



CAMANCHACA S.A. AND SUBSIDIARIES

Quarterly Earnings Report on the Consolidated Financial Statements For the period ended March 31, 2020

Information on Camanchaca

The Company currently operates three business divisions:

- 1. Salmon Farming: Its subsidiary Salmones Camanchaca operates in the 8th, 10th and 11th regions. It covers genetics and egg production; a freshwater recirculation hatchery for Atlantic salmon and other fresh water species; 74 sea water concessions in 14 neighborhoods; two primary processing plants in the 10th region and a value-added processing and freezing plant in the 8th region.*
- 2. Industrial Fishing: Its industrial fishing takes place in Chile's northern and central-southern areas. Catches are intended for human consumption, such as fish oils high in omega 3, canned and frozen Jack mackerel and Langostine lobster; and protein for animal consumption in fishmeal and fish oil from small pelagic fish.*
- 3. Other Seafood: Operations in Chiloé focus on purchasing spawn and farming mussels in three owned farming sites, and a processing and freezing plant located in Rauco that focuses on products for human consumption. A farm in the Atacama region produces abalone spawn and grows them for human consumption.*

Camanchaca is vertically integrated throughout its supply and distribution chain and exports its products to over 50 countries using its 7 offices and commercial agents in its main markets. The Company has approximately 3,500 employees.

Highlights for the period

- **Total operating revenue climbed 13% higher than in Q1 2019** to US\$ 149 million, with increases in all business divisions (Industrial Fishing + 9.6%, Salmon Farming + 13.1%, and Other Seafood + 27.3%).
- **EBITDA increased by 48% compared to Q1 2019**, to US\$ 21 million in this quarter, with significant improvements in the Industrial Fishing and Other Seafood divisions. EBITDA margin recovered to 14.1% of operating revenue. However, price decreases during the last weeks of March and throughout April led the net fair value of salmon biological assets to fall by US\$ 10.7 million compared to Q1 2019, which resulted in net income after tax for the quarter falling very close to zero.
- **Salmon harvest volumes in Q1 2020 were 13,902 tons WFE**, 36.4% higher than the same period in the previous year. This total included 13,142 tons WFE of Atlantic salmon, an increase of 29% over Q1 2019.
- **The first production cycle for Pacific salmon 2019-2020 was completed** in Q1 2020, with a total harvest volume of 5,062 tons WFE, of which 760 tons were harvested in Q1 2020.
- **The Atlantic salmon live cost (ex-cage) fell 9.1%** compared to Q1 2019, to US\$ 3.15/kg, which was 5% higher than the long-term target of US\$ 3/kg. This was affected by an average harvest weight of 4.9 kg, which was less than expected. **Total processing costs** fell by 14.2% compared to Q1 2019 to US\$ 0.91/kg WFE, which was 9% below the long-term target of US\$ 1/kg WFE, due to increased production volumes.
- **EBIT/kg WFE for Atlantic salmon was US\$ 0.95** in Q1 2020, 24.8% lower than Q1 2019, affected by other operating costs and lower prices.
- **Jack mackerel catches in the southern central fishing area increased by 54%** in Q1 2020 compared to the previous year, to reach 46,000 tons. As of May 14, 2020, the Company's LTPA and LTPB quota had been captured (63,000 tons in 2020), and it expects to capture another 24,000 tons of purchased international quota (RFO) over the next two to three months.
- **Production of frozen and canned Jack mackerel increased by 30% and 7% respectively** in Q1 2020, with the production of 19,000 tons of frozen fish and 511,000 boxes of canned fish. This resulted in frozen Jack mackerel sales of 12,663 tons (+23%) and canned Jack mackerel sales of 283,000 boxes (+28%).
- **The price of frozen Jack mackerel fell by 14%** compared to Q1 2019 as a result of the impact on Nigeria of falling crude oil prices, so production was subsequently switched to canned jack mackerel and fishmeal.
- **Catches of anchovy and its accompanying fauna fell by 47% in northern Chile to total 7,499 tons during Q1 2020**, compared to Q1 2019, due to size restrictions and the continued volumes of small fish at this location very close to the coast.
- **Fishmeal and oil sales rose 36% and 212% respectively**, driven by higher inventories at the beginning of the year (5,304 and 1,411 tons) and by an increase in yields for both fishmeal and oil from 27.8% to 29.9% between Q1 2019 and Q1 2020.

- **Fishmeal and oil prices increased by 7.2% and 8.7%** respectively in Q1 2020 compared to Q1 2019, influenced by the scarcity of Peruvian supplies where only 36% of their quota was caught, combined with recovering demand in China.
- **Mussel yields increased from 19.6% to 22.4% in Q1 2020**, reducing the requirement to purchase raw material from third parties, and thus reducing costs. Also, price improvements contributed to the recovery in **EBITDA, which reached US\$ 1.5 million** in Q1 2020.
- **Selling and administrative expenses fell by 12.4% in Q1 2020**, to represent 8% of total revenue in Q1 2020, down from 10.2% a year earlier. This reduction reflected efficiencies achieved by support departments.
- At the Annual General Shareholders' Meeting held on April 30, 2020, the shareholders approved **a dividend of US\$0.002465 per share** from 2019 earnings, similar to the previous year's dividend and equivalent to US\$10.2 million, which was paid on May 13, 2020.
- At an Extraordinary Shareholders' Meeting held on the same date, **the name of the company Cía. Pesquera Camanchaca S.A. was changed to Camanchaca S.A.** in order to differentiate the parent company's aquaculture and fishing businesses, and expand its business purpose to improve its management of new logistics businesses.

COVID-19 impact and measures

- Since mid-March, various health and infection prevention measures were implemented at all of Camanchaca's production facilities, to secure employee health protection and operational continuity, including lower shift densities at processing plants.
- The medium-term effect of COVID-19 is still uncertain. The estimated Atlantic salmon harvest volumes for 2020 is two or three thousand tons less than initially forecast, so will be 51 to 53,000 tons WFE, and the Pacific salmon harvest volumes for the 2020-2021 cycle have been reduced to approximately three or four thousand tons WFE from the original five thousand tons. Thus, total estimated harvest volumes are 54 to 57,000 tons WFE, a reduction of 5 to 10%.
- Currently, the industrial fishing business has not been significantly affected, neither in capture nor in processing, but production of frozen Jack mackerel was suspended, due to the impact on the market of events in Nigeria as a result of falling crude oil prices. Accordingly, production was switched to canned jack mackerel, fishmeal and oil.
- Mussel harvests and production was suspended for approximately 10 days in April due to logistical difficulties on land in Chiloé. Production was restored on May 14, 2020, although this may result in reduced raw material purchases from third parties during the year.
- Salmon harvest volumes reduced by 60 to 65% in the last weeks of March and all of April compared to plan. Accordingly, production was switched to value-added products to meet weakened demand. As of May 14, 2020, harvest volumes and production are at 80% of forecast before Covid19, with sales focused on supermarkets in developed markets. However, the prices for our salmon products have fallen by approximately 20% compared to the beginning of March 2020.
- Investments were reduced or postponed by approximately 33% of the original annual plan, which equates to a 42% reduction in the plan for the remainder of the year equivalent to US\$ 18 million, in order to strengthen the liquidity position during 2020.

- Cash was US\$ 56 million at the end of Q1 2020, which together with the unused short and long-term lines of credit of US\$ 45 million provides the Company with liquidity of over US\$ 100 million. Net debt at the end of Q1 2020 was US\$ 108.9 million.

Key Figures

		Q1 2020	Q1 2019	Δ%
Operating revenue	ThUS\$	149,103	131,911	13.0%
Gross margin	ThUS\$	25,048	21,781	15.0%
EBITDA before fair value adjustments	ThUS\$	21,014	14,230	47.7%
EBIT before fair value	ThUS\$	13,206	8,268	59.7%
EBIT margin %	%	8.86%	6.27%	41.3%
Fair value adjustments	ThUS\$	(6,090)	4,597	(232.5%)
Net income (loss) for the period attributable to owners of the parent company	ThUS\$	133	3,903	(96.6%)
Earnings per share	US\$	0.00003	0.00094	(96.6%)
Pelagic catches	tons.	63,943	70,986	(9.9%)
Northern Fishing Area	tons.	7,499	14,202	(47.2%)
Southern Fishing Area	tons.	56,444	56,784	(0.6%)
Fishmeal price	US\$/ton	1,583	1,477	7.2%
Atlantic salmon harvest	Tons WFE	13,142	10,191	29.0%
Company farmed Atlantic salmon sales	Tons WFE	13,235	11,026	20.0%
Atlantic salmon ex cage cost	US\$/kg live fish	3.15	3.47	(9.1%)
Processing cost	US\$/kg WFE	0.91	1.06	(14.2%)
Atlantic salmon price*	US\$/kg WFE	6.20	6.23	(0.5%)
Atlantic salmon EBIT/kg WFE	US\$/kg WFE	0.95	1.27	(24.8%)
Pacific salmon EBIT/kg WFE	US\$/kg WFE	(1.81)	0.00	-
Financial Debt	ThUS\$	164,902	92,894	77.5%
Net Financial Debt	ThUS\$	108,893	66,460	63.8%
Equity ratio	%	61%	65%	

*Billing in US\$ divided by tons of product sold, excluding salmon supplied by third-parties

Summary Statement of Net Income by Division

ThUS\$	Industrial Fishing		Salmon Farming		Other Seafood		Total	
	Q1 2020	Q1 2019	Q1 2020	Q1 2019	Q1 2020	Q1 2019	Q1 2020	Q1 2019
Operating revenue	31,339	28,597	109,854	97,099	7,910	6,215	149,103	131,911
Gross margin	4,685	(523)	17,967	21,276	2,396	1,028	25,048	21,781
EBITDA	4,378	(3,000)	15,326	17,454	1,310	(224)	21,014	14,230
EBITDA margin (%)	14.0%	(10.5%)	14.0%	18.0%	16.6%	(3.6%)	14.1%	10.8%
Net income (loss) for the period attributable to owners of the parent company	(2,044)	(4,774)	1,282	9,062	896	(385)	133	3,903

Financial Performance

Financial Results for Q1 2020

EBITDA before fair value adjustments was US\$ 21 million, 54.1% higher than the US\$ 13.5 million for Q1 2019, driven mostly by improvements in the Industrial Fishing and Other Seafood divisions. The Industrial Fishing division benefited from larger catches of Jack and Atlantic mackerel in the northern area, and from the good productive performance in the southern area. The higher EBITDA for the Industrial Fishing division of US\$ 7.4 million is due to the US\$ 5.2 million increase in gross margin, as a result of higher jack mackerel catches in the southern area, and subsequent higher production for human consumption compared to Q1 2019 (cans: +6.9%; frozen: +30.1%), and their respective sales (cans: +27.8%; frozen: +23.4%). It was also supported by price increases for fishmeal and oil of 7.2% and 8.7%, respectively. However, anchovy catches were smaller in the northern area due to their small size, which has delayed this season and affected the northern area's performance.

