



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

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

For the period ended June 30, 2022

#### **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 Coho salmon and trout, fish farming sites in estuary, fjord and oceanic waters used mainly for Atlantic salmon, primary and secondary processing, and marketing and sales of Atlantic and Coho salmon through five sales offices in its main markets.*

*The production target for both 2022 and 2023 is in the range of 50-60,000 MT WFE. The total production capacity for both Atlantic and Coho salmon is 65-70,000 MT WFE, which the Company expects to reach within three years. Salmones Camanchaca participates in trout farming through a one third share of a joint venture, which uses Salmones Camanchaca farming sites in coastal-estuarine waters, and currently plans to harvest an average of 9,000 MT WFE per year until 2028.*

*Salmones Camanchaca has 1,900 employees on average, 60% of whom work in its value-added plant. The main Atlantic salmon sales markets are currently the USA, Mexico and Latam.*

## Highlights for the second quarter 2022 (Q2 2022)

- **Significant Earnings Recovery:** EBITDA for the quarter improved from negative USD 10.6 million to positive USD 25.7 million, driven by higher prices, greater sales volumes and lower costs.
- **Atlantic salmon harvest volumes in Q2 2022 were 12,446 MT WFE, 93.8% higher** than the Q2 2021 harvest volumes of 6,422 MT WFE, which had been severely affected by the algae bloom in the Reñihue and Comau fjords in March and April 2021. There were no Coho salmon harvests during the quarter.
- **Operating revenue was USD 97.4 million**, an increase of 92.8% over Q2 2021, mainly due to the 48% increase in the sales price of Atlantic salmon, which reached an all-time record in the second quarter, but also by the greater sales volumes, which reached 11,667 MT WFE, an increase of 36.1% over the same quarter for the previous year.
- **The cost of harvested Atlantic salmon** (ex-cage live weight) in the quarter was **USD 4.05/kg**, a decrease of 17.6% over Q2 2021 when it was USD 4.92/kg. This decrease was associated with costs recovering after the algae blooms and oxygen challenges in 2021. The last fish affected by these events were harvested during April 2022. This quarter's costs were negatively influenced by inflation from feed and consumables costs, which have risen by approximately 30%.
- **Total harvesting and processing cost reached USD 0.99/kg WFE, in line with the long-term target of USD 1/kg WFE**, and well below the USD 1.44/kg WFE of Q2 2021, influenced this year by the increase in processing volumes and efficiency projects implemented in the processing plants.
- **EBIT/kg WFE for Atlantic salmon was positive USD 1.74** in Q2 2022, compared to negative USD 1.78/kg WFE a year ago, mainly explained by high salmon prices driven by robust demand **and negative supply growth**, as well as the increase in sales volumes and reduced costs in Salmenes Camanchaca.
- **EBIT/kg WFE for Coho salmon was positive USD 1.62** in Q2 2022 with sales volumes of 506 MT WFE, compared to USD 1.75 in Q2 2021, following good production performance and market diversification. This species will be the main source of production growth for Salmenes Camanchaca in the coming years.
- Consequently, **net income for Q2 2022 was USD 16.9 million**, which was USD 25.3 million higher than the net loss of USD 8.4 million for Q2 2021.
- **Cash balances as of June 30, 2022 were USD 33.2 million** and **net interest-bearing debt** was reduced by **USD 45.4 million** compared to June 30, 2021, to reach **USD 90.3 million**. Thus, the Net Debt to EBITDA ratio for the last 12 months was 1.78.
- Salmenes Camanchaca's total **estimated harvest volumes** for 2022 remain between 50,000 and 53,000 MT WFE, comprising **45-47,000 MT WFE of Atlantic salmon** and **5-6,000 MT WFE of Coho salmon**.

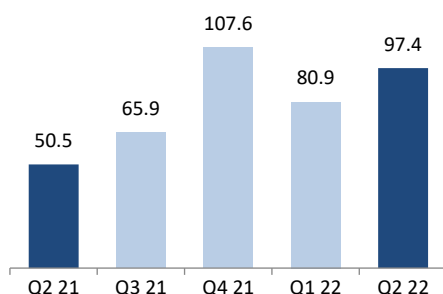
## Key Figures

(USD'000)	Q2 2022	Q2 2021	Δ%	H1 2022	H1 2021	Δ%
Operating revenue	97,446	50,549	92.8%	178,392	120,169	48.5%
EBITDA* before fair value adjustments	25,692	(10,635)	-	29,419	(18,026)	-
EBIT** before fair value adjustments	21,237	(14,630)	-	20,812	(26,007)	-
EBIT margin %	21.8%	-28.9%	-	11.7%	-21.6%	-
Net fair value adjustments to biological assets	5,369	4,217	27.3%	8,128	817	894.9%
Net income (loss) for the period	16,861	(8,440)	-	18,482	(23,599)	-
Earnings per share (USD)	0.2273	(0.1279)	-	0.2491	(0.3576)	-
<b>Atlantic salmon</b>						
Harvest volumes (MT WFE)	12,446	6,422	93.8%	20,555	15,585	31.9%
Sales volumes (MT WFE)	11,677	8,577	36.1%	22,243	20,641	7.8%
Atlantic salmon ex-cage harvesting costs (USD/kg live weight)	4.05	4.92	(17.6%)	4.17	4.33	(3.5%)
Atlantic salmon ex-cage harvesting costs (USD/kg WFE)	4.36	5.29	(17.6%)	4.49	4.65	(3.5%)
Processing costs (USD/kg WFE)	0.99	1.44	(31.2%)	1.12	1.30	(13.9%)
Price (USD/kg WFE)	7.81	5.27	48.3%	7.32	5.14	42.2%
Price (USD/kg GWE)	8.68	5.85	48.3%	8.13	5.72	42.2%
EBIT/kg WFE (USD)	1.74	(1.78)	-	0.80	(1.31)	-
<b>Coho salmon</b>						
Harvest volumes (MT WFE)	0	0	-	663	0	-
Sales volumes (MT WFE)	506	358	41.3%	1,713	1,733	(1.1%)
EBIT/kg WFE (USD)	1.62	1.75	(7.1%)	1.75	0.66	167.3%
Financial Debt				123,503	146,200	(15.5%)
Net Financial Debt				90,324	135,709	(33.4%)
Equity Ratio				47.8%	41.0%	675 bp
Net Financial Debt / LTM EBITDA				1.78	(4.45)	-

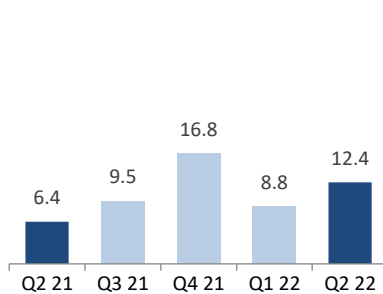
\* EBITDA: Gross margin before fair value adjustments + depreciation - administrative expenses - distribution costs

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

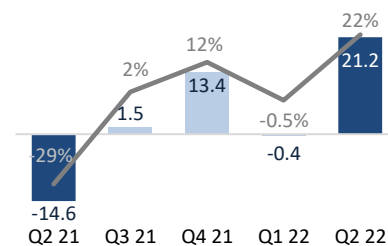
Operating revenue (USD million)



Harvest volumes (MT WFE)



Operational EBIT (USD million)  
EBIT margin (%)



# Financial Performance

## Results for the second quarter to June 30, 2022

Salmones Camanchaca harvested 12,446 MT WFE of Atlantic salmon in Q2 2022, which was 93.8% greater than the harvest volume in Q2 2021 of 6,422 MT WFE, which had been severely affected by the algae bloom and oxygen challenges in the Reñihue and Comau fjords. Consequently, the volume of Atlantic salmon sold this quarter also grew to 11,677 MT WFE, 36.1% higher than the same period in 2021.

