



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

### **Quarterly Earnings Report on the Consolidated Financial Statements** For the periods ended September 30, 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 3,600 employees.*

## Highlights for the period

- **Total operating revenue for 9m 2020 was US\$ 415 million**, 1% less than in 2019 where operating revenue from the industrial fishing division increased by 4.8%, the other seafood division increased by 12.6%, and the salmon farming division decreased by 4.5%. The impact of the pandemic was greatest in Q3 2020, with operating revenue 19% lower than in Q3 2019, while gross margin fell to only 0.6% in those three months.
- **EBITDA decreased by 39% compared to 9m 2019**, to reach US\$ 37 million, due to the sharp fall in Atlantic salmon prices during Q2 and especially Q3 2020, as a result of weak demand caused by the pandemic, which has impacted the results for this division, leaving it with a consolidated negative EBITDA of US\$ 1.7 million for the quarter.
- **Important improvements at Camanchaca Pesca Sur and Camanchaca Cultivos Sur** (mussels) led the industrial fishing division to increase its EBITDA for 9m 2020 by 62%, and for the other seafood division by 329%.
- **The fall in Atlantic salmon prices of US\$ 0.78/kg WFE** or 12% in 9m 2020, led to a net loss of US\$ 10.8 million compared to net income of US\$ 17.1 million in 9m 2019.
- **Salmon harvest volumes in 9m 2020 were 37,976 MT WFE**, 11.9% higher than the same period for the previous year. Atlantic salmon represented 98% of this total, with an increase of 11.2% over 9m 2019.
- **The 2020 estimated harvest volumes for Atlantic salmon are 53,000 MT WFE, and for Pacific salmon are 3,500 MT WFE** with 700 MT from the previous cycle in Q1, to produce a total harvest volumes of 56,500 MT WFE. The initial estimated harvest volumes for 2021 are 55,000 to 57,000 MT WFE, which includes about 2,000 MT WFE of Pacific salmon.
- **Atlantic salmon** harvest ex cage live fish costs were US\$ 3.06/kg in Q3 2020, which was lower than in the previous two quarters, although 6.7% higher than in Q3 2019. This cost is in line with the long-term goal of US\$ 3/kg. It was US\$ 3.17/kg for 9m 2020 compared to US\$ 3.35/kg for 9m 2019.
- **Total processing costs were** US\$ 0.86/kg WFE, 2.4% higher than Q3 2019, but significantly below the long-term goal of US\$ 1/kg WFE. Processing costs were affected by lower processing volumes, a higher proportion of value added products that contribute with higher margins, and higher costs due to precautionary measures for the pandemic. Nevertheless, total processing costs for 9m 2020 were US\$ 0.96/kg WFE, which is still below the long-term target and US\$ 0.06 lower than in 2019.
- **EBIT/kg WFE for Atlantic salmon was US\$ 0.09** in 9m 2020, 92% lower than in 9m 2019, mostly due its price falling by US\$ 0.78 or -12%.
- **The trout joint venture reversed its unfavorable performance**, and contributed positive net income for the third consecutive quarter, which was US\$ 1.5 million for 9m 2020, compared to a loss of US\$ -1.7 million for the same period in 2019.

- **Jack mackerel catches in the central-southern fishing area increased by 21.1%** in 9m 2020 over the previous year, to reach 85,500 MT. This covered the Company's entire annual quota of 63,000 MT and another 23,000 MT of international quotas acquired from other members of the Jack mackerel RFO. Another 7,000 MT of quota was acquired during October from members of the RFO, which will be caught during December 2020.
- **The frozen Jack mackerel price fell by 8%** compared to 9m 2019, due to the fall in demand in Nigeria, the main market, which was in turn affected by the fall in crude oil prices. Accordingly, production was switched to fishmeal and oil, which demonstrates the Company's flexibility and operational agility to amend its production mix according to market conditions. Therefore, **frozen Jack mackerel production decreased by 29% or 26,000 MT**, but Jack mackerel fishmeal and oil production increased.
- **Catches in the northern fishing area fell by 54% in 9m 2020** to only 31,477 MT compared to the same period in 2019, due to the unprecedented legal limitation on fishing in this area to within five miles. Also due to the fishing environment, as the biomass was widely dispersed, very deep or close to the coast. These conditions continue, and have not been more severe for several decades. This fall in catches explains the slightly negative EBITDA for the industrial fishing division in Q3 2020.
- **Fishmeal and oil sales rose by 20% and 59% respectively in 9m 2020**, driven by higher inventories in the southern central area, the sale of inventories and an increase in yields from 27% to 28.6% when compared to 9m 2019.
- **Fishmeal and oil prices increased by 7.7% and 27% respectively** in 9m 2020 compared to 9m 2019, influenced by the scarcity of Peruvian supplies during the first part of the year, combined with recovering demand in China after the sanitary crisis among pigs affected by African swine fever.
- **Mussel yields increased from 18.8% during 9m 2019 to 20.6% in 9m 2020**, due to improved oceanographic conditions. This reduced the requirements for raw materials from third parties at higher costs, and combined with improvements in prices and inventory turnover to produce an increase of US\$ 4.2 million in EBITDA for 9m 2020, which reached US\$ 5.2 million.
- **Selling and administrative expenses fell by 9.2% in 9m 2020**, to represent 8.2% of total operating revenue for 9m 2020, down from 8.8% a year earlier, which reflects the efficiencies achieved by the support departments.
- **The subsidiary Camanchaca Mexico S.A. de C.V. was formed on July 15, 2020**, with the objective of strengthening the distribution and sale of products made by Camanchaca in Mexico.
- **The health and protection measures to prevent COVID-19 infections and maintain operational continuity** have been refined and extended, with only 5 people infected to date, which is only 0.1% of all staff, and no deaths. 20,513 tests have been carried out among the staff so far, with 0.8% producing a positive result. Restrictions on shifts, social density and distancing in processing plants within the salmon farming division during the first part of Q3 2020 resulted in a reduction of approximately 30% in value-added production capacity compared to normal conditions. Accordingly, these were adapted in order to achieve normal production as of September 2020. Production in the industrial fishing and other seafood divisions has not been significantly disrupted, neither at capture nor in processing.
- **Cash was US\$ 64 million as of September 30, 2020**, and together with the unused short and long-term lines of credit of US\$ 31 million provides the Company with liquidity of over US\$ 95 million. Net debt as of September 30, 2020 was US\$ 110.8 million, 1.51 times EBITDA for the last twelve months, and 7% lower than as of September 30, 2019.