Net income for Q1 2020 was US\$ 0.1 million, compared to US\$ 3.9 million in Q1 2019. This decrease is due to the net fair value adjustment in the salmon segment, which reduced net income by US\$ 7.8 million. This adjustment anticipates falling future sales prices when fish that have reached the fattening stage at the end of March are eventually sold. The Industrial Fishing and Other Seafood divisions partially offset this decline with an improvement in their performance by reducing their losses by US\$ 2.8 million and US\$ 1.2 million respectively, compared to Q1 2019.

Total consolidated operating revenue for Q1 2020 increased by 8.7% over the same period for the previous year, to reach US\$ 143 million.

Salmon Farming Division

EBITDA before fair value adjustments was US\$ 15.3 million in Q1 2020, 12.2% lower than the US\$ 17.5 million in Q1 2019, with a harvest of 13,902 tons WFE of salmonids, where 760 tons WFE were Pacific salmon. The first production cycle of this new species closed by producing a total of 5,062 tons WFE, with 4,302 tons harvested in 2019.

The average price of Atlantic salmon harvested and sold by Camachaca in Q1 2020 was slightly lower than in Q1 2019, at US\$ 6.20/kg WFE, which was 3 US cents lower, despite increased production of value added products. Therefore, the Company's EBIT/kg WFE was US\$ 0.84, which was 43 US cents less than in Q1 2019. This performance reflects the fact that the volume increase was not sufficient to compensate for the unfavorable impact of lower average prices on increased value added products; the negative results from the Pacific salmon business of US\$ 1 million; smolt sales revenue falling by US\$ 1.3 million; and higher operating costs due to more fallow sites or sites kept operating to avoid losing licenses, as these costs were US\$ 1.6 million higher than in Q1 2019.

The Company has contributed 6 farming sites to a joint venture trout farming business and receives a third of the results, which are presented as "other income" and excluded from EBITDA. This joint venture produced net income of US\$ 0.4 million in Q1 2020 compared to a loss of US\$ 0.6 million in Q1 2019, which indicates that this business is improving.

The net fair value adjustment (FVA) for Q1 2020 was negative US\$ 6.1 million, lower than the positive US\$ 4.6 million for the same period in 2019. This unfavorable movement of US\$ 10.7 million is mainly attributable to falling market prices in April, which impacted sales forecasts for the biomass that had reached the fattening stage in March. The FVA does not affect EBITDA, taxes, nor net distributable income.

Industrial Fishing Division

The performance of the Industrial Fishing Division during Q1 2020 in the north was not the same as in the south. The northern area had smaller catches due to smaller fish sizes and normal seasonal closures for the time of year. The southern central area caught 54% more jack mackerel than the same period last year. This was offset by smaller artisanal sardine catches, which were 56% lower and totaled 56,444 tons of pelagic fish catches, 0.6% lower than in Q1 2019. Fishmeal and oil yields had a favorable impact on the northern and southern central areas. Yields rose from 23.8% in Q1 2019 to 25.1 in Q1 2020 in the northern area, and from 29.6% in Q1 2019 to 31.2% in Q1 2020 in the southern area. The Industrial Fishing division's results can be attributed to the following:

- The northern area generated a net loss of US\$ 2.3 million, compared to a net loss of US\$ 4.4 million in Q1 2019. This reduction was caused by lower costs on non-operational vessels. These costs fell by US\$ 1.4 million compared to Q1 2019 due to greater Atlantic mackerel catches, which partially offset the deficit in anchovy catches. Furthermore, this performance benefited from recoveries in oil yields and a 3% increase in fishmeal prices.
- The southern area is operated by the subsidiary Camanchaca Pesca Sur, which generated a net income of US\$ 0.7 million, compared to a net loss of US\$ 0.7 million in Q1 2019.
 - The improved performance was driven by improvements in catch costs of 32% over the previous year, and higher jack mackerel catch volumes. Operating expenses including non-operational vessel days were US\$ 5.2 million in Q1 2020, lower than the US\$ 5.8 million for Q1 2019.
 - The company's 70% share in the results of its subsidiary Camanchaca Pesca Sur was net income of US\$ 0.5 million. This subsidiary's result suffered a negative adjustment of US\$ 0.3 million for other costs assigned to the southern fishing segment, but not paid by the subsidiary Camanchaca Pesca Sur, which are mainly allocated financial expenses. So the final performance of the southern fishing segment was net income of US\$ 0.2 million, an improvement over the loss of US\$ 0.6 million in Q1 2019.

Corporate Support Departments

Consolidated administrative expenses for Camanchaca as a percentage of operating revenue fell from 4.9% in Q1 2019 to 3.0% in Q1 2020, while distribution costs fell from 5.3% in Q1 2019 to 3.0% in Q1 2020. Administrative and distribution expenses in aggregate fell from 10.2% of operating revenue in Q1 2019 to 7.9% in Q1 2020. Administrative expenses decreased from US\$ 6.4 million to US\$ 4.5 million, while distribution costs increased from US\$ 7 million in Q1 2019 to US\$ 7.4 million, due to increased sales volumes.

The decrease in administrative expenses was around US\$ 1.9 million and these savings were generated by a detailed efficiency and effectiveness review of the support departments towards the end of 2018, covering accounting, technology, human resources, logistics, distribution, and other departments.

Financial expenses were US\$ 1.9 million in Q1 2020 compared to US\$ 1.2 million in Q1 2019, due to the increase in financial debt associated with growth and investments during the last twelve months (+ US\$ 0.5 million) and applying IFRS 16 (+ US\$ 0.2 million).

There was a non-operating, unrealized loss of US\$ 4.7 million due to the devaluation of the US dollar on assets denominated in Chilean pesos, mainly recoverable taxes in the Salmon Farming division and receivables from artisanal fishermen at Camanchaca Pesca Sur. This was a net gain of US\$ 1.6 million in Q1 2019. However, if this devaluation continues, benefits will arise on the proportion of expenses denominated in Chilean pesos.

Other income (expenses) produced a loss of US\$ 80,000 in contrast to a loss of US\$ 2.7 million in Q1 2019 in the industrial fishing division following the accounting write-off on the sale of disused vessels of US\$ 1.9 million. Furthermore, the salmon farming division includes the positive performance of the trout joint venture, which produced net income for the company of US\$ 0.4 million compared to a loss of US\$ 0.6 million in the previous year.

Cash flow for the period ended March 31, 2020

Net cash flow from operating activities in Q1 2020 was positive US\$ 14.4 million, compared to positive US\$ 3.6 million in Q1 2019. The increase is mostly due to the decrease in trade receivables associated with the high sales volumes in the last period of the previous year, which were collected in Q1 2020.

Net cash flow from financing activities was US\$ 14.8 million in Q1 2020, compared to US\$ 10.2 million in Q1 2019, due to short-term bank loans borrowed in Q1 2020 to finance the business, principally seasonal fishing costs in the industrial fishing division.

Net cash flow used in investing activities was US\$ 13.5 million in Q1 2020, compared to US\$ 18.2 million for the same period in the previous year. These investments were improvements to processing plants and automation, improvements to the fishing fleet and equipping new salmon farming sites, in accordance with Salmones Camanchaca's growth plans, which represent 51% of the total. The Company decided to temporarily suspend all non-essential investments, as a preventive measure due to the Covid-19 pandemic. It reduced the investment plan for May to December 2020 by approximately 45%.

Total net cash flow for the period was US\$ 14.1 million, leaving a cash balance as of March 31, 2020 of US\$ 56 million.

Camanchaca has a strong financial and liquidity position, with net cash of US\$ 56 million as of March 31, 2020 and short-term unused credit lines of US\$ 45 million, or US\$ 100 million of available liquidity.

Financial position as of March 31, 2020

Assets

The Company's total assets increased by 1.5% or US\$ 11.8 million to total US\$ 794.7 million at the end of Q1 2020.

Total current assets were US\$ 396 million, an increase of 2.1% over December 31, 2019, attributable to increased inventories in the salmon farming and industrial fishing divisions (+US\$ 12.1 million).

Non-current assets increased by 1.0% or US\$ 3.8 million to reach US\$ 398 million, mainly due to an increase of US\$ 4 million in net investments in property, plant and equipment, in accordance with the Company's investment plans.

Inventories valued at costs were US\$ 89 million as of March 31, 2020, higher than the US\$ 77 million as of December 31, 2019, with increases in all divisions. Canned and frozen Jack mackerel inventories increased in the industrial fishing division, due to higher catches at the beginning of the season. The inventory of Atlantic salmon was higher than at the close of 2019 with an increase in value added products. Furthermore, operational consumable inventories increased, as a preventive measure during the COVID-19 pandemic, as the logistics of some products could have been affected.

Liabilities and Equity

The Company's total liabilities increased by 5.7% or US\$ 17 million, from US\$ 296 million as of December 31, 2019 to US\$ 313 million.

Current liabilities increased by 11.9% or US\$ 17.5 million, due to an increase in current financial liabilities of US\$ 13 million, to finance the working capital required by the industrial fishing division and to strengthen the Company's financial position to deal with the Covid-19 pandemic. Also due to a US\$ 6 million increase in payables associated with an increase in the final dividend payable from earnings in 2019.