During Q2 2022 Coho salmon sales volumes were 506 MT WFE, which were 41.3% higher than Q2 2021.

The average sales price of Atlantic salmon was USD 7.81/kg WFE, which was 48% or USD 2.54/kg WFE higher than Q2 2021, mainly explained by higher market prices and higher sales volumes to capture these prices. This increase translated into USD 22 million additional revenues compared to Q2 2021. Thus, operating revenue increased by USD 46.9 million, almost double that recorded in Q2 2021 (+92.8%), reaching a total of USD 97.4 million.

Ex-cage harvest costs for the quarter were USD 4.05/kg live weight, which were 17.6% lower than the same period last year, which had been severely affected by the algae bloom and oxygen challenges in the Los Lagos Region fjords. However, quarterly costs for this year 2022 have continued to be affected by these events, since the last fish that survived the algae bloom were harvested in April 2022, with an impact of USD 0.11/ Kg WFE. The increased cost of feed coupled with inflationary pressures have also impacted farming costs. Meanwhile, harvesting and processing costs were USD 0.99/kg WFE, in line with the long-term target of USD 1/kg, and well below these costs for Q2 2021 of USD 1.44/kg WFE, as costs were influenced by greater processing volumes and efficiency projects implemented in processing plants.

Extraordinary mortalities in this quarter of 2022 were caused by oxygen challenges that affected a site harvested in June, with a USD 0.6 million direct impact on net income. This figure is significantly lower than the USD 3.1 million direct impact in Q2 2021. Expenses on fallow sites with no biomass, or only the minimum biomass required to avoid the concession lapsing, were USD 1.9 million for the quarter, which were USD 0.7 million lower than in Q2 2021.

Consequently, gross margin was positive USD 25.6 million, which was USD 35.9 million higher than in Q2 2021.

The Company's administrative and selling expenses were similar to Q2 2021, but significantly decreased as a proportion of operating revenue from 8.5% to 4.5%, due to the increase in sales.

EBIT before fair value adjustments for Q2 2022 rose by USD 35.9 million to USD 21.2 million. This increase was due to higher prices, greater sales volumes and reduced costs. Thus, EBIT/kg WFE for Atlantic salmon was USD 1.74/kg WFE for Q2 2022, an improvement of USD 3.52/kg WFE over Q2 2021. EBIT/kg WFE for Coho salmon reached USD 1.62/kg.

The resulting net fair value adjustment for Q2 2022 was positive USD 5.4 million, compared to positive USD 4.2 million in Q2 2021, giving a favorable variation of USD 1.2 million, attributable to higher market prices and reduced costs.

Although debt was reduced by 15.5% and reached USD 124 million as of the end of June, financial expenses rose from USD 1.1 million to USD 1.8 million in Q2 2022, mainly due to an increase in the reference rate, and the refinancing at the end of 2021 resulted in an increased margin of 20 basis points.

Other Gains/Losses had a negative result of USD 1.1 million, mainly due to poor performance from the trout joint venture where Salmones Camanchaca has a one third interest, that lost USD 2.1 million in the quarter against a gain of USD 0.5 million in Q2 2021.

Consequently, the Company had net income after tax of USD 16.9 million for Q2 2022, a favorable result compared to the net loss of USD 8.4 million for Q2 2021, mainly attributable to higher market prices, greater sales volumes and reduced costs.

### Cash flow for Q2 2022

Net cash flow in Q2 2022 was positive USD 3.8 million compared to negative cash flow of USD 2.8 million in Q2 2021, which was explained by:

- Positive operating cash flow of USD 34.2 million, compared to negative USD 3.8 million in Q2 2021, which reflects rising operating revenue.
- Negative investing cash flow of USD 9 million in Q2 2022, compared to negative USD 3.9 million in Q2 2021, which is consistent with the plan to geographically diversify farming towards the Aysén region, incorporate new algae and oxygen deficiency mitigation technologies, and diversify species by increasing smolt stocking of Coho salmon.
- Negative financing cash flow of USD 20.0 million, due to repaying financial debt as a result of higher operating cash flow compared to a positive financing cash flow of USD 5 million in Q2 2021.

Salmones Camanchaca had net cash of USD 33.2 million as of June 30, 2022 and unused lines of credit of USD 30 million as of that date, which provided it with USD 63 million of available liquidity.

### Results for the half year to June 30, 2022

Salmones Camanchaca harvested 20,555 MT WFE of Atlantic salmon during the first half of 2022, which was 31.9% higher than harvest volumes for the same period in 2021 of 15,585 MT WFE, which had been affected by algae blooms and oxygen challenges. Coho salmon harvests were 663 MT WFE during H1 2022, arising from the final part of the 2021 season.

Operating revenue for H1 2022 was USD 178 million, which was 48.5% or USD 58 million higher than same period for the previous year, when it was USD 120 million. Atlantic salmon sales volumes were 7.8% greater at 22,243 MT WFE, and the average sales price was USD 7.32/kg WFE, which was 42.2% or USD 2.17 higher than in H1 2021.

Atlantic salmon costs, although lower than a year ago, were affected by harvesting the last surviving fish affected by the algae blooms in the Comau fjord in April 2021, with an impact of USD 0.09/ Kg WFE, as well as the premature harvest of a site that had suffered poor growth with low harvest weights that represented 45% of harvest volumes in Q1 2022, and finally by the increase in costs for feed, other consumables and services due to inflationary pressures. Thus, ex-cage costs for H1 2022 were USD 4.17/kg live weight (USD 4.49/kg WFE).

Extraordinary mortalities and associated mitigation expenses for H1 2022 caused by oxygen challenges and harmful algae blooms amounted to USD 4.2 million, which is USD 6.2 million lower than during the first half of the previous year.

Harvesting and processing costs were USD 1.12/kg WFE, still above the long-term target of USD 1/kg, due to lower volumes in Q1 2022, but well below the USD 1.30/kg WFE for H1 2021.

Accordingly, gross margin was positive USD 29.9 million, which was USD 47.1 million higher than for H1 2021.

Administrative expenses increased by 11.8% or USD 0.5 million in H1 2022, but they decreased from 3.5% to 2.7% as a percentage of operating revenue. Distribution and selling costs decreased by USD 0.27 million, due to lower cold storage costs. Thus, the Company's Selling and Administrative expenses increased in absolute terms but decreased as a percentage of operating revenue from 7.3% to 5.1% in this half year.

Operating EBIT before FV adjustments was positive USD 20.8 million for H1 2022, which was USD 46.8 million higher than in the same period for the previous year when it was negative USD 26.0 million.

Atlantic salmon sales for the six months generated an EBIT/kg WFE of positive USD 0.80, due to higher sales prices and volumes and lower costs, an important recovery from the negative USD 1.31/kg WFE of H1 2021. Coho salmon sales generated an EBIT/kg WFE of USD 1.75 in H1 2022, a substantial improvement due to both prices and costs compared to H1 2021 when it was USD 0.66/kg WFE.

The resulting net fair value adjustment for H1 2022 was positive USD 8.1 million, compared to positive USD 0.8 million in H1 2021, giving a favorable difference of USD 7.3 million, mainly due to improved price expectations for the biomass.

Other Gains (Losses) reflect a negative result of USD 0.6 million mainly due to write-off of assets. This was better than the negative USD 5.1 million in H1 2021 when it was affected by the USD 4.9 million biomass insurance deductible for the algae blooms in H1 2021. The trout joint venture performed poorly with a result close to zero.