## Key Figures

|   |                   | Q3 2020   | Q3 2019 | Δ%         | 9m 2020   | 9m 2019 | Δ%       |
|---|-------------------|-----------|---------|------------|-----------|---------|----------|
| Operating revenue   | ThUS\$            | 119,600   | 147,571 | (19.0%)    | 415,046   | 419,069 | (1.0%)   |
| Gross margin  | ThUS\$            | 661       | 30,736  | (97.8%)    | 46,726    | 76,664  | (39.1%)  |
| EBITDA* before fair value adjustments   | ThUS\$            | (1,730)   | 27,163  | (106.4%)   | 37,045    | 60,202  | (38.5%)  |
| EBIT** before fair value adjustments  | ThUS\$            | (10,176)  | 18,790  | (154.2%)   | 12,719    | 39,798  | (68.0%)  |
| EBITDA margin %   | %                 | -1.45%    | 18.41%  | (1,985 pb) | 8.93%     | 14.37%  | (544 pb) |
| Fair value adjustments  | ThUS\$            | (4,600)   | 6,848   | (167.2%)   | (20,939)  | 9,745   | (314.9%) |
| Net income (loss) for the period attributable to owners of the parent company | ThUS\$            | (8,515)   | 9,250   | (192.1%)   | (10,841)  | 17,096  | (163.4%) |
| Earnings per share  | US\$              | (0.00205) | 0.00223 | (192.1%)   | (0.00261) | 0.00412 | (163.4%) |
| Pelagic catches   | MT                | 12,672    | 29,548  | (57.1%)    | 174,997   | 200,341 | (12.7%)  |
| Northern Fishing Area   | MT                | 6,062     | 19,079  | (68.2%)    | 31,477    | 68,813  | (54.3%)  |
| Southern Fishing Area   | MT                | 6,610     | 10,469  | (36.9%)    | 143,520   | 131,528 | 9.1%     |
| Fishmeal price  | US\$/ton          | 1,595     | 1,466   | 8.8%       | 1,593     | 1,480   | 7.6%     |
| Atlantic salmon harvest volumes   | MT WFE            | 13,369    | 16,116  | (17.0%)    | 37,181    | 33,443  | 11.2%    |
| Company farmed Atlantic salmon sales  | MT WFE            | 10,833    | 11,972  | (9.5%)     | 34,173    | 30,883  | 10.7%    |
| % sales of fillets and portions   | %                 | 86.6%     | 76.5%   | 1,006 bp   | 83%       | 76%     | 716 bp   |
| Atlantic salmon ex cage cost  | US\$/kg live fish | 3.06      | 2.87    | 6.7%       | 3.17      | 3.35    | (5.3%)   |
| Processing cost   | US\$/kg WFE       | 0.86      | 0.84    | 2.4%       | 0.96      | 1.02    | (6.4%)   |
| Atlantic salmon prices  | US\$/kg WFE       | 5.12      | 6.29    | (18.5%)    | 5.67      | 6.45    | (12.0%)  |
| Atlantic salmon EBIT/kg WFE   | US\$/kg WFE       | (0.49)    | 1.40    | (135.1%)   | 0.09      | 1.02    | (91.5%)  |
| Financial Debt  | ThUS\$            |           |         |            | 174,463   | 146,975 | 18.7%    |
| Net Financial Debt  | ThUS\$            |           |         |            | 110,754   | 119,377 | -7.2%    |
| Equity ratio  | %                 |           |         |            | 61%       | 63%     |          |