The Company has committed long-term bank finance facilities of US\$ 140 million as of May 14, 2020, of which it had drawn down US\$ 124 million as of March 31, 2020. It also has US\$ 67 million of uncommitted short-term facilities, of which it has drawn down US\$ 29 million. Therefore, the Company has unused available lines of credit in excess of US\$54 million.

During 2020, Camanchaca's equity decreased by US\$ 5.2 million or 1.1%, to US\$ 481 million, due to the dividend provision.

Divisional Operating Performance

Salmon Farming Division

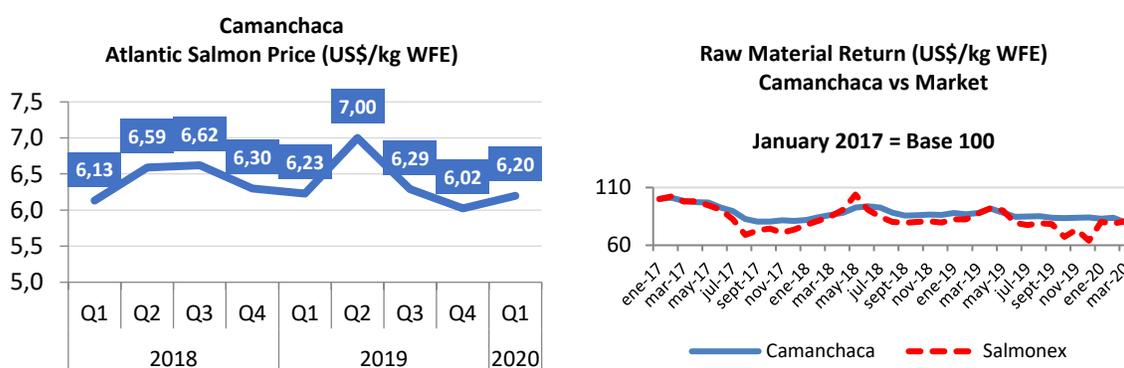
The financial performance of the salmon farming division is closely related to three key drivers:

1. The **price of Atlantic salmon**, which is very sensitive to Norwegian and Chilean supply conditions, and the exchange rates of its main trading partners;
2. **Sanitary conditions for Atlantic salmon**, which affect conversion factors, the use of pharmaceutical and mechanical means to improve fish health and welfare, and the final biomass to which costs are allocated.
3. **Feed costs**, which accounts for about half the unit live fish (ex-cage) cost.

I. Product Prices

The average price of Atlantic salmon sold by Camanchaca during Q1 2020 was US\$ 6.20 per kilo WFE, down 0.5% from the same period in 2019. Prices in Q1 2020 were influenced by a higher proportion of value-added sales, attributable to the condition of its raw materials and to market demand, which resulted in higher sales of fillets and portions to the USA. Therefore, sales require a higher processing cost than the same quarter for the previous year, at a slightly lower price, which has reduced profitability and this is reflected in the margin per kilo.

Camanchaca achieved an average raw material return (RMR) ¹ that was 12 US cents higher than the market reference rate, Salmonex², during Q1 2020. However, it was US 9 cents lower during the last month of the quarter, which reflects sales of value-added products under medium-term contracts, which provide more stability than the spot market.



Volumes

¹ 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.

² The market index or "Salmonex" is a conceptual indicator based on the price of fresh fillet trim D exported by Chilean companies, net of the same processing and distribution costs used for Camanchaca's fresh trim D. It provides a comparable index to Camanchaca's Raw Material Return.

Company-farmed Atlantic Salmon		Q1 2020	Q1 2019	Δ	Δ %
Harvest volumes	tons WFE	13,142	10,191	2,951	29.0%
Production	tons WFE	12,879	10,185	2,694	26.4%
Sales	tons WFE	13,235	11,026	2,209	20.0%
Average sales price	US\$/kg WFE	6.20	6.23	(0.03)	(0.5%)

Company-farmed Pacific Salmon		Q1 2020	Q1 2019	Δ	Δ %
Harvest volumes	tons WFE	760	0	760	-
Production	tons WFE	753	0	753	-
Sales	tons WFE	570	0	570	-
Average sales price	US\$/kg WFE	4.15	0	4.15	-

Salmones Camanchaca harvested 13,902 tons WFE of salmonids during Q1 2020, 36.4% higher than Q1 2019. These comprised 13,142 tons WFE of Atlantic salmon and 760 tons WFE of Pacific salmon. Sales were 13,235 tons WFE in Q1 2020, 20% higher than for the same quarter in 2019.

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 as of March 2020

Product or Species	USA	Europe and Russia	Asia, except Japan	Japan	LATAM, except Chile	Chile	Others	TOTAL
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Atlantic salmon	40,680	12,705	6,747	4,547	14,306	2,657	358	81,999
Pacific salmon	432	702	0	691	528	15	0	2,367
Others	22,358	0	0	0	0	3,129	0	25,487
TOTAL	63,470	13,407	6,747	5,238	14,833	5,801	358	109,854

Sales by market segment as of March 2019

Product or Species	USA	Europe + Eurasia	Asia, except Japan	Japan	LATAM, except Chile	Chile	Others	TOTAL
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Atlantic salmon	26,595	9,589	4,812	4,735	18,562	3,378	969	68,641
Pacific salmon	0	0	0	0	0	0	0	0
Others	23,282	0	0	0	0	5,176	0	28,458
TOTAL	49,877	9,589	4,812	4,735	18,562	8,554	969	97,099

The Company defines its value-added products as those containing some degree of secondary processing, including freezing, which accounted for 91.5% of sales for Q1 2020 and exceeded their sales proportion of 85.3% for Q1 2019. The remaining sales are head-on gutted whole fresh salmon for the South American and Chinese markets.

Fresh Atlantic salmon fillets and portions are preferred by the North American market, while Europe favors frozen Atlantic salmon fillets and portions. Japan prefers to receive frozen fillets, while China receives both fresh and frozen salmon. The rest of Latin America prefers frozen fillets.

The North American market's share of total operating revenue increased from 51.4% to 57.8% during Q1 2020, while Europe and Russia grew from 9.9% to 12.2%. Russia imposed a blockade on salmon farming plants in Chile at the end of February, which included Salmenes Camanchaca. Asia excluding Japan (mainly China) increased from 5.0% to 6.1%, while Japan remained stable at 4.8%. Latin America excluding Chile fell from 19.1% to 13.5%, due to a decrease in the attraction of the Brazilian market, offset by an increase in the US market. Therefore, as a result of less attractive conditions in Brazil and the Russian blockade at the end of February, product was transferred to traditional markets in the USA, Japan and Mexico.

The Company has continued with its market diversification strategy for Pacific salmon sales, as sales to its traditional Japanese market represented 29% during Q1 2020.

Other income is mainly the sale of salmon and other seafood by our US subsidiary, Camanchaca Inc., smolt sales, third party processing and services by the primary processing plant, and leased farming sites on the Chilean market.

Other Businesses

As of March 31, 2020, six of Salmenes Camanchaca's sea farming concessions were being leased for trout farming in the Reloncaví Estuary (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, as in 2019 when 2,958 tons WFE of trout were harvested, much lower than the 17,405 tons harvested in 2018. Harvest volumes during Q1 2020 were 10,415 tons WFE, compared to 1,085 tons WFE in the same period for the previous year. Sales for the quarter were 2,598 tons WFE, compared to 3,016 tons WFE in Q1 2019, at higher sales prices and lower costs, so the joint venture produced net income for Camachaca of US\$ 0.4 million in Q1 2020 compared to a net loss of US\$ 0.6 million in Q1 2019, which was presented in the statement of net income under Other income.

The assumptions used to develop the trout joint venture business have not varied as of May 14, 2020, and the operator, Caleta Bay, continues to estimate average annual harvests of 12,000 tons through to 2022 when the agreement ends, with more in even years and less in odd years.

Camanchaca stocked 1.4 million Pacific salmon smolts in 2018, to make better use of the estuarine sites in the Tenth region and to complement the trout joint venture, and subsequently harvested 5,062 tons WFE during the first productive cycle in 2019-2020. This initiative will provide the Company with specific experience in producing and marketing this species, which the Company considers a beneficial step when the trout joint venture comes to an end. Camachaca’s Pacific salmon production represents around 2 to 3% of Chilean production, according to Aquabench. Camanchaca expects negative margins during the first two production cycles in 2019 and 2020, due to smolt stocking densities permitted by the regulations.

The Company has decided to reduce Pacific salmon smolt stocking in 2020 from 1.4 million to 0.7 million, which is around half the previous cycle, due to the COVID-19 pandemic. Accordingly, the estimated harvest volume for 2020-2021 is 2,700 tons WFE.

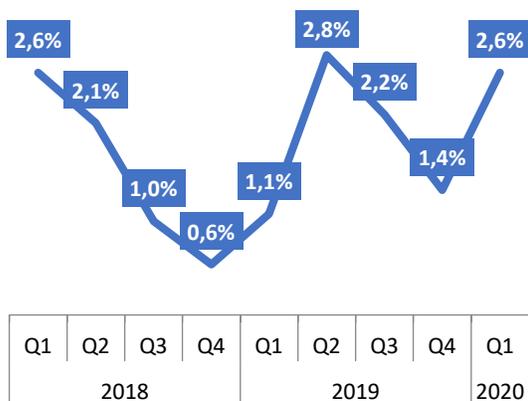
The Company’s other businesses, such as processing services for third parties, farming site leases and sales of byproducts, resulted in an operating margin of US\$ 2.0 million for Q1 2020, 22.5% lower than in Q1 2019.