Accordingly, net income after taxes for H1 2022 was USD 18.5 million, much higher than the net loss of USD 23.6 million for H1 2021.

## Cash flow for H1 2022

Cash flow for H1 2022 was positive USD 1 million compared to USD 1.5 million in H1 2021, which was explained by:

- Very positive operating cash flow of USD 55.2 million, compared to negative USD 14.6 million in H1 2021, due to higher operating revenue and lower costs.
- Negative investing cash flow of USD 23.2 million in H1 2022, much higher than the USD 6.7 million in H1 2021, reflecting the plan to geographically diversify farming towards the Aysén region, incorporate new algae and oxygen challenges mitigation technologies, and diversify species by increasing smolt stocking of Coho salmon.
- Negative financing cash flow of USD 30 million in H1 2022, due to the voluntary repayment of loans, compared to H1 2021 when USD 23 million of available loans were used to finance the effects of low sales prices and algae blooms in 2021.

## Financial position

### Assets

The Company's total assets decreased by 2.2% during H1 2022 to USD 416 million compared to December 2021.

The decrease in current assets of USD 18.6 million is mainly due to the decrease in the insurance receivable following the payment during this period of the indemnities associated with the algae blooms of 2021, which were USD 10 million; a reduction in customer receivables of USD 16.9 million and a reduction in inventories of USD 3.1 million. Biological assets increased by 21.7% or USD 25.1 million, consistent with the biomass recovery under the smolt stocking and harvesting plan.

Non-current assets increased by USD 9.1 million or 6.8%, driven by increases in property, plant and equipment of USD 7.8 million associated with the investment plan described above, less depreciation for the period.

### Liabilities and equity

Total liabilities decreased by USD 27.7 million or 11.3%, compared to December 2021 and were USD 217 million as of June 30, 2022. Current liabilities decreased by USD 13.1 million to USD 99.5 million, mainly due to a reduction in current financial debt associated with voluntary debt repayments of USD 9.1 million. Similarly, non-current liabilities decreased by USD 14.6 million to USD 118 million, mainly due to the reduction in long-term debt associated with voluntary debt repayments of USD 21.4 million.

Net financial debt decreased by USD 31.6 million during H1 2022 to USD 123.5 million, compared to USD 154.1 million as of June 30, 2021.

The Company's equity increased by USD 18.2 million in the half year to USD 199 million as of June 30, 2022, explained by net income for the period. As a result, the equity to total assets ratio rose to 48%, up from 42% as of December 31, 2021.

# Operating Performance

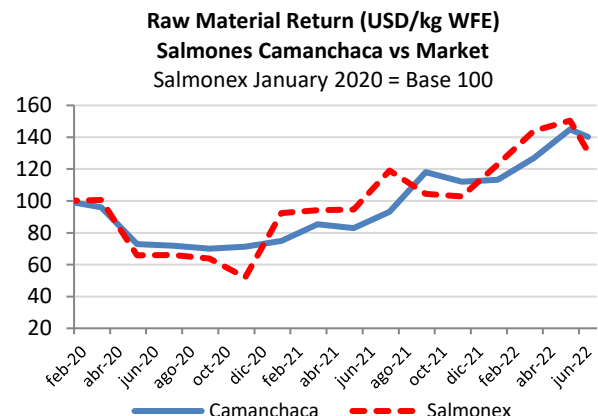
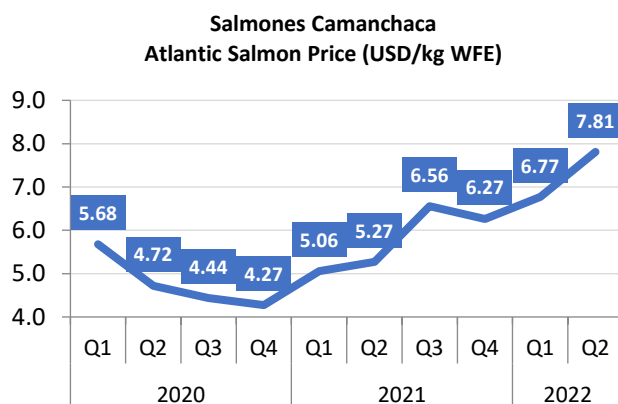
Salmones Camanchaca’s performance is driven by three key factors:

1. **The price of Atlantic salmon**, which is sensitive to Norwegian and Chilean supply conditions and North American demand.
2. **Farming practice and sanitary conditions for Atlantic salmon**, which affect survival ratios, conversion ratios, the use of pharmaceuticals to improve fish health, all of which affect total farming costs.
3. **The cost of feed**, which represents approximately half of the live weight unit cost at harvest.

## I. Product Prices

The average price of Atlantic salmon sold by Salmones Camanchaca during Q2 2022 was USD 7.81/kg WFE, which was 48.3% or USD 2.54 higher than in Q2 2021. This increase resulted in record prices that were explained by higher world demand and lower global supplies. The higher sales volume from Salmones Camanchaca also helped to capture these high prices on the spot market.

The greater price stability achieved by Salmones Camanchaca is explained by the Company's value-added strategy associated with medium-term commercial agreements that attenuate sharp drops and escalations. During Q2 2022, the raw material return (RMR) from Salmones Camanchaca's Atlantic salmon lagged the market benchmark (Salmonex) at rising prices but Camanchaca passed the Salmonex in June 2022 following somewhat reduced market benchmark prices.



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.

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.



## Harvest Volumes

Atlantic salmon		Q2 2022	Q2 2021	Δ	Δ %	H1 2022	H1 2021	Δ	Δ %
Harvest volumes	MT WFE	12,446	6,422	6,024	93.8%	20,555	15,585	4,970	31.9%
Production volumes	MT WFE	12,311	6,838	5,473	80.0%	21,725	16,340	5,385	33.0%
Sales	MT WFE	11,677	8,577	3,100	36.1%	22,243	20,641	1,602	7.8%
Sales	ThUSD	91,178	45,172	46,006	101.8%	162,710	106,185	56,526	53.2%
<b>Average sales price</b>	USD/kg WFE	<b>7.81</b>	<b>5.27</b>	<b>2.54</b>	<b>48.3%</b>	<b>7.32</b>	<b>5.14</b>	<b>2.17</b>	<b>42.2%</b>

Coho salmon		Q2 2022	Q2 2021	Δ	Δ %	H1 2022	H1 2021	Δ	Δ %
Harvest volumes	MT WFE	0	0	0	-	663	0	663	-
Sales	MT WFE	506	358	148	41.3%	1,713	1,733	-20	-1.1%
Sales	ThUSD	3,250	2,220	1,030	46.4%	10,725	7,187	3,538	49.2%
<b>Average sales price</b>	USD/kg WFE	<b>6.42</b>	<b>6.20</b>	<b>0.22</b>	<b>3.6%</b>	<b>6.26</b>	<b>4.15</b>	<b>2.11</b>	<b>50.9%</b>