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

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

## Summary Statement of Net Income by Division

### Financial Performance

| ThUS\$   | Industrial Fishing |                | Salmon Farming |               | Other Seafood |           | Total          |              |
|--|--------------------|----------------|----------------|---------------|---------------|-----------|----------------|--------------|
|  | Q3 2020            | Q3 2019        | Q3 2020        | Q3 2019       | Q3 2020       | Q3 2019   | Q3 2020        | Q3 2019      |
| Operating revenue  | 34,054             | 39,582         | 75,473         | 99,760        | 10,072        | 8,229     | 119,600        | 147,571      |
| Gross Margin   | 336                | 7,295          | (2,552)        | 21,870        | 2,878         | 1,571     | 661            | 30,736       |
| EBITDA   | (196)              | 5,857          | (3,344)        | 20,766        | 1,810         | 541       | (1,730)        | 27,163       |
| EBITDA margin (%)  | (0.6%)             | 14.8%          | (4.4%)         | 20.8%         | 18.0%         | 6.6%      | (1.4%)         | 18.4%        |
| <b>Net income (loss) for the period attributable to owners of the parent company</b> | <b>(3,080)</b>     | <b>(1,423)</b> | <b>(6,515)</b> | <b>10,654</b> | <b>1,079</b>  | <b>18</b> | <b>(8,515)</b> | <b>9,250</b> |

| ThUS\$   | Industrial Fishing |                | Salmon Farming  |               | Other Seafood |            | Total           |               |
|--|--------------------|----------------|-----------------|---------------|---------------|------------|-----------------|---------------|
|  | 9m 2020            | 9m 2019        | 9m 2020         | 9m 2019       | 9m 2020       | 9m 2019    | 9m 2020         | 9m 2019       |
| Operating revenue  | 122,131            | 116,541        | 266,851         | 279,383       | 26,065        | 23,146     | 415,046         | 419,069       |
| Gross Margin   | 25,572             | 21,120         | 13,176          | 50,704        | 7,977         | 4,841      | 46,726          | 76,664        |
| EBITDA   | 24,077             | 14,840         | 8,194           | 44,251        | 4,774         | 1,113      | 37,045          | 60,202        |
| EBITDA margin (%)  | 19.7%              | 12.7%          | 3.1%            | 15.8%         | 18.3%         | 4.8%       | 8.9%            | 14.4%         |
| <b>Net income (loss) for the period attributable to owners of the parent company</b> | <b>1,539</b>       | <b>(1,939)</b> | <b>(15,154)</b> | <b>18,933</b> | <b>2,773</b>  | <b>102</b> | <b>(10,841)</b> | <b>17,096</b> |

### Financial Results for 9m ended 09/30/2020

EBITDA before fair value adjustments was US\$ 37 million, 37.9% lower than US\$ 60 million for 9m 2019, due to falling Atlantic salmon prices. This impacted the results of the salmon farming division, as it represented 74% of EBITDA for 9m 2019, but this fell to 22% for 9m 2020, which was partially offset by better results from Camanchaca Pesca Sur and Camanchaca Cultivos Sur.

The industrial fishing business improved due to higher Jack mackerel catches and good fishing performance in the southern area, despite minimal anchovy catches in the northern area. EBITDA for the industrial fishing division of US\$ 24.1 million was due to an increase of US\$ 4.5 million in the gross margin, due to increased fishmeal and oil production compared to 9m 2019 (+44% and +17% respectively), their sales volumes (+20.1% and +58.8% respectively) and their price increases (+7.7% and +27% respectively). However, the results for the northern area were affected by the very low anchovy catches at only 4% of quota, due to unprecedented legal limitations on fishing and the poor fishing environment. This was partially offset by higher Atlantic and Jack mackerel catches, which were at historically high levels and represented 50% of total catches in the northern area.

The mussel farming business reversed its poor results in 2019, and generated EBITDA of US\$ 5.2 million, over four times the EBITDA for 9m 2019.

Total consolidated operating revenue for 9m 2020 decreased by 1% compared to the same period for the previous year, to reach US\$ 415 million. This fall was concentrated in Q3 when operating revenue fell by 19%.

The net loss for 9m 2020 was US\$ 10.8 million, compared to net income of US\$ 17.1 million for 9m 2019. This decrease is entirely due to lower Atlantic salmon prices, which reduced the salmon farming division's net income by US\$ 34.1 million compared to 9m 2019. The industrial fishing and other seafood divisions partially offset this decline with an improvement in their performance by increasing their net income by US\$ 3.5 million and US\$ 2.7 million respectively, compared to 9m 2019.

### **Salmon Farming Division**

EBITDA before fair value adjustments was US\$ 8.2 million in 9m 2020, which was only 18.5% of the US\$ 44.3 million earned in 9m 2019, with Atlantic salmon harvest volumes of 37,180 MT WFE and Pacific salmon of 795 MT WFE.

The average price of Atlantic salmon during 9m 2020 was strongly affected by lower demand from the "Food & Service" or HORECA segment due to the pandemic. It fell by US\$ 0.78 or 12.0% with respect to 9m 2019, reaching US\$ 5.70/kg WFE, with an 18.5% drop in Q3 2020. Therefore, the Company prioritized the higher value-added formats required by the retail segment, in order to optimize its return from available demand, due to its production flexibility as a result of investments between 2018 and 2020. Consequently, the EBIT/kg WFE of Atlantic salmon was just US\$ 0.09, which was US\$ 0.93 less than in 9m 2019. Despite volume increases, these lower prices had an unfavorable impact, so too did the operational costs associated with fallow farming sites and mortality rates, which amounted to US\$ 6.9 million. Furthermore, there was an unfavorable though expected impact of US\$ 4.3 million from sales of Pacific salmon, as the smolt stocking density was low during this first 2-year cycle.

Net fair value adjustments for 9m 2020 were negative US\$ 20.9 million, compared to positive US\$ 9.7 million for 9m 2019. This unfavorable reduction of US\$ 30.7 million was due to falling prices. The fair value adjustments do not affect EBITDA, taxes, nor net distributable income.