I. Sanitary and Productive Conditions

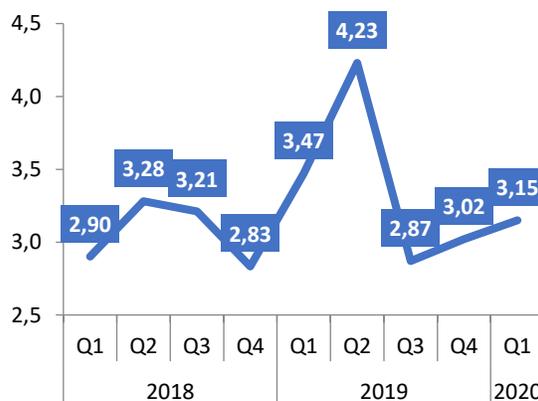
The total open cycle biomass mortality of the Atlantic salmon population during Q1 2020 was 2.6%, similar to mortality in Q1 2018, which was the previous cycle and was caused by SRS and very isolated oxygen deficiencies. The accumulated mortality at the two sites that completed their cycle in Q1 2020 was 7.75%.

Live weight ex-cage costs for fish harvested during Q1 2020 were US\$ 3.15 per kg, which is 32 US cents lower than in Q1 2019, and 25 US cents lower than the previous cycle in Q1 2018 for similar geographical areas, and 5% higher than the Company’s long-term target. This increased cost is due to adding new treatments for sea lice and SRS, and costs associated with oxygen deficiency and algae bloom mitigation measures. The lower cost compared to Q1 2019 was due to better oceanographic conditions.

Atlantic salmon mortality* (%)



Atlantic salmon live weight ex-cage cost (US\$/kg)



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

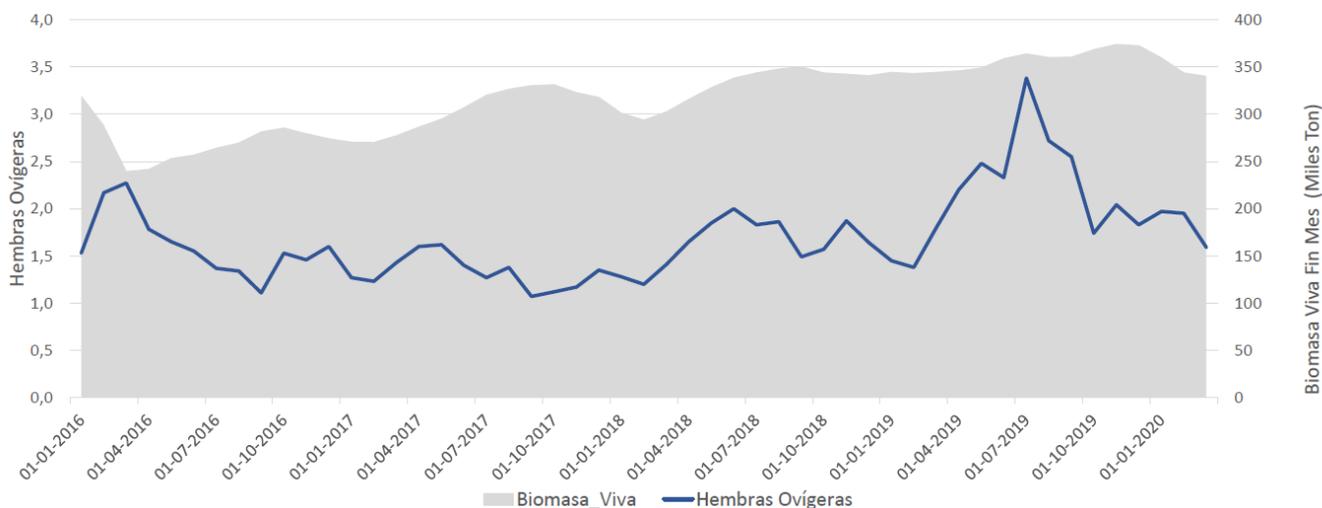
The following table shows the trends in the principal closed circuit Atlantic salmon production and sanitary variables for Q1 2020 at the two sites in this condition.

Atlantic	Biological Indicators					Sustainability Indicators				
	FCRb (Live fish)	Productivity kg WFE/smolt	Average harvest weight kg WFE	Antibiotic use Gr/Ton	Antiparasitic treatments Gr/Ton	Number of antibiotic treatments	Medicinal treatments (baths)	Number of escapes	Cycle duration / Fallow periods	FIFO Ratio
2017	1.23	5.43	5.69	359.6	0.14	2.1	0	0	17/7	0.76
2018	1.19	4.86	5.34	370.6	8.63	1.6	8.63	0	16/8	0.65
2019	1.16	4.45	4.94	117.4	9.81	0.8	9.75	0	16/8	0.6
2020	1.19	4.94	5.15	397.9	15.34	1.6	15.34	0	17/7	0.61

Smolt productivity (biomass harvested in kg/number of stocked smolts) reached 4.94kg WFE per smolt in Q1 2020, higher than in the previous two years, mainly due to the 4.3% increase in average harvest weights that reached 5.2 kg WFE.

Sea lice has been kept under control during 2020 with more frequent antiparasitic treatments and non-pharmacological treatments that began this quarter.

Sea lice concentrations on incubating females during the period 2016 to 2020 for the industry.



As of May 14, 2020, Camanchaca has two sites classified as High Propagation Sites³ (HPS), which represented 13% of total live fish as of this date. One site is 50% harvested with an average weight of 5.3 kg, and the second site already has average weights of 5.0 kg, so the Company expects that this will not affect its harvest plan.

Camanchaca began to operate an exclusive peroxide treatment barge during Q1 2020, which has proven highly effective against sea lice.

Antibiotics use fell by 10% in Q1 2020 compared to similar neighborhoods in the previous cycle, due to LiveVac vaccine use.

The costs of Atlantic salmon were:

Costs (US\$/kg WFE)	Q1 18	Q1 19	Q1 20
Ex cage	3.12	3.73	3.39
Harvest and primary processing	0.36	0.36	0.34
Added value processing	0.66	0.69	0.57
Total cost of finished product	4.14	4.78	4.30

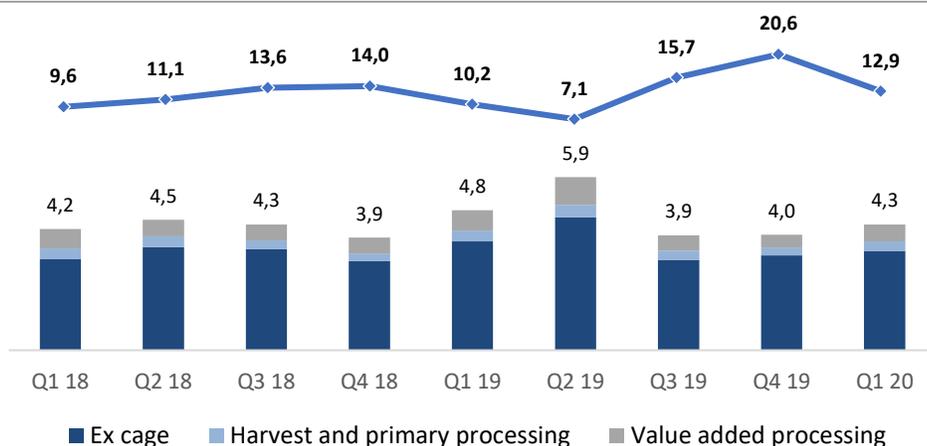
The ex-cage cost in Q1 2020 was US\$ 3.39/kg WFE (equivalent to US\$3.15/kg live or LW), 9.2% lower than in Q1 2019, due to reducing the use of oxygen deficiency and algae bloom mitigation tools at sites, but higher than Q1 2018 for the same sites, due to the large-scale adoption of pharmacological solutions for smolts to protect them from sea lice and SRS.

Primary and secondary processing costs were US\$ 0.91/kg WFE, 14.2% lower than in Q1 2019, and 10.8% or 9 US cents lower than in Q1 2018, due to higher processing volumes.

³High Propagation Sites are where an average of more than three incubating females have been recorded each time.

The total cost of finished products was US\$ 4.3 per kg WFE, which was 48 US cents lower than in Q1 2019, and 16 US cents higher than for the previous cycle in Q1 2018 for the same neighborhoods and harvested sites. This cost is only 7 US cents higher than the Company's long-term target.

Total cost of Atlantic salmon finished products (US\$/kg WFE) and processed volume (ton WFE)



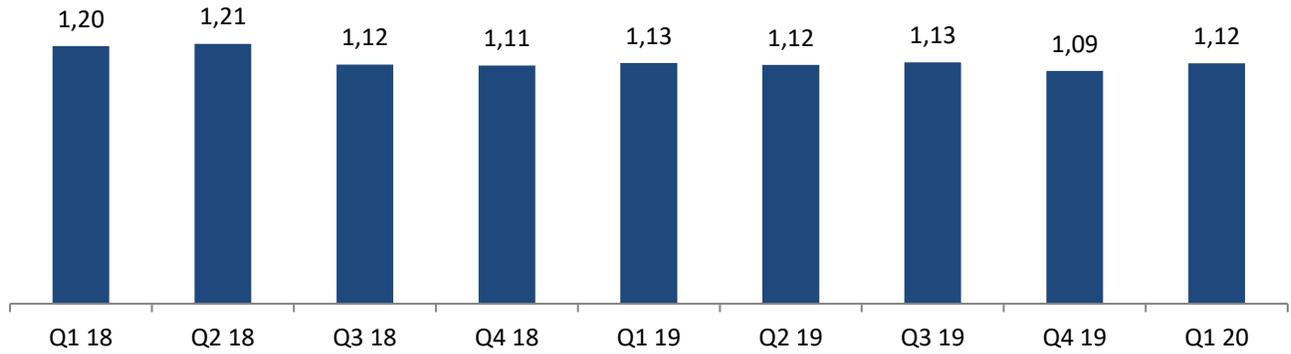
I. Feed Cost

The prices of the main ingredients were stable during 2019, except for fishmeal and fish oil which were more volatile. These two ingredients represent approximately 13% of total feed.

The price of fishmeal declined during 2019 and at the beginning of 2020, but that trend reversed in the middle of the first quarter, rising 6% in relation to the previous quarter. The price of fish oil followed the opposite trend, as it rose during 2019 due to low yields from Chilean raw materials, which reversed in Q1 2020 causing a price decrease of 3.6% to reach US\$ 1,660 /ton.