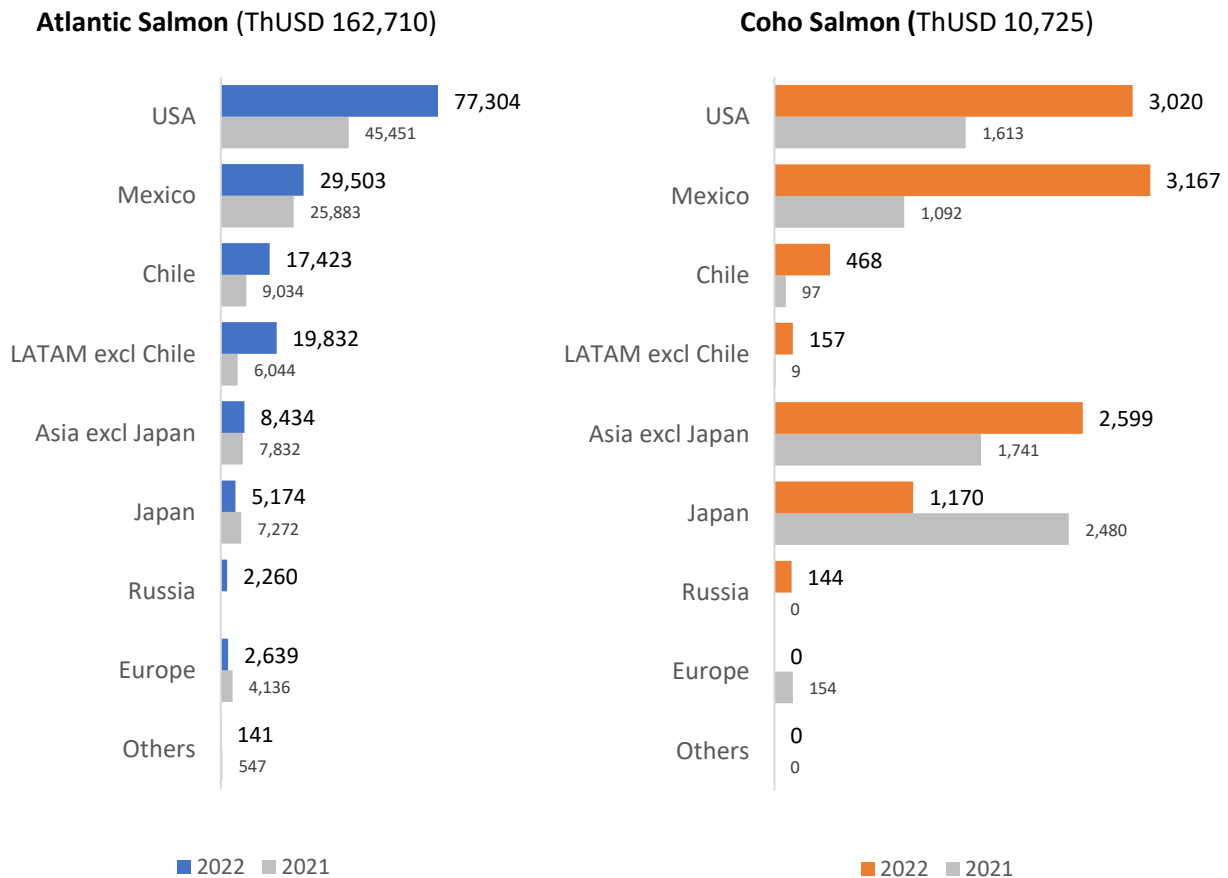
Salmones Camanchaca harvested 20,555 MT WFE of Atlantic salmon during H1 2022, with an average harvest weight of 4.6 kg WFE (open cycle), which was 32% higher than the harvest volumes for H1 2021. Additionally, 1,506 MT WFE of raw material was purchased from other producers during Q1 2022, which were processed at the Company's plants. Coho salmon harvest volumes were 663 MT WFE during January 2022, which concluded the 2021 cycle.

Atlantic and Coho salmon sales volumes were 12,183 MT WFE during Q2 2022, which was 36.4% greater than in Q2 2021, but at higher prices, so sales were USD 94.4 million that is twice the level of Q2 2021. The sales volume for H1 2022 were 23,957 MT WFE, which was 7.1% higher than in H1 2021, of which 93% were Atlantic salmon sales and 7% were Coho salmon sales, resulting in operating revenue of USD 173.4 million, up 53% compared to H1 2021.

## Operating revenue

The Company's marketing and sales strategy is to diversify and be sufficiently flexible to change its target markets, in order to focus on the most attractive markets for its raw materials over the medium-term, while preserving stable relationships with important customers in its principal markets.

## Sales by Market Segment as of June 2022



The Company defines its value-added products as those that process whole salmon, which represented 81.7% of Atlantic salmon sales in H1 2022, down from 88.1% in H1 2021. The remaining sales are head-on gutted whole salmon principally for the South American and Chinese markets.

The North American market had strong growth from 39.2% to 45%. Latin America excl. Chile increased from 27.5% to 29.5%, mainly influenced by Mexico.

The Company's other businesses, such as processing services for third parties, leasing farming sites and sales of smolts and byproducts, resulted in sales of USD 5.0 million and operating margins of USD 2.2 million for the half year.

### Other businesses

Salmones Camanchaca has six sea farming concessions that are leased for trout farming in estuaries. These leases are the Company's contribution to a trout joint venture. These concessions have a mandatory fallow period in the first quarter of odd-numbered years when harvest volumes are smaller. The joint venture produced harvests of 1,448 MT WFE in Q2 2022, compared to no harvests in Q2 2021. It had sales volumes of 4,973 MT WFE in the quarter, which was 141% higher than Q2 2021, at prices 7% higher. However, processing costs rose by 16% and as a result Salmones Camanchaca's one third interest was a loss of USD 0.7 million for the quarter, which compares with the gain of USD 0.1 million in Q2 2021. This result is presented within Other Gains (Losses). Salmones

Camanchaca’s interest for H1 2022 was a gain of only USD 0.1 million, compared to a loss of USD 0.1 million in H1 2021.

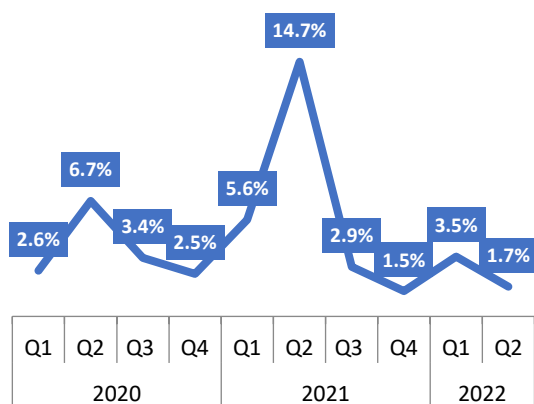
We estimate that harvest volumes at the joint venture will fall to 8- 9,000 MT in 2023, due to renewing the contract with fewer concessions until 2028, when the agreement ends. However, Salmones Camanchaca could terminate the agreement prematurely if the joint venture does not meet specific EBIT/kg margin targets for 2023-2024.

Consequently, the two concessions not used by the joint venture that can farm approximately 3 million fish could be used by Salmones Camanchaca to farm the species it prefers from 2023 onwards.

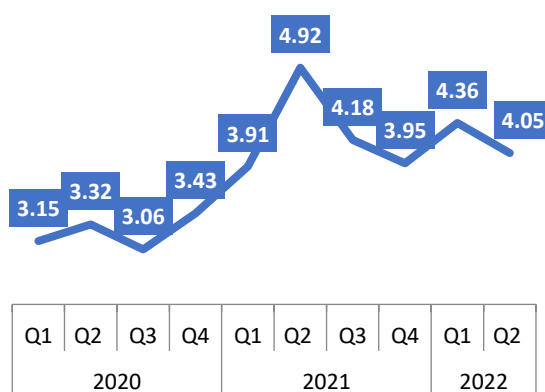
## II. Sanitary and Productive Conditions

Marine biomass mortality of Atlantic salmon in Q2 2022 was 1.7%, which reflects mortalities returning to normal after the effects of the 2021 algae blooms when mortality reached 14.7%, and even lower than last cycle for the same areas when it was 6.7%.