### **Industrial Fishing Division**

As of September 2020, the northern and southern areas of the industrial fishing division maintained their dissimilar performances during the year, with very good productive and commercial results in the central-southern area and minimal catches in the northern area. The northern area was affected by a poor fishing environment and unprecedented legal restrictions on fishing, which has happened on a selective basis in the past. The southern central area enjoyed favorable conditions and caught 13.8% more Jack mackerel than the same period last year. Similarly, local independent sardine catches rose by 2%, and together with Jack and Atlantic mackerel catches brought the pelagic fish catches to 143,520 MT, 9.1% higher than 9m 2019. Fishmeal and oil yields were different in each area. They improved in the southern central area, where they rose from 30.1% in 9m 2019 to 30.9% in 9m 2020, whereas they fell in the northern area from 23.7% in 9m 2019 to 21.5%. The industrial fishing division's results can be attributed to the following:

- The northern area achieved a net loss of US\$ 7.1 million, which compares to the net loss of US\$ 4.5 million in 9m 2019, due to the low anchovy catches for reasons already explained, although partially offset by higher catches of Atlantic and Jack mackerel. This net loss was mitigated by a reduction of US\$ 1.8 million in non-operating asset costs and improved fishmeal prices that increased 4% with respect to the same period last year.
- The southern central area.
  - The subsidiary Camanchaca Pesca Sur achieved net income of US\$ 13.7 million, which compares favorably with net income of US\$ 7.1 million in 9m 2019. This improvement was driven by 21% higher

Jack mackerel catches and lower costs. Operating asset costs including non-operational vessel days were US\$ 16.5 million, which were similar to the previous year.

- The company's 70% share in the results of its subsidiary Camanchaca Pesca Sur was net income of US\$ 9.6 million. The net income produced by this subsidiary was reduced by US\$ 0.9 million for other items assigned to the southern central area, not paid by the subsidiary Camanchaca Pesca Sur, which are mainly allocated financial expenses. Thus, the southern central area generated net income of US\$ 8.7 million, an increase over its net income of US\$ 2.6 million in 9m 2019.

### **Corporate Support Departments**

Consolidated administrative expenses as a percentage of operating revenue fell from 3.6% in 9m 2019 to 2.8% in 9m 2020, while distribution costs increased slightly to 5.4% in 9m 2020. Administrative and distribution expenses in aggregate fell from 8.8% of operating revenue in 9m 2019 to 8.2% in 9m 2020, with operating revenue falling by 1%. Administrative expenses decreased from US\$ 15.3 million to US\$ 11.7 million, while distribution costs increased from US\$ 21.6 million in 9m 2019 to US\$ 22.3 million, due to increased warehouse use for inventories and logistics costs.

Financial costs were US\$ 5.4 million in 9m 2020 compared to US\$ 5.3 million in 9m 2019, an increase caused by the increase of US\$ 27 million in financial debt to US\$ 174.5 million as of 09/30/2020. Although in net terms it reduced by 7% due to increased cash balances, the higher gross costs increased and were offset by reductions in the Libor reference rate.

There was a non-operating, unrealized loss of US\$ 1.7 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 local independent fishermen at Camanchaca Pesca Sur.

Other income and expenses were negative US\$ 4.5 million, lower than the negative US\$ 6.1 million for 9m 2019. This year was affected by a loss provision for the incident at the Islotos salmon farming site of US\$ 5.1 million, net of estimated insurance claims. The trout farming joint venture generated a net income of US\$ 1.5 million for 9m 2020, compared to a loss of US\$ 1.7 million for 9m 2019.

### **Cash flow for the 9m ended September 30, 2020**

Net cash flow from operating activities in 9m 2020 was positive US\$ 43.4 million, compared to negative US\$ 1.3 million in 9m 2019. This increase is largely due to better results from Camanchaca Pesca Sur and Camanchaca Cultivos Sur, and increased sales in the salmon farming division during Q4 2019 that were collected during Q1 2020, although offset by lower salmon prices this year.

Cash flow used by investing activities was US\$ 30.2 million in 9m 2020, compared to US\$ 47.4 million in 9m 2019. This reduction is aligned with reductions in the investment plan in April this year as a preventive measure to strengthen the Company's net cash position and secure its operating continuity during the extraordinary conditions triggered by the pandemic. The Company decided to temporarily suspend all non-essential investments. It reduced the investment plan for May to December 2020 by approximately 45%.

Cash flow from financing activities was US\$ 9.7 million in 9m 2020 due to drawing down US\$ 25 million in short-term bank loans, and paying dividends of US\$ 15.3 million.

Total net cash flow for the period was US\$ 21.8 million, leaving a cash balance as of September 30, 2020 of US\$ 64 million.

Camanchaca has a strong financial and liquidity position bearing in mind the current context, with net cash of US\$ 64 million as of September 30, 2020 compared to US\$ 27.6 million as of September 30, 2019, and it has short and long-term unused credit lines of US\$ 31 million, giving it US\$ 95 million of available liquidity.

## **Financial position as of September 30, 2020**

### **Assets**

The Company's total assets decreased by 2.0% or US\$ 15.7 million to reach US\$ 766.9 million in 2020.

Current assets were US\$ 376 million, a 3.1% decrease compared to December 31, 2019, due to a US\$ 33.2 million decrease in trade receivables due to high sales in Q4 2019 that were collected this year, and decreased operating revenue due to the fall in Atlantic salmon prices. This fall in prices has also affected biological assets, which decreased by US\$ 11 million, which was partially offset by an increase of US\$ 21.8 million in cash to strengthen the Company's financial position.