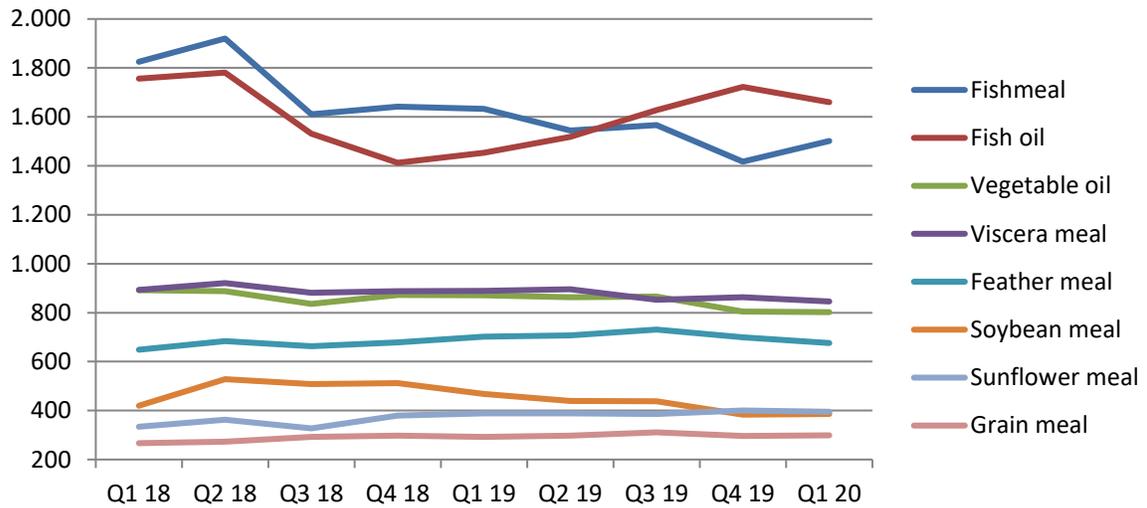
The price of feed for fish over 2.5 kg, which represents 40% of the Company's total feed cost, increased by 2.6% or 3 US cents compared to the last quarter of 2019, to reach US\$ 1.12/kg, as a result of the aforementioned increase in the price of fishmeal.

Price for 2500 caliber (Camanchaca) US\$/kg



Price includes pigment. Does not include medicated feed, nor feed additives or supplements

Price of main ingredients US\$/ton



Industrial Fishing Division

The performance of the industrial fishing business is closely related to three factors:

1. The volume of industrial fishing catches, which impacts the scale of production and unit costs.
2. **The price of fishmeal**, which is highly correlated with Peru's catches, and **the price of frozen Jack mackerel**, which is heavily influenced by the international price of crude oil;
3. Fuel prices, which impact industrial fishing costs as well as raw material processing costs.

I. Catches and production

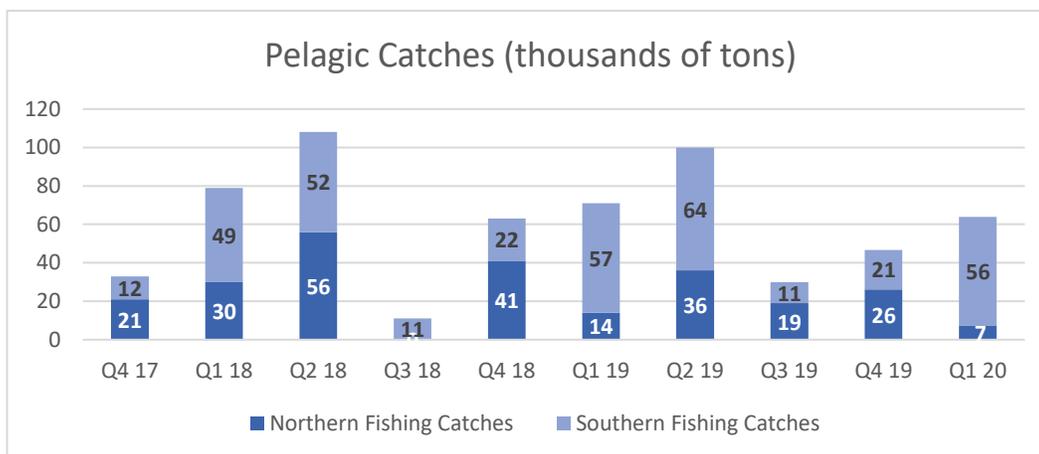
Anchovy catches in the north were 1,886 tons in Q1 2020, a decrease of 87% compared to Q1 2019, mainly due to extraordinary restrictions on catches owing to the presence of smaller fish, a measure that aims to keep the biomass in good condition. However, Jack mackerel and Atlantic mackerel catches increased to 5,632 tons, compared to only 17 tons in Q1 2019. Therefore, the total northern catch was 7,499 tons, 47% less than in the same period for the previous year. Accordingly, fish meal production fell by 46% to 1,793 tons. The anchovy oil yield began to show a slight recovery from 0.5% in Q1 2019 to 1.2% in Q1 2020.

Jack mackerel catches in the southern central area totaled 46,000 tons, 54% higher than the 30,000 tons caught in Q1 2019. These catches were complimented by Atlantic mackerel catches, which totaled 812 tons in Q1 2020 compared to 3,158 tons in Q1 2019. The large pelagic fish catches are preferable for human consumption (80%) and totaled 47,000 tons. These fish produced 19,000 tons of frozen Jack mackerel compared to 15,000 tons in Q1 2019 and 511,000 cans compared to 478,000 in Q1 2019 at lower costs. As of May 14, 2020, the Company's total LTPA and LTPB quotas had been caught, amounting to 63,142 tons. During the coming months, an estimated 24,000 tons of additional Jack mackerel quotas will be purchased on the international RFO market.

The sardine and anchovy fishing season in the southern central area got off to a late start, so the industrial and artisanal catches were 59% lower at only 10,000 tons in Q1 2020. As of May 14, 2020, the artisanal catches processed by Camanchaca Pesca Sur were over 50% of their annual quota.

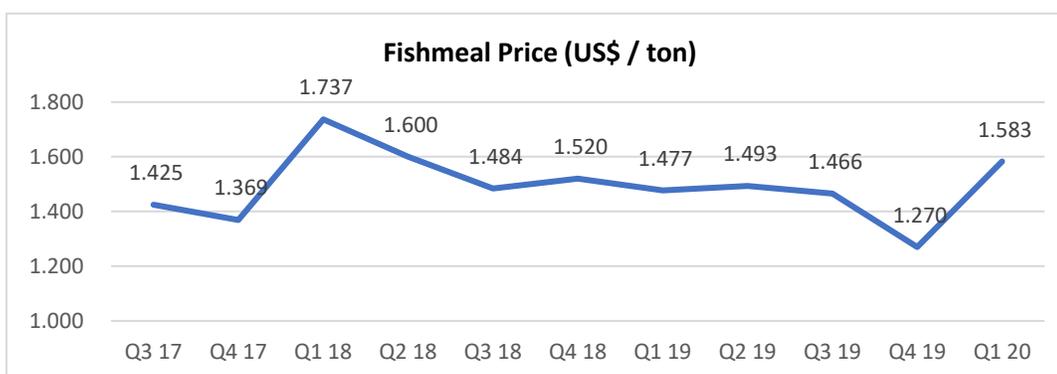
Total fishmeal production in the southern area increased by 5% due to yield increases from 19.5% in Q1 2019 to 23.9% in Q1 2020. However, fish oil production decreased by 38%, due to yields reaching the traditional 7.3%.

The Langostine lobster capture season begins in March each year, and 278 tons were caught in Q1 2020, 57% less than in Q1 2019, due to the difficulties for fishing during the last half of March caused by the Covid-19 pandemic.



II. Prices and sales

Peruvian anchovy catches have matched the entire quota for the latest seasons, which were 3.3, million tons for the first season in 2018, 2.1 million for the second season in 2018 and 2.1 million for the first season in 2019. This kept fishmeal prices steady during the first 9 months of 2019, at around US\$ 1,500/ton. However, the Peruvian anchovy quota for the second season in 2019 was 2.8 million tons, which was believed to be high, together with the decrease in Chinese demand, due to mortality among pigs affected by African swine fever, the combined effect has led to a fall in the price of prime Chilean fishmeal to US\$ 1,250/ton during Q4 2019 and the beginning of 2020. Nevertheless, smaller catches in the latter period when only 36% were caught drove average prices up to US\$ 1,583/ton in Q1 2020. The first 2020 quota of 2.4 million tons was declared in Peru during the first week of May. But there are doubts about the operational capacity of the Peruvian fleet to catch this volume, due to the effects of the Covid-19 pandemic.



Consolidated southern and northern fishmeal sales increased by 36% to reach 5,224 tons, and fish oil sales increased by 212% to reach 1,784 tons in Q1 2020. Inventories of fishmeal and fish oil increased in Q1 2020 to reach around 9,600 tons.

Frozen Jack mackerel is mainly sent to Africa. Sales increased by 2,400 tons in Q1 2020 to 12,700 tons, which was 23% higher than in the same period for the previous year, but at a price of US\$ 795, which was 14% lower. Inventories of frozen Jack mackerel at the end of Q1 2020 reached 6,964 tons, which is 12.5% more than in March 2019, and over 60% of this inventory has already been sold as of May 14, 2020.

The average price for a box of canned Jack mackerel was US\$ 19.90 in Q1 2020, 6.2% lower than in Q1 2019. 288,000 boxes were sold in Q1 2020, an increase of 29.6% over sales in Q1 2019, leaving an inventory of 664,000 boxes at the end of March 2020, at a cost of nearly US\$ 10 per box. This inventory is 15.8% higher than at the close of Q1 2019, due to the higher catches of Jack mackerel during Q1 2020.

Langostine lobster sales decreased by 67% during Q1 2020 to 34 tons in 2020, at an average price of US\$ 26.7/kg, an increase of +6.1% compared to Q1 2019.