Atlantic salmon mortality\* (%)



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



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

The Atlantic salmon ex-cage cost was USD 4.36/kg WFE for Q2 2022, equivalent to USD 4.05/kg live weight. This was 17.6% lower than in Q2 2021, although 22% higher than in Q2 2020 at similar sites during the previous cycle. The costs for this quarter were still affected by harvests of the last surviving fish from the algae bloom, and the increase in salmon feed prices as these have risen by approximately 30% compared to Q2 2021.

The seasonally adjusted trends for the last 12 months of the main production and healthcare variables in closed cycle Atlantic salmon are as follows.

Atlantic salmon	Biological Indicators					Sustainability Indicators				
	FCRb (Live weight)	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 escaped fish	Cycle duration / Fallow periods	FIFO Ratio
LTM 2018	1.21	4.65	5.1	551.7	8.5	2.5	8.5	0	17/7	0.64
LTM 2019	1.19	4.7	5.1	516.2	8.3	2.1	8.3	0	17/7	0.61
LTM 2020	1.17	4.9	5.4	568.4	12.0	2	11.9	37,150	16/8	0.56
LTM 2021	1.15	4.4	5.4	493.0	4.2	2.4	4.2	0	16/8	0.60
LTM 2022	1.13	3.6	4.4	713.8	9.2	3.2	9.1	0	16/8	0.51

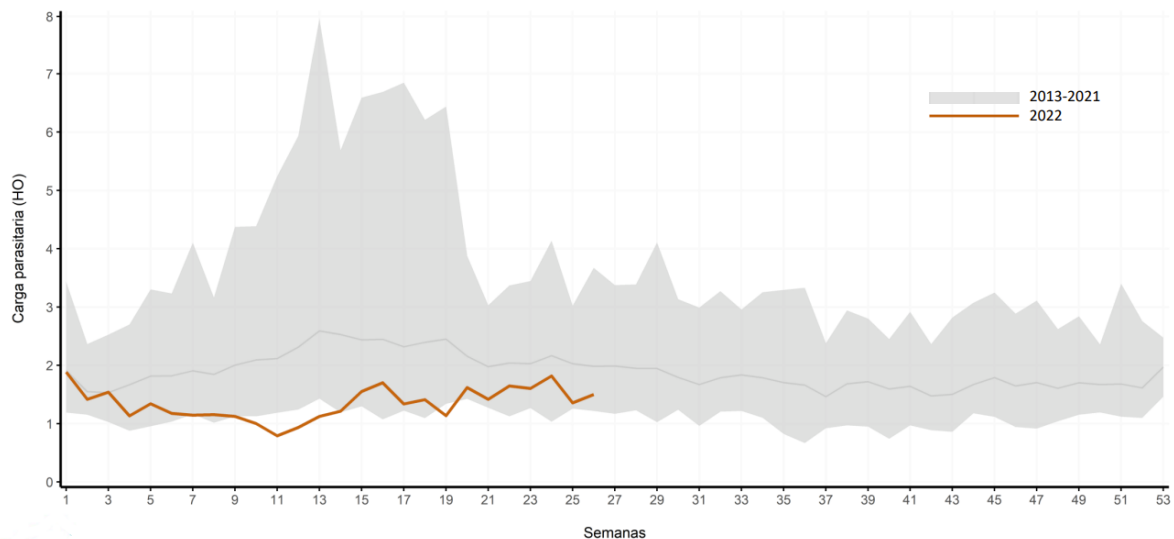
The biological conversion ratio continued to improve and reached 1.13 LTM as of Q2 2022, its lowest ever, as was the FIFO ratio.

However, several indicators have been adversely affected by the algae blooms in summer 2021 and premature harvesting at some sites due to oxygen challenges in 2022. These included smolt productivity measured as weight of biomass harvested/number of smolts, which dropped 18% to 3.6 kg WFE/smolt in 2022, and the average closed cycle harvest weight dropped to 4.4 kg WFE, which was 18% lower than in 2021 and 17% lower than the previous cycle in 2020.

Antibiotic use as of June 2022 increased by 45% with respect to 2021 due to the lower biomass caused by the algae blooms, and to using more on the surviving fish from these sites as the associated stress increased the incidence of SRS.

As of the date of this report, Salmenes Camanchaca has 3 farming sites classified as a sea lice High Propagation Site (HPS), where more than 3 incubating females on average have been spotted. All of these sites are already being harvested.

Figure 1: Weekly abundance comparison for breeding females



Source: Aquabench

Accordingly, Atlantic salmon costs in Q2 2022 were as follows.

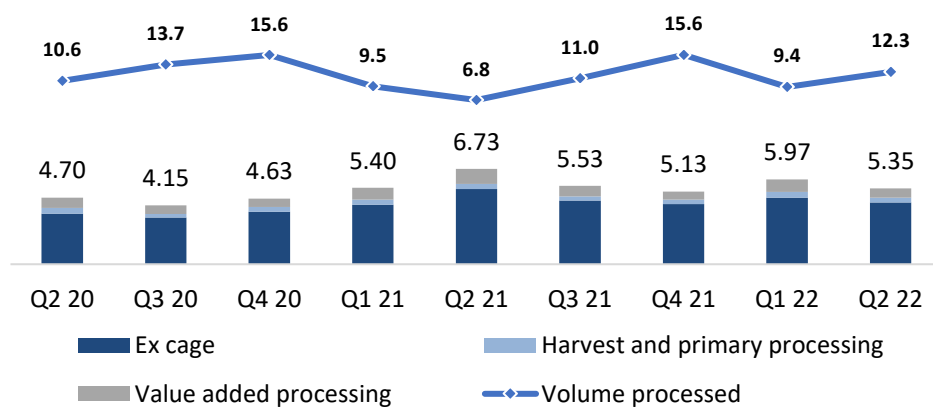
Costs (USD/kg WFE)	Q2 2020	Q2 2021	Q2 2022
Ex cage (WFE)	3.57	5.29	4.36
Harvest and primary processing (WFE)	0.40	0.37	0.33
Value-added processing (WFE)	0.73	1.06	0.66
Processing cost (WFE)	1.13	1.44	0.99
<b>Total cost of finished product (WFE)</b>	<b>4.70</b>	<b>6.73</b>	<b>5.35</b>

The ex-cage cost in Q2 2022 was USD 4.36/kg WFE, which was 17.6% lower than in Q2 2021, as a consequence of a normal biological context, although 22% higher than in Q2 2020 for the same harvested sites, because these costs still cover a small number of fish that survived the algae bloom in the Comau fjord, as well as increases in consumables and service costs, due to inflationary pressures and higher commodity costs.

Primary and secondary processing costs totaled USD 0.99/kg WFE, in line with the long-term target of USD 1/kg, and well below the USD 1.44/kg WFE of Q2 2021, influenced by increased processing volumes and plant efficiencies.

As a result, the total cost of finished products was USD 5.35/kg WFE, which was USD 1.38 lower than Q2 2021 and USD 0.65 higher than the previous cycle in Q2 2020.