Inventories valued at cost as of September 30, 2020 were US\$ 79 million, with increases in the other seafood division due to increased mussel production. The inventory of Atlantic salmon was similar to its inventory as of December 31, 2019. Furthermore, the inventory of operating supplies and consumables increased by 18%, as a preventive measure during the pandemic to secure key supplies.

Non-current assets decreased slightly by 0.9% or US\$ 3.6 million to total US\$ 391 million.

### **Liabilities and Equity**

The Company's total liabilities increased by 1.4% or US\$ 4 million, from US\$ 296 million as of December 31, 2019 to US\$ 300 million as of September 30, 2020.

Current liabilities increased by 4.9% or US\$ 7.2 million, due to an increase in current financial liabilities of US\$ 22 million, to finance the Company's working capital requirements and to strengthen its financial position to deal with the pandemic. This was offset by a decrease of US\$ 17.5 million in payables due to the payment of dividends in Q2 2020. Financial debt was US\$ 174 million as of September 30, 2020, which was US\$ 27 million higher than as of December 31, 2019. But net financial debt decreased by US\$ 9 million, to US\$ 110.8 million as of September 30, 2020.

Camanchaca's equity decreased by US\$ 20 million or 4.1% during 9m 2020, to US\$ 467 million, mainly due to the decrease in earnings for the period and the additional dividend in excess of the provision for the minimum legal dividend.

# Divisional Operating Performance

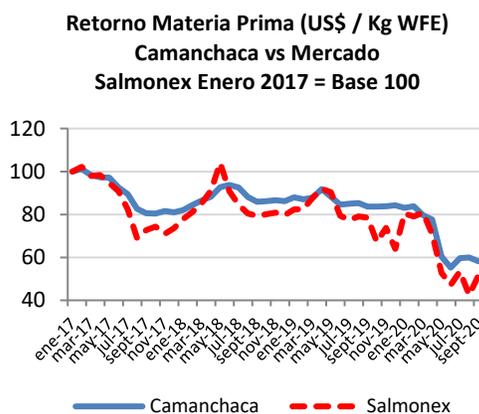
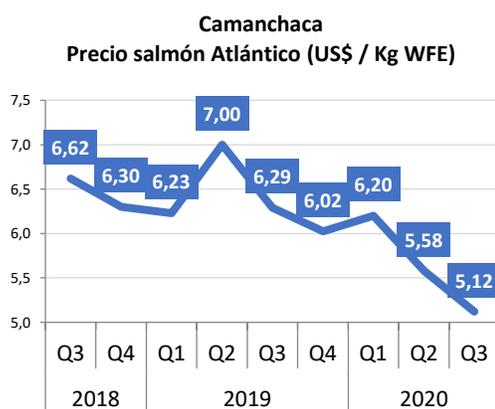
## Salmon Farming Division

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 demand from 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 Q3 2020 was US\$ 5.12 per kg WFE, which was 19% or US\$ 1.17 less than during Q3 2019. This decrease is explained by a significant drop in demand from the food and services (HORECA) segment in markets affected by the pandemic, which was not offset by increases in demand from the retail or supermarket segments. All the Company's value-added capabilities were exploited to target this retail segment and mitigate this situation, which required investments in portion lines, increasing the proportion of portion and fillet sales to North American supermarkets and reducing sales of fresh whole salmon to Brazil and China as these markets require a larger proportion of this format. This strategy ensured that Camanchaca achieved an average raw material return (RMR)<sup>1</sup> from Atlantic salmon US\$ 0.37 higher than the Salmonex<sup>2</sup> index during 2020, which is its reference market. The restrictions imposed on the Russian market in February continued during Q3 2020.



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

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

## Harvest Volumes

| Company-farmed Atlantic Salmon |             | Q3<br>2020 | Q3<br>2019 | Δ       | Δ %     | 9m<br>2020 | 9m<br>2019 | Δ      | Δ %     |
|--------------------------------|-------------|------------|------------|---------|---------|------------|------------|--------|---------|
| Harvest volumes                | MT WFE      | 13,369     | 16,116     | (2,747) | (17.0%) | 37,181     | 33,443     | 3,738  | 11.2%   |
| Production                     | MT WFE      | 13,097     | 15,742     | (2,645) | (16.8%) | 36,560     | 32,996     | 3,564  | 10.8%   |
| Sales                          | MT WFE      | 10,833     | 11,972     | (1,139) | (9.5%)  | 34,173     | 30,883     | 3,290  | 10.7%   |
| Average sales price            | US\$/kg WFE | 5.12       | 6.29       | (1.17)  | (18.5%) | 5.67       | 6.45       | (0.78) | (12.0%) |

Salmones Camanchaca harvested 37,976 MT WFE of salmonids during 9m 2020, which included 37,181 MT WFE of Atlantic salmon, up 11.2% on 9m 2019. Sales were 34,173 MT WFE in 9m 2020, which were 10.7% higher than in 9m 2019. Furthermore, 490 MT WFE of Pacific salmon were sold during Q3 2020.

The effects of the pandemic affected the harvest and production, which both fell by 17% in Q3 2020, and was also reflected in a 19% fall in the average price despite a higher proportion of value added production.