Operating revenue by market segment as of March 2020

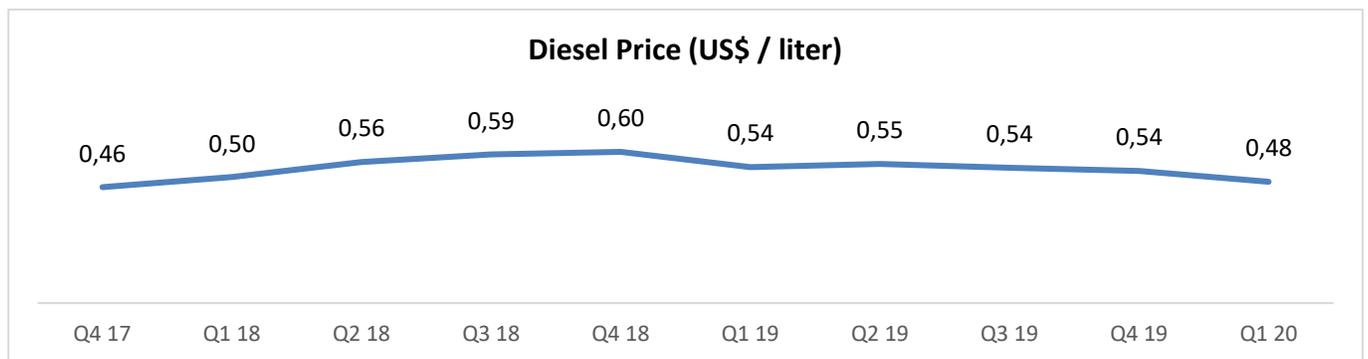
Product	USA ThUS\$	Europe and Russia ThUS\$	Asia, except Japan ThUS\$	Japan ThUS\$	LATAM, except Chile ThUS\$	Chile ThUS\$	Others ThUS\$	TOTAL ThUS\$
North								
Fishmeal	0	0	857	2,354	0	0	0	3,210
Fish oil	0	0	0	0	0	527	0	527
South								
Fishmeal	0	0	623	281	0	4,155	0	5,059
Fish oil	0	0	920	0	0	1,639	0	2,559
Canned fish	326	87	878	0	1,549	2,845	43	5,728
Frozen fish	0	58	0	0	335	1	9,674	10,068
Langostine	908	0	0	11	0	1	0	920
Others	0	0	0	0	0	3,268	0	3,268
TOTAL	1,234	146	3,278	2,646	1,884	12,434	9,717	31,339

Operating revenue by market segment as of March 2019

Product	USA ThUS\$	Europe and Russia ThUS\$	Asia, except Japan ThUS\$	Japan ThUS\$	LATAM, except Chile ThUS\$	Chile ThUS\$	Others ThUS\$	TOTAL ThUS\$
North								
Fishmeal	0	0	1,846	534	0	0	0	2,380
Fish oil	0	148	99	0	0	127	0	374
South								
Fishmeal	0	0	1,175	174	0	1,944	0	3,293
Fish oil	0	0	0	0	0	535	0	535
Canned fish	219	78	435	0	1,715	2,169	101	4,717
Frozen fish	0	99	0	0	404	9	9,019	9,531
Langostine	2,649	0	0	0	0	3	0	2,652
Others	0	0	0	0	0	5,114	0	5,114
TOTAL	2,868	325	3,555	708	2,119	9,901	9,120	28,597

III. Fuel costs

The cost of diesel oil acquired by Camanchaca was 48 US cents per liter in Q1 2020, 11% lower than Q1 2019. Lower fuel prices during Q1 2020 produced a saving of approximately US\$ 0.3 million. The decline in fuel prices is expected to have a greater favorable impact in Q2 2020 due to these price trends and increased fuel use in industrial fishing.



Volumes

		Q1 2020	Q1 2019	Δ	Δ %
CATCHES					
North	tons.	7,499	14,201	(6,702)	(47.2%)
Owned	tons.	7,300	13,173	(5,873)	(44.6%)
Third parties	tons.	198	1,028	(830)	(80.7%)
South	tons.	56,444	56,784	(340)	(0.6%)
Owned	tons.	46,720	33,051	13,669	41.4%
Third parties	tons.	9,725	23,733	(14,008)	(59.0%)
Total	tons.	63,943	70,985	(7,042)	(9.9%)
PRODUCTION					
Fishmeal	tons.	8,150	9,377	(1,227)	(13.1%)
Fish oil	tons.	2,040	3,226	(1,186)	(36.8%)
Canned fish	Boxes	511,234	478,297	32,937	6.9%
Langostine lobster	kg.	36,000	82,000	(46,000)	(56.1%)
Frozen Jack mackerel	tons.	19,128	14,698	4,430	30.1%
SALES					
Fishmeal	tons.	5,224	3,840	1,384	36.0%
Fish oil	tons.	1,784	572	1,212	212.0%
Canned fish	Boxes	287,927	222,143	65,784	29.6%
Langostine lobster	kg.	34,417	105,119	(70,702)	(67.3%)
Frozen Jack mackerel	tons.	12,663	10,258	2,405	23.4%
PRICES					
Fishmeal	US\$/ton	1,583	1,477	106	7.2%
Fish oil	US\$/ton	1,729	1,590	139	8.7%
Canned fish	US\$/box	19.9	21.2	(1.3)	(6.2%)
Langostine lobster	US\$/kg	26.7	25.2	1.5	6.1%
Frozen Jack mackerel	US\$/ton	795	929	(134)	(14.4%)

Other Seafood Division

Operating revenue from this division increased by 27.3% in this quarter to US\$ 7.9 million, due to a 37% increase in mussel sales volumes. Higher yields and lower costs increased the gross margin by US\$ 1.4 million or 133% compared to Q1 2019. Administrative expenses decreased by 18.6% and distribution costs increased slightly by 2.2% due to increased sales volumes, which is reflected in net savings of US\$ 0.1 million in total administrative and distribution costs. Thus, EBITDA was US\$ 1.3 million in Q1 2020, which is US\$ 1.5 million higher than in Q1 2019, and net income of US\$ 0.9 million was generated, which compares favorably with a net loss of US\$ 0.4 million in Q1 2019.

Mussel production by the subsidiary Camanchaca Cultivos Sur was 21.5% higher in Q1 2020, at 3,535 tons of finished products, processed from 10,610 tons of raw material, which contributed to a 37% increase in sales that reached US\$ 7.2 million, with a 37% increase in sales volumes. These factors generated a positive EBITDA of US\$ 1.5 million compared to negative US\$ 0.3 million in Q1 2019, and net income of US\$ 1.0 million compared to a net loss of US\$ 0.4 million in Q1 2019. These business performance improvements are mainly due to higher yields from the Company's own mussel farming, which lead to a reduction in raw material purchases from third parties, as these were 48% in Q1 2019 compared to only 28% in Q1 2020.

The abalone business had a net loss of US\$ 0.14 million in Q1 2020, US\$ 0.2 million less than Q1 2019.

Volumes

		Q1 2020	Q1 2019	Δ	Δ %
PRODUCTION					
Abalone	tons.	42	75	(33)	(43.7%)
Mussels	tons.	3,535	2,910	625	21.5%
SALES					
Abalone	tons.	30	56	(26)	(45.7%)
Mussels	tons.	2,491	1,815	676	37.2%
PRICES					
Abalone	US\$/kg	20.2	20.0	0.2	0.8%
Mussels	US\$/kg	2.8	2.7	0.1	4.7%

Subsequent Events

The Annual General Shareholders' Meeting was held on April 30, 2020, where a final dividend of US\$ 10 million was approved, which is similar to the dividend for the previous year and equivalent to US\$ 0.002465 per share, which is duly provided for in these financial statements. An Extraordinary Shareholders' Meeting was held on the same date, where it was agreed to change the name of the company to **Camanchaca S.A.**, together with expanding the Company's purpose to include storage and logistics businesses on Rocuant Island, Talcahuano.

The subsidiary Salmones Camanchaca was a founding partner of the Chinese marketing company New World Currents, but left this organization on May 1, 2020, to begin direct distribution in China through a commercial organization in Asia operated by Camanchaca. The objective is to achieve greater flexibility and autonomy when implementing its commercial strategy aimed at satisfying niches and segments with value-added products, using its own brands and a closer relationship with the distribution chain.

The Company's outlook and the Covid-19 pandemic

Camanchaca's management has implemented various measures to deal with this global pandemic, which is affecting Chile. These measures reduce the infection risk within its facilities, mitigate the potential effects on employees, and preserve the operational continuity of the Company's productive facilities and its financial position. These measures aim to achieve two main objectives:

- 1 Protect the health of our employees and their families and in general of everyone who works at Camanchaca's sites, by reducing the infection risks within these facilities and while traveling to and from them.
2. Protect the company's operational continuity, which is an indispensable requirement in order to protect employment at Camanchaca and conserve the company's own health.

As of May 14, 2020, there have been five reported cases of COVID-19 among the Company's employees, which is less than 0.15% of the total headcount. This has been achieved by implementing various multidisciplinary operational measures that reduce infection risks between people, within our facilities and within the provided transport, including social distancing. These measures aim to make the workplace as safe for our employees as their own home.

These measures include putting fewer people on additional shifts, eliminating physical contact between shifts, implementing even stricter hygiene protocols, introducing preventive Covid-19 PCR testing for shifts at remote marine sites, introducing remote working for everyone with non-essential duties, granting temporary home leave for vulnerable employees, such as those aged over 60, reducing passenger density in Company vehicles, and other measures.

Harvest and production in the salmon farming division were about 95% of the quarterly plan during the first quarter of 2020, with a slowdown in the last two weeks of the quarter due to measures that mitigated COVID-19 infection risks. However, these processes were only around 60 to 65% of the original plan during the last week of March and all of April. They are expected to rise to 80% in May, with estimated production in Q2 2020 of around 65 to 80% of usual harvesting and production capacity.

Demand for salmon has been affected by quarantines and calls to stay at home around the world, which has significantly reduced orders from the restaurant, hotel and entertainment segment, although partially offset by an increase in orders from the supermarket segment. Camanchaca can easily adapt its productive and commercial

capacity in a changing environment. Accordingly, it aims to produce and sell only value-added products, focusing on the supermarket segment of developed markets. However, the prices for our salmon products have fallen by approximately 20% compared to the beginning of March 2020.