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

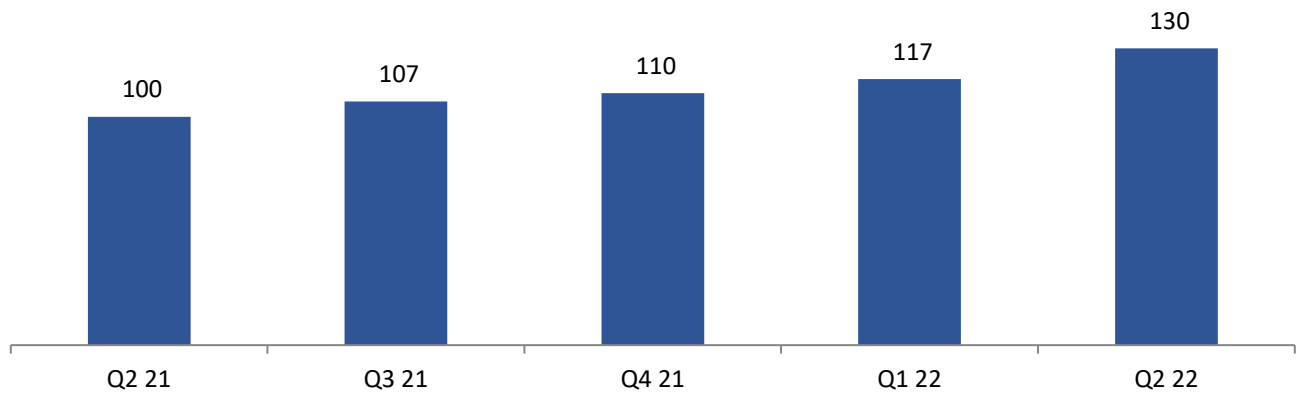


\* Q3 2021 and Q1 2022 include raw materials purchased from third parties.

### III. Feed Costs

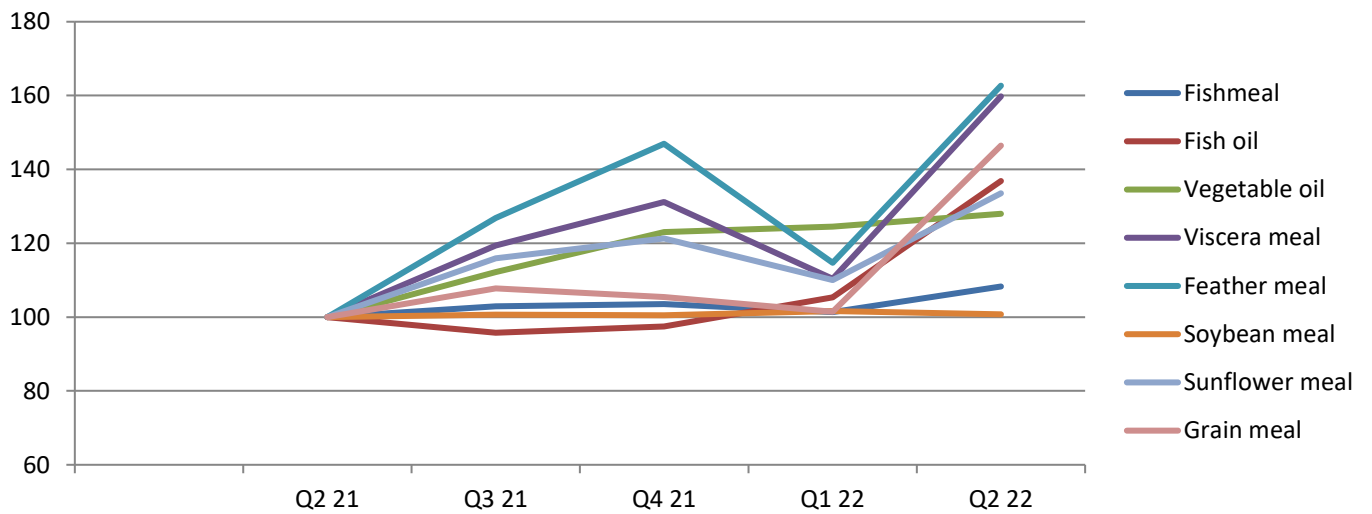
The price of feed for fish weighing more than 2.5 kg, which represents approximately 40% of the Company's total feed cost, increased by 30% during the quarter compared to Q2 2021, mainly due to price increases for fish oil and the animal and vegetable ingredients in fish feed. Global conditions and rising inflation have put upward pressure on these costs.

**Fish feed prices for the marine grow-out stage (Salmones Camanchaca) USD/kg**  
 Base 100 Q2 2021



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

**Price of main ingredients USD/MT (Base 100: Q2 2021)**



Source: Internal data, Salmones Camanchaca

## Subsequent Events

No subsequent events occurred after June 30, 2022, that materially affect Salmones Camanchaca's business or its financial results.

## Company's Outlook

### **COVID-19 status**

Salmones Camanchaca remains attentive to the public health crisis. It aims to reduce the risk of infection at its facilities and mitigate the impact on employees, in order to protect their health and secure the company's operational continuity. As of the date of this report, the Company has operated without interruptions. However, the recent handling of the pandemic in China continues to disrupt global container shipping, which has put pressure on exporters' logistics costs.

### **The Russian invasion of Ukraine**

The geopolitical situation in Eastern Europe changed on February 24, 2022 when Russia invaded Ukraine. This invasion is affecting raw material markets, vegetable raw materials and energy costs, which puts pressure on farmed salmon costs.

Historically, the Russian market has not been significant for Salmones Camanchaca as it has represented less than 10% of sales. The duration and impact of these events is difficult to forecast, and the Company is paying special attention to this situation and optimizing its production and commercial decisions accordingly.

### **Industry forecasts**

As of the date of this report, the world supply of Atlantic salmon will contract by 1% in 2022 compared to 2021, according to forecasts from Kontali. It also forecasts annual production in Chile will be similar to 2021, but composed of a drop during the first 4 months of 2022 (-12%), followed by a recovery from May to August (+17%). We expect that this has affected market prices in the last few weeks prior to the report, resulting in a drop in prices from record levels.

Salmones Camanchaca expects its harvest volumes of Atlantic salmon for 2022 to be 45-47,000 MT WFE and 5-6,000 MT WFE for Coho salmon, which represents an increase of 20% with respect to 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 variable affecting costs are the sanitary and environmental status of farming sites and cost of feed.

Salmon farming is exposed to various risks that Salmenes Camanchaca manages using 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 indicate priorities; iii) implement an internal control plan based on the risk map that focuses resources on the most vulnerable areas; iv) generate strategies to reduce their probability and impact, including insurance wherever this is feasible and financially attractive. These risk maps guide management to continuously mitigate each risk and establish the corresponding responsibilities, as well as review the frequency and severity of internal controls to validate the effectiveness of its mitigating measures.

### **a. Phytosanitary Risks**

The Company is exposed to the risk that disease or parasites can affect the biomass, increase mortality or reduce growth, and thereby affect costs, production volumes and sales. Examples of these risks are increases in parasitic concentrations, outbreaks of SRS or ISA in 2008-2009. Salmenes Camanchaca has adopted standards to reduce these risks and comply with the requirements of the authority, such as fallow periods, fish density in cages, monitoring and reporting the biomass and its biological condition, vaccinations against ISA and SRS, smolt production in closed hatcheries, harvests in wellboats, coordinated anti-parasite baths, net cleaning, and supplemental oxygen for fish farms.

The risks associated with increased concentrations of parasites can result in early harvests, under certain circumstances, with consequent lower harvest weights that may limit their usability. The Company rigorously applies anti-parasitic treatments and diversifies its treatment options to mitigate these risks.

### **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 Q4 2020 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 May 2020 that affected the Punta Islotes site. Furthermore, it is exposed to external risks that affect people working in aquaculture, 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.

