, this demand signal means that pre-pandemic consumer trends have remained intact. Our activity is in the correct sector and protein, and we must reestablish our previous production scale.

To do this and to manage the risks of algae blooms, the company's management has proposed an extraordinary investment plan that will help reduce these risks in the future, consisting of three aspects: the first is to reduce Atlantic salmon stocking and harvesting in Los Lagos Region fjords, replacing them with stockings in our own sites in Aysén Region that has better water renewal and lower algae bloom and lack of oxygen risks. The second is to equip the sites that are exposed to these risks with devices, technologies and equipment to mitigate them. And finally, in the sites located in Los Lagos Region fjords, to partially replace the Atlantic species with Pacific salmon, Coho, which is harvested before summer.

The capital increase that has been proposed to shareholders is precisely intended to support that special investment plan of Salmenes Camanchaca, which will allow it to recover the production it had in 2019-2020 in the next two years, giving more stability to its results by reducing some of the industry activity risks. And in this way, prepare the Company to achieve in the middle of this decade, its objective of reaching a production close to 70 thousand tons, which is the size that will give full value to Salmenes Camanchaca assets.

Specifically, this plan includes, among others, the opening of new sea sites that require special preparation for further water and energy renewal, new cages, pontoons and moorings.

Additionally, the equipment and technologies include bubble stations to give some protection to the potentially most exposed sites from algae events, oxygen generation stations, a backup site for temporary fish transfer, among others. All this will help a more sustainable farming in the sea.

The magnitude of this special investment plan that accompanies the mentioned risk reduction strategies is approximately 25 million dollars, and it will be the main destination of the resources that are expected to be raised with this capital increase. At the same time, we estimate that the reconstruction of the biological asset lost in the algae events this summer can be financed with operational flows generation that we expect to see from the fourth quarter of this year 2021.

Finally, the strengthening of the financial and equity position that the proposed capital increase would bring to the shareholders, as well as the improvement of their financial indicators, will also allow them to face from a better position the necessary long-term debt refinancing to be done in 2022, since the syndicated loan signed in 2017 expires next year.

In summary, we see that our company is in a very attractive industry for protein consumers in the world and that its demand is growing robustly, hand in hand with prices. We also see that growth plans have been adjusted to provide it with fewer vulnerabilities, so that the results are more stable, and for which this capital increase is necessary and convenient for its shareholders.

Due to all of the above, we believe it is necessary and convenient for its shareholders that this Meeting approve the proposed capital increase.