The industrial fishing division has not significantly reduced its capacity, neither in catches nor in processing. However, production of frozen Jack mackerel has been suspended due to weak demand in the main market in Nigeria, which has been affected by falling crude oil prices. This raw material has been switched to producing canned Jack mackerel and fishmeal, which achieve better returns under current conditions.

Mussel production was suspended for approximately ten days in the other seafood division, due to logistical difficulties on land in Chiloé at the end of March. It resumed in the first half of April, to reach over 80% by the end of that month.

The Company has sought a conservative liquidity position during the pandemic, by reducing investments, postponing non-essential expenses and increasing its credit lines. Furthermore, Pacific salmon farming has been reduced by half in 2020, which will result in estimated harvest volumes of less than 5,000 tons in the new cycle for 2020-21. Thus, total estimated harvest volumes for 2020 are 54,000 to 57,000 tons WFE. This estimate may be particularly inaccurate if supply and demand are disrupted due to the consequences of the Covid-19 pandemic.

The medium-term impact of COVID-19 is still uncertain, and Camanchaca continues to monitor it and implement mitigation measures as productive conditions and target markets evolve.

Main Risks and Uncertainties

External variables might materially impact the Company's annual performance. The principal variables affecting revenue are pelagic fishing catches and the biological condition of Atlantic salmon harvests, as well as market conditions and prices of its main products, fishmeal and Atlantic salmon. The most critical cost factors are the environmental conditions at farming sites, the health status of the salmon biomass, biological feed conversion, pelagic catches that defines the scale of production, and the costs of diesel, energy and salmon feed.

Consequently, fishing and aquaculture companies are exposed to various risks, which require Camanchaca to use a risk matrix that directs and prioritizes the Company 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 strategies to mitigate their probability and impact, including insurance wherever this is financially feasible and attractive. These risk maps guide management to continuously manage and mitigate each risk and establish the corresponding responsibilities, as well as the frequency and depth of internal controls to validate the effectiveness of mitigating measures.

The factors used to detect and manage not only critical risks when events occur, but also operational management 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 employees; 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 growth of specific species, and thereby, production and sales volumes. Furthermore, salmon farming faces risks associated with harmful algal blooms and low levels of oxygen at farm sites, especially in summer when greater sun-light and higher temperatures encourage these situations.

Camanchaca has adopted strict control standards to minimize these risks, and comply with the Authority's requirements with respect to coordinated fallow periods for the concessions in each neighborhood, maximum fish density in cages, constant monitoring and reporting of the biomass and its biological status and health, the smolt stocking process in closed recirculation sites fed by under-ground water, transport of breeders and fish for harvest in wellboats, coordinated antiparasitic washing by neighborhoods, frequent net cleaning, oxygen plants to supplement pronounced oxygen deficits 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. Despite these mitigating measures, sea lice cannot be eradicated as a source of phytosanitary risks in the foreseeable future.

Oceanographic and climatic conditions are among the variables that affect the condition and location of suitable shoals of pelagic fish.

b) Natural Risks

The Company is exposed to natural risks that may affect normal operations, such as volcanic eruptions, tidal waves and tsunamis, earthquakes, harmful algae blooms, natural predators, pollution and other factors that may

threaten the biomasses, fish catches and production infrastructure. Furthermore, it is exposed to fishing and 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. The Company is constantly monitoring these variables using the latest technologies available in Chile, in addition to having appropriate insurance coverage for these risks, where available.

c) Sales 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 operate a policy of accumulating inventory in order to speculate on a better sale price in the future.

- Industrial Fishing Division Despite short-term price volatility, global supply restrictions and sustained growth in demand for protein, driven primarily by developments in aquaculture and increased availability of products for human consumption, have kept prices trending positively in recent years.
- Salmon Farming Division Prices are highly dependent on changes in supplies from Norway and Chile, but also on demand shocks caused by fluctuations in the exchange rates used by the Company's major trading partners. Furthermore, demand may fall due as consumption patterns weaken, for example as a result of the Covid-19 pandemic, which could continue for a prolonged period. Camanchaca has sought to safeguard against this risk through diversifying its commercial network and flexing its products to enable its raw material to be sent to any market.
- Other Seafood Division Mussel and abalone prices have experienced a stable trend on international markets in recent years, without large inter-annual fluctuations. The Company has mitigated these risks by optimizing costs, strengthening commercial ties with offices in various parts of the world, creating high-quality products and launching products in other formats.

d) Purchase Price Risks

The Company is exposed to changes in the price of commodities such as diesel and bunker oil. The Company does not use financial derivatives to mitigate this risk, as the size of future catches is uncertain. However, historically there has been some correlation between the price of fishmeal and other commodities, which reflects the state of the global economy.

The Company is exposed to changes in the price of salmon feed, which represents about half the cultivation cost. 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 ratio of marine sourced feed to farmed fish (the fish in-fish out ratio), to no more than 1.0. The Company has feed contracts with prices adjusted quarterly, on a cost-plus basis.

On average, 30% of total fishing catches come from local independent fishermen. The Company has long-term agreements with them in relation to volumes, pricing systems and additional guarantees. Therefore, Camanchaca is protected as purchase prices are indexed to fishmeal sales prices. The Company provides boat construction financing to local independent fisherman with whom it holds fish purchasing agreements, allowing boat owners to pay off the loan as the Company purchases fish.

e) Regulatory Risks

Our business relies on laws, standards and regulations issued by fishing authorities, and significant changes could have an impact on our performance. Such as the Fisheries Act published on February 9, 2013 that replaced individual fishing quotas with transferable fishing licenses. The regulations governing seafood farming are mainly established by the General Law on Fisheries and Aquaculture, and its associated regulations, which assign concessions, manage the biomass, establish preventive sanitary regulations, and other regulations. The Company is constantly monitoring any potential changes in regulations in order to anticipate and mitigate any potential impacts.

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, 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 tons WFE at its own farming sites, plus another 15,000 to 16,000 tons WFE of other species.

Most of the concessions held by 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 farm sites at minimum capacity for a minimum period where they are at risk of revocation, which results in additional expense. 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.

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 catches, harvests, production or shipments of products to target markets. 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.

Camanchaca conservatively and prudently manages this risk by maintaining sufficient liquidity and access to third-party financing facilities, while carefully ensuring that it complies with all its financial obligations.

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 evaluates its hedging options, depending on market conditions, but has not used them during the last five years.

i) Exchange Rate Risks

A substantial proportion of Camanchaca's revenue arises from contracts and commercial agreements set in US dollars. However, given the diversity and importance of markets other than the North American market, which have historically represented more than 30% 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 Risk

j.1) Surplus Cash Investment Risks

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

j.2) Sales Operations Risks

Camanchaca 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

Consolidation

The consolidated financial statements as of March 31, 2020 and March 31, 2019 include Camanchaca S.A., Salmones Camanchaca S.A., Camanchaca Pesca Sur S.A., Camanchaca Cultivos Sur S. A., Camanchaca SpA, Transportes Interpolar Limitada and Aéreo Interpolar Limitada.

Camanchaca S.A. operates fishmeal and fish oil processing plants in northern Chile. Abalone farming and processing takes place in Caldera, in the Third region.

The subsidiary Camanchaca Cultivos S.A. has marine farming concessions located at Chiloé Island in southern Chile, and a processing plant that produces mussels with shell, whole and unshelled.

Salmones Camanchaca S.A. produces, farms and processes salmon and includes Fiordo Blanco S.A. and Fiordo Azul S.A., who own salmon farming concessions.

Camanchaca Pesca Sur S.A. catches, produces and markets pelagic fish in central southern Chile. It includes Cannex S.A., which markets canned food.

Camanchaca SpA owns the foreign companies Camanchaca Inc., (USA), Camanchaca Ltd. (Japan), and Inmobiliaria Camanchaca S.A. (Chile).

The financial statements contain the Company's statement of financial position, which present figures as of March 31, 2020, compared to figures as of December 31, 2019. The statements of net income and cash flow are presented for the three month period ended March 31, 2020, and compared to the three month period ended March 31, 2019.

Consolidated Statement of Net Income (ThUS\$)

	Q1 2020	Q1 2019
Operating revenue	149,103	131,911
Cost of sales	(124,055)	(110,130)
Gross margin	25,048	21,781
Administrative expenses	(4,459)	(6,379)
Distribution costs	(7,383)	(7,134)
EBIT before fair value	13,206	8,268
EBITDA before fair value adjustments	21,014	14,230
Gain (loss) on fair value of biological assets	11,347	24,780
Cost of biological assets harvested and sold	(17,438)	(20,183)
Net fair value adjustments to biological assets	(6,090)	4,597
Financial costs	(1,918)	(1,187)
Share of net income (losses) of equity method associates	544	554
Exchange differences	(4,672)	1,580
Other income (losses)	(79)	(2,735)
Financial income	0	0
Net income (loss) before taxes	992	11,078
Taxation income (expense)	(93)	(3,319)
Net income for the period	898	7,759
Non-controlling interest	(765)	(3,856)
Net income (loss) for the period attributable to owners of the parent company	133	3,903

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

Statement of Net Income - Salmon Farming Division (ThUS\$)

	Q1 2020	Q1 2019
Operating revenue	109,854	97,099
Cost of sales	(91,887)	(75,823)
Gross margin	17,967	21,276
Administrative expenses	(2,262)	(3,221)
Distribution costs	(4,105)	(3,498)
EBIT before fair value	11,600	14,557
EBITDA before fair value adjustments	15,326	17,454
Gain (loss) on fair value of biological assets	11,347	24,780
Cost of biological assets harvested and sold	(17,438)	(20,183)
Net fair value adjustments to biological assets	(6,090)	4,597
Financial costs	(1,115)	(748)
Share of net income (losses) of equity method associates	544	554
Exchange differences	(2,562)	(27)
Other income (losses)	(35)	(991)
Financial income	0	0
Net income (loss) before taxes	2,342	17,943
Taxation income (expense)	(513)	(4,821)
Net income for the period	1,829	13,121
Non-controlling interest	(547)	(4,059)
Net income (loss) for the period attributable to owners of the parent company	1,282	9,062