The Company is constantly monitoring these variables and seeking the best available sites, the latest risk prevention technologies and tools available in Chile, developing contingency plans, and negotiating 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 using a broad 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 gain from sale price fluctuations 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. Demand may also fall for external reasons, such as in the restaurant and hotel segment in 2020 due to the COVID-19 pandemic. 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 may be limited as a result of tariff, para-tariff, war or sanitary measures, such as limited access to the Russian or Chinese markets. 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 (the fish in-fish out ratio) to less than 1:1. The Company has feed contracts with prices adjusted quarterly, on an ingredient cost plus defined margin basis. During the last few years, the prices of the main consumables used in production have remained stable, but raw material prices and global inflation began to rise during the second half of 2021.

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

Aquaculture is strictly regulated by laws and regulations, so significant changes could have an impact on the Company's results. 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 Q4 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, enabling the Company to increase its smolt stocking and harvesting as it recovers farming sites leased to third parties, without affecting optimum density or smolt stocking in these areas. Therefore, as leased concession contracts expire, the Company expects Atlantic salmon harvests to grow to 55-60,000 MT WFE at its own farming sites, plus another 15-20,000 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 to avoid their expiry. This has led the Company to operate some of its sites under risk of expiration at minimum capacity, which results in unproductive expenditure and generates a contradiction between the regulations requiring concessions to be used and regulations that restrict smolt stocking growth to retain favorable sanitary conditions.

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.

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 and logistical 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 or protests. These situations can affect and delay harvests and export shipments. For example, the social unrest during the second half of 2019.

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 that meet the expected conditions and maintain sufficient liquidity with access to third-party financing facilities, while carefully ensuring that it complies with all its financial obligations. Accordingly, it restructured its debt in 2013, 2017, 2020 and 2021.

**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 and aligned with market conditions. The Company evaluates its hedging options, but has not used them during the last five years. Exposure to this risk has increased as a result of its increased borrowing, which it expects to reduce in 2022.

**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 close to 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. The Company does not habitually hedge against local currency appreciation to cover Chilean peso expenses paid from export proceeds.

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. Its policy has been to reduce the use of credit when it has cash surpluses.

**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 a long history of good payment performance.

Operational stoppages at ports or by customs or other facilities, as well as protests, marches or road blockages, may delay shipments of our products to the markets where they are sold. Therefore, the Company maintains surplus liquidity to cover these circumstances.

**k. Business Continuity Risks**

The Company operates an ERP platform called SAP version HANA, which produces the financial statements and is fed by specific peripheral systems, such as Mercatus, BUK, Innova, etc. These databases contain cloud security systems and protocols, firewalls, continual monitoring systems, the latest antivirus software that prevents and detects attacks in a timely manner, and other security measures. The Company continually tests this security by conducting Ethical Hacking and Ethical Phishing to identify any vulnerabilities. However, despite these precautions, the Company is subject to attacks that may affect its data security leading to the potential risk of operational interruption, which could have financial consequences.

**l. Products for Human Consumption Risks**

Salmones Camanchaca operates its farming, harvesting, processing and logistics processes to high quality standards that exceed regulatory requirements, to ensure that its entire value chain guarantees that its products for human consumption are safe.

However, accidental or unintentional contamination, such as an interruption in the cold chain or malicious sabotage, which is not promptly detected by our quality protocols, could potentially cause health problems for some consumers, resulting in liability claims and associated costs.

# Financial Statements

## Statement of Net Income

Consolidated (USD'000)	Q2 2022	Q2 2021	H1 2022	H1 2021
Operating revenue	97,446	50,549	178,392	120,169
Cost of sales	(71,844)	(60,868)	(148,540)	(137,368)
<b>Gross profit</b>	<b>25,602</b>	<b>(10,319)</b>	<b>29,852</b>	<b>(17,199)</b>
Administrative expenses	(2,453)	(2,198)	(4,752)	(4,251)
Distribution costs	(1,912)	(2,113)	(4,288)	(4,557)
<b>Sales and administrative expenses</b>	<b>(4,365)</b>	<b>(4,311)</b>	<b>(9,040)</b>	<b>(8,808)</b>
<b>EBIT* before fair value adjustments</b>	<b>21,237</b>	<b>(14,630)</b>	<b>20,812</b>	<b>(26,007)</b>
<b>EBITDA** before fair value adjustments</b>	<b>25,692</b>	<b>(10,635)</b>	<b>29,419</b>	<b>(18,026)</b>
Net fair value adjustments to biological assets	5,369	4,217	8,128	817
<b>EBIT after fair value</b>	<b>26,606</b>	<b>(10,413)</b>	<b>28,940</b>	<b>(25,190)</b>
<b>EBITDA after fair value adjustments</b>	<b>31,061</b>	<b>(6,418)</b>	<b>37,547</b>	<b>(17,209)</b>
Financial costs	(1,817)	(1,138)	(3,335)	(2,206)
Share of net income of equity method associates	266	287	376	623
Exchange differences	(707)	(96)	(120)	(320)
Other income (losses)	(1,131)	136	(556)	(5,094)
Financial income	89	0	179	0
<b>Total non-operating expenses</b>	<b>(3,300)</b>	<b>(811)</b>	<b>(3,456)</b>	<b>(6,997)</b>
<b>Net income (loss) before taxes</b>	<b>23,306</b>	<b>(11,224)</b>	<b>25,484</b>	<b>(32,187)</b>
Income tax (expense) income	(6,445)	2,784	(7,002)	8,588
<b>Net income (loss) for the period</b>	<b>16,861</b>	<b>(8,440)</b>	<b>18,482</b>	<b>(23,599)</b>

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

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

## Statement of Financial Position

(USD'000)	06/30/2022	12/31/2021	06/30/2021
Cash and cash equivalents	33,179	32,169	10,491
Other financial assets, current	54	12	36
Other non-financial assets, current	7,291	13,526	8,180
Trade and other receivables, current	16,330	29,305	21,775
Related party receivables, current	34,220	50,119	22,049
Inventories	36,614	39,745	26,654
Biological assets, current	140,622	115,561	114,654
Tax assets, current	6,269	12,702	13,630
<b>Total current assets</b>	<b>274,579</b>	<b>293,139</b>	<b>217,469</b>
Other financial assets, non-current	27	27	27
Other non-financial assets, non-current	112	112	112
Rights receivable, non-current	4,804	2,507	2,685
Equity method investments	3,198	4,061	5,400
Intangible assets other than goodwill	6,972	6,972	6,972
Property, plant, and equipment	124,353	116,506	114,414
Deferred tax assets	2,248	2,462	4,855
<b>Total non-current assets</b>	<b>141,714</b>	<b>132,647</b>	<b>134,465</b>
<b>Total assets</b>	<b>416,293</b>	<b>425,786</b>	<b>351,934</b>
Other financial liabilities, current	14,981	24,118	43,330
Lease liabilities, current	284	179	364
Trade and other payables, current	73,202	75,956	47,268
Related party payables, current	723	3,262	5,468
Current tax liabilities	7	0	0
Employee benefits provisions, current	1,294	1,489	1,167
Other provisions, current	8,971	7,546	7,056
<b>Total current liabilities</b>	<b>99,462</b>	<b>112,550</b>	<b>104,653</b>
Other financial liabilities, non-current	108,522	129,956	102,870
Lease liabilities, non-current	98	7	35
Deferred tax liabilities	9,382	2,602	0
Employee benefit provisions, non-current	32	32	73
<b>Total non-current liabilities</b>	<b>118,034</b>	<b>132,597</b>	<b>102,978</b>
<b>Total Liabilities</b>	<b>217,496</b>	<b>245,147</b>	<b>207,631</b>
Share capital	139,814	139,810	91,786
Share premium	2,286	2,284	27,539
Retained earnings	34,822	16,340	2,105
Other reserves	21,875	22,205	22,873
<b>Total equity</b>	<b>198,797</b>	<b>180,639</b>	<b>144,303</b>
<b>Total equity and liabilities</b>	<b>416,293</b>	<b>425,786</b>	<b>351,934</b>