## Operating revenue

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

### Sales by market segment for 9m 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    | 95,523         | 18,113            | 11,655             | 23,530        | 37,175              | 6,633         | 1,272        | 193,903        |
| Pacific salmon     | 1,206          | 1,318             | 1,250              | 4,224         | 1,884               | 113           | 0            | 9,995          |
| Others             | 55,942         | 0                 | 0                  | 0             | 0                   | 7,010         | 0            | 62,952         |
| <b>TOTAL</b>       | <b>152,671</b> | <b>19,432</b>     | <b>12,906</b>      | <b>27,754</b> | <b>39,059</b>       | <b>13,756</b> | <b>1,272</b> | <b>266,851</b> |

### Sales by market segment for 9m 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    | 87,724         | 18,936           | 15,177            | 16,294        | 49,674              | 9,647         | 3,182        | 200,633        |
| Pacific salmon     | 0              | 0                | 0                 | 0             | 0                   | 0             | 0            | 0              |
| Others             | 72,836         | 0                | 0                 | 0             | 0                   | 5,914         | 0            | 78,750         |
| <b>TOTAL</b>       | <b>160,560</b> | <b>18,936</b>    | <b>15,177</b>     | <b>16,294</b> | <b>49,674</b>       | <b>15,561</b> | <b>3,182</b> | <b>279,383</b> |

The Company defines its value-added products as those containing some degree of secondary processing, including freezing, which accounted for 91.0% of sales in 9m 2020, higher than the 85.3% achieved in 9m 2019. The remaining sales are head-on gutted whole fresh salmon for the South American and Chinese markets, although lower volumes have been allocated to these markets this year.

North America remained the main destination market for sales with 57% in 9m 2020, while sales to Europe and Russia increased slightly to 7.3%, despite Russia imposing a blockade on Chilean plants, including Camanchaca's plants, at the end of February, so there were no sales from March onwards. Sales to Asia excluding Japan decreased from 5.4% to 4.8%, while sales to Japan rose from 5.8% to 10.4%. Sales to Latin America declined from 17.8% to 14.6% mainly due to weakness in Brazil, partially offset by an increase in Mexico. Accordingly, weak demand in Brazil and China together with the Russian blockade led to sales being redirected to traditional markets for Camanchaca, such as the USA, Japan and Asia, with increased value-added products.

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 September 30, 2020, Salmenes Camanchaca has six sea farming concessions that are 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, for example in 2019 only 1,871 MT WFE of trout were harvested during the first nine months, much lower than the 12,777 MT WFE harvested in 9m 2020. Sales by the trout joint venture were 9,029 MT WFE in 9m 2020, an increase of 50% over sales in 9m 2019, at higher sales prices and lower costs. So Salmenes Camanchaca's one-third share in earnings was net income of US\$ 1.5 million for 9m 2020 compared to a net loss of US\$ 1.7 million in 9m 2019, which was presented in the statement of net income under Other income.

The strategy to develop this business has not varied to date. It is operated by Caleta Bay, who continues to estimate average annual harvest volumes of 12,000 MT until 2022 when the agreement ends. The future of this business will be disclosed as soon as it is known.

Salmenes Camanchaca stocked 1.4 million Pacific salmon smolts in 2019, to make better use of the estuarine sites in the Tenth region and to complement the trout joint venture, and subsequently harvested 5,062 MT WFE during the first productive cycle that terminated in January 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. Pacific salmon production in 2019 represented around 2.4% of Chilean supplies, according to Aquabench. Salmenes Camanchaca expects negative margins during the first two production cycles in 2019 and 2020, due to the reduced 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, due to the pandemic, so the estimated harvest volume for the year is 2,800 MT WFE.

The Company's other businesses, such as selling third party products at its sales offices, processing services for third parties, leasing farm sites and selling byproducts, resulted in operating margins of US\$ 4.1 million for 9m 2020.

## I. Sanitary and Productive Conditions

The total open cycle biomass mortality of the Atlantic salmon population during Q3 2020 was 3.4%, slightly higher than the mortality for the same quarter in the previous cycle in 2018, which was mainly due to sea-lion attacks and SRS.

Mortality at the two sites that completed their cycle in Q3 2020 was 9.62%, which was higher than the historical average, due to sea-lion attacks and SRS.

Live weight ex-cage costs for fish harvested during Q3 2020 were US\$ 3.06 per kg, which is US\$ 0.19 lower than in Q3 2019, and US\$ 0.15 lower than the previous cycle in Q3 2018 for similar geographical areas, which is a fairer comparison. The lower cost compared to the previous cycle is due to savings in medicine and feed costs.