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

Statement of Net Income - Industrial Fishing Division (ThUS\$)

	Q1 2020	Q1 2019
Operating revenue	31,339	28,597
Cost of sales	(26,654)	(29,120)
Gross Margin	4,685	(523)
Administrative expenses	(1,610)	(2,435)
Distribution costs	(2,493)	(2,868)
EBIT	582	(5,827)
EBITDA	4,378	(3,000)
Financial costs	(746)	(404)
Share of net income (losses) of equity method associates	0	0
Exchange differences	(2,291)	1,577
Other income (losses)	(45)	(1,744)
Financial income	0	0
Net income (loss) before taxes	(2,500)	(6,398)
Taxation income (expense)	674	1,421
Net income for the period	(1,826)	(4,977)
Non-controlling interest	(218)	203
Net income (loss) for the period attributable to owners of the parent company	(2,044)	(4,774)

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

Statement of Net Income - Other Seafood Division (ThUS\$)

	Q1 2020	Q1 2019
Operating revenue	7,910	6,215
Cost of sales	(5,514)	(5,187)
Gross Margin	2,396	1,028
Administrative expenses	(588)	(722)
Distribution costs	(784)	(767)
EBIT	1,024	(461)
EBITDA	1,310	(224)
Financial costs	(57)	(35)
Share of net income (losses) of equity method associates	0	0
Exchange differences	181	30
Other income (losses)	1	0
Financial income	0	0
Net income (loss) before taxes	1,150	(466)
Taxation income (expense)	(254)	81
Net income for the period	896	(385)
Non-controlling interest	0	0
Net income (loss) for the period attributable to owners of the parent company	896	(385)

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

Statement of Financial Position (ThUS\$)

Consolidated (ThUS\$)	Q1 2020	Q4 2019	Q1 2019
Cash and cash equivalents	56,009	41,873	26,434
Other financial assets, current	295	361	344
Other non-financial assets, current	19,770	15,798	13,243
Trade and other receivables, current	80,533	95,777	84,340
Related party receivables, current	110	116	90
Inventories	88,778	76,669	68,066
Biological assets, current	143,100	150,741	141,726
Tax assets, current	7,478	6,726	3,176
Total current assets	396,074	388,062	337,419
Other financial assets, non-current	701	701	701
Other non-financial assets, non-current	15,865	17,149	19,880
Rights receivable, non-current	1,100	1,252	1,736
Related party receivables, non-current	1,940	2,208	2,370
Investments accounted for using the equity method	4,831	4,871	5,365
Intangible assets other than goodwill	50,314	50,314	50,314
Intangible assets	1,214	1,214	1,214
Property, plant and equipment	291,690	287,683	265,243
Long-term deferred taxes	30,691	29,202	25,657
Total non-current assets	398,346	394,593	372,480
Total assets	794,421	782,655	709,899
Other financial liabilities, current	44,674	31,575	12,630
Operating lease liabilities, current	2,557	2,964	0
Trade and other payables, current	106,844	100,953	126,847
Related party payables, current	1,210	375	1,305
Other provisions, current	5,624	7,129	0
Current tax liabilities	1,048	346	10,690
Employee benefit provisions, current	2,443	3,520	2,466
Total current liabilities	164,400	146,862	153,938
Other financial liabilities, non-current	120,228	116,928	80,264
Operating lease liabilities, non-current	8,571	10,299	0
Trade and other payables, non-current	565	671	277
Deferred tax liabilities	18,081	20,188	13,065
Employee benefit provisions, non-current	1,100	1,027	1,221
Total non-current liabilities	148,545	149,113	94,827
Total liabilities	312,945	295,975	248,766
Share capital	284,134	284,134	284,134
Retained earnings	31,250	35,210	17,751
Other reserves	49,930	50,527	50,880
Non-controlling interests	116,162	116,810	108,369
Total equity	481,476	486,680	461,134
Total equity and liabilities	794,421	782,655	709,899

Statement of Cash Flow (ThUS\$)

	Q1 2020	Q1 2019
CASH FLOW FROM (USED BY) OPERATING ACTIVITIES		
Receipts		
Receipts from selling goods and providing services	160,968	152,866
Other receipts from operating activities	0	0
Payments		
Payments to suppliers for goods and services	(128,215)	(129,044)
Payments to and on behalf of employees	(18,309)	(20,182)
Dividends received	0	0
Interest paid	(11)	0
Interest received	0	0
Income taxes refunded (paid)	0	0
Other receipts (payments)	0	0
Net cash flow from (used by) operating activities	14,433	3,640
Net cash flow from (used by) financing activities	14,841	10,230
Net cash flow from (used by) investing activities	(13,457)	(18,210)
Effects of changes in exchange rates on cash and cash equivalents	(1,681)	118
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	14,136	(4,222)
CASH AND CASH EQUIVALENTS AT THE START OF THE PERIOD	41,873	30,748
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	56,009	26,526

Statement of Changes in Equity (ThUS\$)

	Share capital	Foreign currency translation reserve	Cash flow hedge reserve	Other reserves	Total other reserves	Retained earnings (losses)	Equity attributable to the parent company	Non-controlling interest	Total equity
Opening balance as of January 1, 2020	284,134	(739)	30	51,236	50,527	35,210	369,871	116,809	486,680
Changes in equity									
Dividends accrued						(4,093)	(4,093)	(1,263)	(5,356)
Comprehensive income									
Net income for the period						133	133	765	898
Other comprehensive income		(574)	(23)		(597)		(597)	(149)	(746)
Closing balance as of March 30, 2020	284,134	(1,313)	7	51,236	49,930	31,250	365,314	116,162	481,476
Opening balance as of January 1, 2019	284,134	(420)	(32)	51,236	50,784	20,728	355,646	111,215	466,861
Changes in equity									
Dividends accrued								(3,768)	(3,768)
Comprehensive income									
Net income for the period						3,903	3,903	3,856	7,759
Other comprehensive income		64	31		95		95	14	109
Closing balance as of March 31, 2019	284,134	(356)	(1)	51,236	50,879	24,631	359,644	111,317	470,961

Additional Information

Key Financial Indicators

This section compares the Company's key financial indicators based on its consolidated financial statements as of March 31, 2020, compared to March 31, 2019.

	Q1 2020	Q1 2019
Liquidity Indicators		
Current Liquidity	2.41	2.19
Acid Test Ratio	1.00	0.83
Working Capital (US\$ million)	232	183
Debt Indicators		
Net Debt Ratio	0.53	0.48
Current Liabilities / Total Liabilities	0.53	0.62
Non-Current Liabilities / Total Liabilities	0.47	0.38
Profitability Indicators	(3 months)	(3 months)
Return on Equity (ROE)	0.03%	0.85%
Return on Assets (ROA)	3.15%	3.07%

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
 - 5) Return on Equity: Net income (loss) attributable to owners of the parent company / Total equity
 - 6) Return on Assets: Gross margin before fair value adjustment / Total assets
-

The increase of 0.22 in current liquidity is mainly caused by an increase of US\$ 58.7 million in current assets and an increase of US\$ 25.9 million in current liabilities, as explained in the statement of financial position analysis. Consequently, working capital increased by US\$ 48 million.

The acid ratio was 1.00 mainly due to the US\$ 30 million increase in cash flow. These changes have already been explained in the financial position analysis.

The net debt ratio increased from 0.48 to 0.53 mainly due to total liabilities increasing by US\$ 64.2 million, while equity increased by US\$ 20.3 million. These changes have already been explained in the statement of financial position analysis.

The proportion of long-term liabilities increased from 0.38 to 0.47 as of March 31, 2020 due to an increase in non-current liabilities of US\$ 53.7 million. These changes have already been explained in the statement of financial position analysis.

Return on equity and return on assets can be explained mainly by the Company's margins and the financial performance for the respective periods.

Cumulative Indicators for the Salmon Farming Division

	As of 03/31/2020	As of 03/31/2019
a. Atlantic Salmon harvested in the period (tons WFE) / Site	3,286	2,038
b. Atlantic Salmon farming density (kg/m3)	10.5	7.0
c. Atlantic Salmon group survival rate in sea water by harvest	93.5%	90.7%
d. Pacific Salmon farming density (kg/m3)	0.7	1.2
e. Pacific Salmon group survival rate in sea water by harvest	0.93	n/a
f. EBIT before fair value adjustments (US\$ million)	11.6	14.6
g. Atlantic salmon EBIT/kg WFE before fair value adjustments	0.95	1.27
h. Pacific salmon EBIT/kg WFE before fair value adjustments	-1.81	n/a

Notes:

a. Harvests for the period, expressed in ex-cage tons / number of sites harvested, expressed in ex-cage tons per site.

b and d. Average farming density, expressed in kg per cubic meter for sites harvested during the corresponding period.

c and e. Survival rate, expressed as harvested fish groups compared to smolt stocking. A harvest group is fish of a similar origin and strain.

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

g and h. Gross margin before fair value adjustment - administrative expenses - distribution costs – net income from interest in trout business / kg WFE of own salmon sold

Biomass Fair Value

For the period ended March 31 (ThUS\$)

	Gain (loss) on fair value of biological assets		Cost of biological assets harvested and sold	
	As of 03/31/2020	As of 03/31/2019	As of 03/31/2020	As of 03/31/2019
Salmonids	11,347	24,780	-17,437	-20,183

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 US\$ 11.3 million was recorded for the fair value adjustment of the live and harvested biomass as of March 31, 2020, compared to a gain of US\$ 24.8 million as of the same date in 2019. This can be explained mainly by falling prices 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 of the biomass sold as of March 31, 2020, was a loss of US\$ 17.4 million, which reversed a positive margin estimated in prior periods, in contrast to a loss of US\$ 20.2 million as of March 31, 2019.

The net effect of the fair value adjustments for the salmon biomass for the period ended March 31, 2020 is a negative US\$ 6.1 million, as opposed to the positive US\$ 4.6 million recorded for the same period in 2019.

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, Mussels and Abalone	Fair Value, as there is a market with reference prices and companies that sell these assets. If no market can be identified, then cumulative cost is used.