## Statement of Cash Flows

(USD'000)	Q2 2022	Q2 2021	H1 2022	H1 2021
<b>CASH FLOW FROM (USED BY) OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Receipts from selling goods and providing services	117,772	67,239	242,770	145,415
<b>Payments</b>				
Payments to suppliers for goods and services	(75,539)	(62,905)	(170,753)	(144,574)
Payments to and on behalf of employees	(6,698)	(6,674)	(14,143)	(13,835)
Dividends received	908	0	908	0
Interest paid	(2,222)	(1,434)	(3,568)	(1,585)
Income taxes refunded (paid)	(2)	(38)	(2)	(38)
<b>Net cash flow from (used by) operating activities</b>	<b>34,219</b>	<b>(3,812)</b>	<b>55,212</b>	<b>(14,617)</b>
<b>CASH FLOW FROM (USED BY) INVESTING ACTIVITIES</b>				
Receipts from sales of property, plant and equipment	6	0	20	8
Purchases of property, plant and equipment	(9,022)	(3,928)	(23,199)	(6,673)
<b>Net cash flow from (used by) investing activities</b>	<b>(9,016)</b>	<b>(3,928)</b>	<b>(23,179)</b>	<b>(6,665)</b>
<b>CASH FLOW FROM (USED BY) FINANCING ACTIVITIES</b>				
Receipts from issuing shares	6	0	6	0
Proceeds from loans	0	5,000	0	27,000
Loan repayments	(20,000)	0	(30,000)	(4,000)
<b>Net cash flow from (used by) financing activities</b>	<b>(19,994)</b>	<b>5,000</b>	<b>(29,994)</b>	<b>23,000</b>
Effects of exchange rate changes on cash and cash equivalents	(1,447)	(79)	(1,029)	(265)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,762	(2,819)	1,010	1,453
CASH AND CASH EQUIVALENTS AT THE START OF THE PERIOD	29,417	13,310	32,169	9,038
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>33,179</b>	<b>10,491</b>	<b>33,179</b>	<b>10,491</b>

## Statement of Changes in Equity

(USD'000)	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
Opening balance as of January 1, 2021	91,786	27,539	(529)	23,515	22,986	25,704	168,015
Changes in equity							
Dividends accrued							
Comprehensive income							
Net income for the period						(23,599)	(23,599)
Other comprehensive income (losses)			(113)		(113)		(113)
<b>Closing balance as of June 30, 2021</b>	<b>91,786</b>	<b>27,539</b>	<b>(642)</b>	<b>23,515</b>	<b>22,873</b>	<b>2,105</b>	<b>144,303</b>
Opening balance as of January 1, 2021	91,786	27,539	(529)	23,515	22,986	25,704	168,015
Capitalized share premium	27,539	(27,539)					
Capital increase	20,485	2,284					22,769
<b>Changes in equity</b>							
Dividends accrued							
Comprehensive income							
Net income for the period						(9,364)	(9,364)
Gain on change in fair value							
Other comprehensive income			(781)		(781)		(781)
<b>Closing balance as of December 31, 2021</b>	<b>139,810</b>	<b>2,284</b>	<b>(1,310)</b>	<b>23,515</b>	<b>22,205</b>	<b>16,340</b>	<b>180,639</b>
Opening balance as of January 1, 2022	139,810	2,284	(1,310)	23,515	22,205	16,340	180,639
Capital increase	4	2					6
<b>Changes in equity</b>							
Dividends							
Comprehensive income							
Net income for the period						18,482	18,482
Other comprehensive income			(330)	0	(330)		(330)
<b>Closing balance as of June 30, 2022</b>	<b>139,814</b>	<b>2,286</b>	<b>(1,640)</b>	<b>23,515</b>	<b>21,875</b>	<b>34,822</b>	<b>198,797</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 June 30, 2022, compared to December 31, 2021.

	06/30/2022	12/31/2021
<b>Liquidity Indicators</b>		
1) Current Liquidity	2.76	2.60
2) Acid Ratio	0.98	1.22
3) Working Capital (USD million)	175.1	180.6
<b>Debt Indicators</b>		
4) Net debt ratio	0.93	1.18
5) Current Liabilities / Total Liabilities	0.46	0.46
6) Non-Current Liabilities / Total Liabilities	0.54	0.54
<b>Profitability Indicators</b>	(6 months)	(12 months)
7) Return on Equity	9.30%	-5.18%
8) Return on Assets	7.17%	1.03%

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

The current liquidity ratio increased by 6.0%, mainly due to a smaller decrease in current assets (-6.3%) compared to the decrease in liabilities (-11.6%). These changes have already been explained in the financial position analysis. Consequently, working capital decreased by 3.0% or USD 5.5 million.

The acid ratio decreased by 20.1% compared to year-end 2021 mainly due to the decrease in current assets net of inventory and biological assets of USD 40.5 million. These changes have already been explained in the financial position analysis.

The net debt ratio decreased to 0.93 from 1.18 as of December 2021, mainly due to a decrease in liabilities net of cash of USD 28.7 million or 13.5%. Furthermore, equity increased by USD 18.2 million or 10.1%. These changes have already been explained in the financial position analysis. The long-term liabilities ratio remains at 0.54 due to the renegotiation of the syndicated loan during the last quarter of 2021, which kept the ratio of long-term to short-term liabilities the same during Q2 2022. These changes have already been explained in the financial position analysis.

Return on equity was 9.30% during Q1 2022, mainly due to the slight performance recovery.



## Indicators for H1 2022

	06/30/2022	06/30/2021
a. Atlantic salmon sites harvested during the period	8	7
b. Atlantic salmon harvested during the period (MT WFE) / Site	2,569	2,226
c. Atlantic Salmon farming density (kg/m <sup>3</sup> )	8.4	8.9
d. Atlantic Salmon group survival rate in sea water at harvest	82.9%	75.3%
e. Coho salmon sites harvested during the period	1	0
f. Coho salmon harvested during the period (MT WFE) / Site	663	-
g. Coho Salmon farming density (kg/m <sup>3</sup> )	6.56	-
h. Coho Salmon group survival rate in sea water at harvest	92.8%	-
i. Operational EBIT before fair value adjustments (USD million)	20.8	-26.0
j. Atlantic salmon EBIT/kg WFE	0.80	-1.31
k. Coho salmon EBIT/kg WFE	1.75	0.66

### Notes:

a and e. Atlantic and Coho 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 corresponding 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

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

## Biomass Fair Value

### For the period ended June 30, 2022 (USD thousands)

	Gain (loss) on fair value of biological assets		Cost of biological assets harvested and sold	
	As of 06-30-2022	As of 06-30-2021	As of 06-30-2022	As of 06-30-2021
Salmonids	25,666	-9,962	-17,538	10,779

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

- “Gain (loss) on fair value 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 gain of USD 25.7 million was recorded for the fair value adjustment of the live and harvested biomass as of June 30, 2022, compared to a loss of USD 10 million as of the same date for the previous year.
- “Cost 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 June 30, 2022 was a negative margin of USD 17.5 million, after reversing the positive margin forecast in prior periods, in contrast to a positive margin of USD 10.8 million as of June 30, 2021.

The net effect of the fair value adjustments on the salmon biomass as of June 30, 2022 was positive USD 8.1 million, as opposed to the USD 0.8 million as of June 30, 2021.

### 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 as of 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

Operating 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.