**Atlantic salmon mortality\* (%)**

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



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

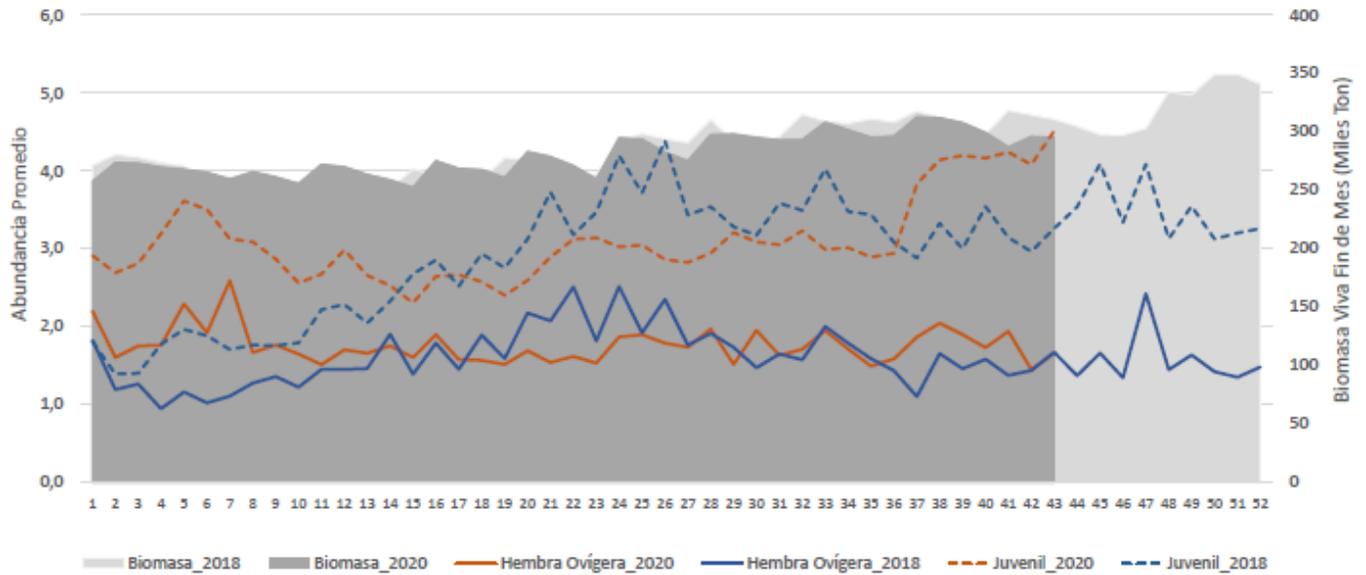
The following table shows the trends in the principal closed circuit Atlantic salmon production and sanitary variables for the last twelve months (LTM).

| Atlantic salmon | Biological Indicators LTM |                                 |                               |                      |                                | Sustainability Indicators LTM   |                              |                          |                                 |            |
|-----------------|---------------------------|---------------------------------|-------------------------------|----------------------|--------------------------------|---------------------------------|------------------------------|--------------------------|---------------------------------|------------|
|                 | FCRb (Live fish)          | Smolt productivity kg WFE/smolt | Average harvest weight kg WFE | Antibiotic use Gr/MT | Antiparasitic treatments Gr/MT | Number of antibiotic treatments | Medicinal treatments (baths) | Number of escapes (Fish) | Cycle duration / Fallow periods | FIFO Ratio |
| <b>2017</b>     | 1.23                      | 5.11                            | 5.29                          | 541.1                | 5.6                            | 2.8                             | 5.4                          | 0                        | 17/7                            | 0.70       |
| <b>2018</b>     | 1.20                      | 4.78                            | 5.32                          | 559.6                | 7.3                            | 2.6                             | 7.3                          | 0                        | 17/7                            | 0.61       |
| <b>2019</b>     | 1.18                      | 4.53                            | 4.87                          | 503.7                | 9.1                            | 1.8                             | 9.1                          | 0                        | 16/8                            | 0.60       |
| <b>2020</b>     | 1.17                      | 5.28                            | 5.42                          | 464.0                | 10.5                           | 1.8                             | 13.0                         | 37,150                   | 17/7                            | 0.59       |

Smolt productivity is measured as the harvested biomass weight in kg / number of smolts. It reached 5.28 kg WFE in Q3 2020 (LTM), which is 17% higher than the moving average for 2019. The average harvest weight was 5.42 kg WFE, which was 11% higher than in 2019 and 2% higher than the previous cycle in 2018. The 2020 escapes were the result of the incident caused by extraordinary weather conditions near the Islotes farming site in May 2020, although 27% were recovered.

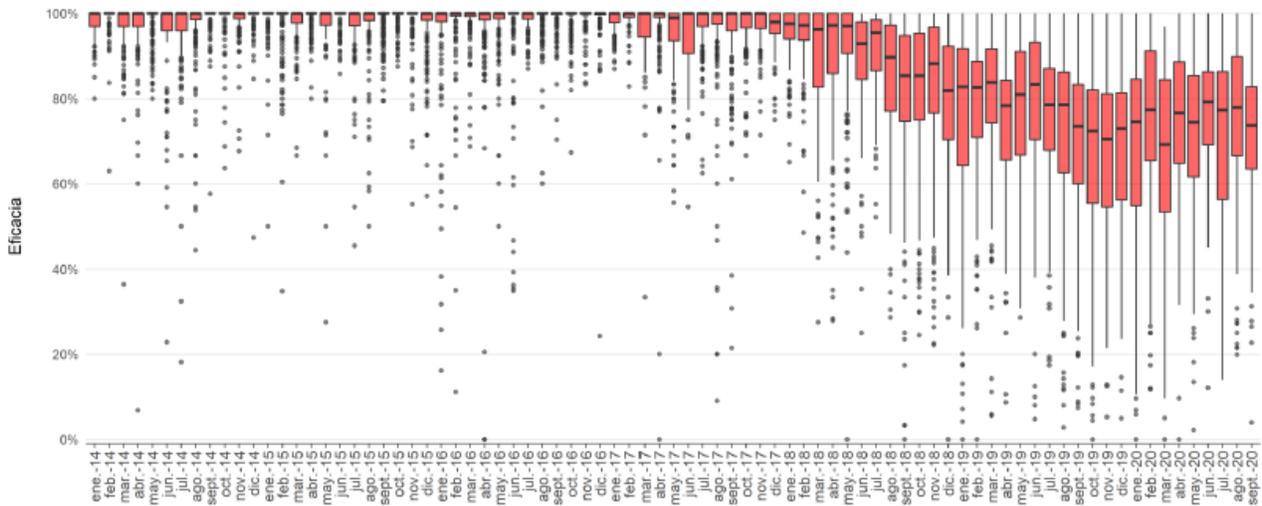
The Company was investigated by Sernapesca and the Environment Superintendent during Q3, when 500 gram Pacific salmon escaped from the primary processing plant in San José, Calbuco municipality. As of the date of this publication, the Company has provided information to the authorities showing that there was indeed an escape of between 35,000 and 58,000 fish from this primary processing unit, although 13,000 were quickly recaptured. This escape was exceptional due to the small size of the fish being harvested, which was a commercial decision brought about by market conditions. Information provided to the authorities showed that both the San José plant and the collection site were in optimal conditions.

Sea lice infections have been controlled during 2020, but with more antiparasitic treatments using Azametifos and new treatments using Peroxide and Alfaflux. Thus, the average sea lice infection among incubating females in the Atlantic - Trout industry for 2018-2020 has been as follows.



Source: Biomass: Salmobench, Sea lice: Participating companies Sea lice Project.

Meanwhile, the efficiency of Azametifos for the industry during 2014-2020 has remained stable over the last twelve months.



Source: Salmobench

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

Salmones Camanchaca began operating a peroxide barge during 2020, at sites with parasites or BGD (bacterial gill disease) with highly effective results.

The number of antibiotic treatments was reduced by 43% over the last 12 months ended September 2020, compared to the previous cycle in 2018 in the same neighborhoods, while antibiotic treatments per MT of biomass were reduced by 17%, under a similar comparison. The number of treatments was reduced due to better sanitary

practices, using live vaccines, and controlling sea lice infestations, but treatment doses were increased when applied to heavier fish.

Accordingly, Atlantic salmon costs in Q3 2020 were.

| Costs (US\$/kg WFE)                         | Q3 2018     | Q3 2019     | Q3 2020     |
|---|-------------|-------------|-------------|
| Ex cage (WFE)                               | 3.46        | 3.09        | 3.29        |
| Harvest and primary processing (WFE)        | 0.30        | 0.32        | 0.25        |
| Value-added processing (WFE)                | 0.54        | 0.52        | 0.61        |
| Processing cost (WFE)                       | 0.84        | 0.84        | 0.86        |
| <b>Total cost of finished product (WFE)</b> | <b>4.30</b> | <b>3.93</b> | <b>4.15</b> |

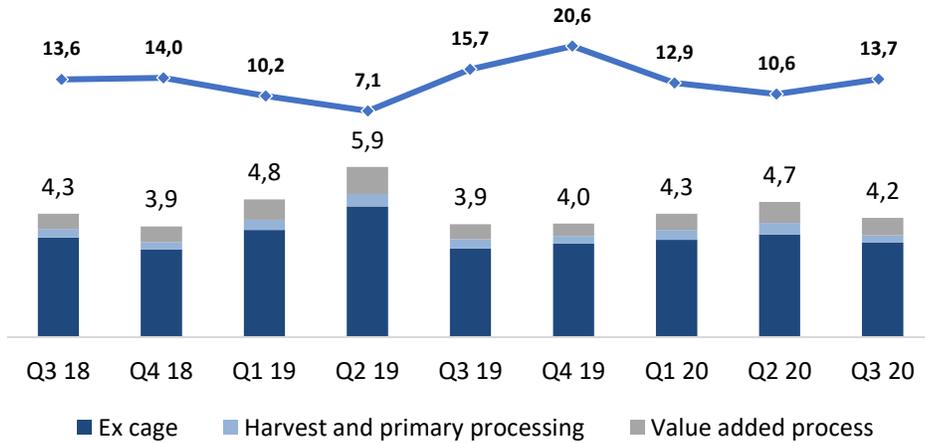
The ex-cage WFE cost in Q3 2020 was US\$ 3.29/kg WFE, equivalent to US\$ 3.06/kg in live weight. This was 6.7% higher than in Q3 2019, and 4.6% lower than in Q3 2018 for the same production cycle at the same sites. This is due to lower operational and feed costs. However, the ex-cage cost was 2% higher than the long-term goal of US\$ 3.23/kg WFE or US\$ 3/kg live weight, due to harvests from two SRS-affected sites.

Primary and secondary processing costs were US\$ 0.86/kg WFE, which was only US\$ 0.02 higher than Q3 2019, 2.4% higher than Q3 2018, and 14% lower than the goal of US\$ 1/kg WFE. These costs were affected by smaller production volumes due to COVID-19 risk mitigation measures, the additional costs associated with these measures and increased volumes of value added products.

Consequently, the total cost of finished products for Q3 2020 was US\$ 4.15 per kg WFE, which was US\$ 0.23 higher than in Q3 2019, and US\$ 0.14 lower than the previous cycle in 2018 for the same neighborhoods and harvested sites. It was US\$ 0.08 lower than the long-term target of US\$ 4.23 per kg WFE.

However, a 12-month trend analysis indicates that costs are gradually stabilizing around this target.

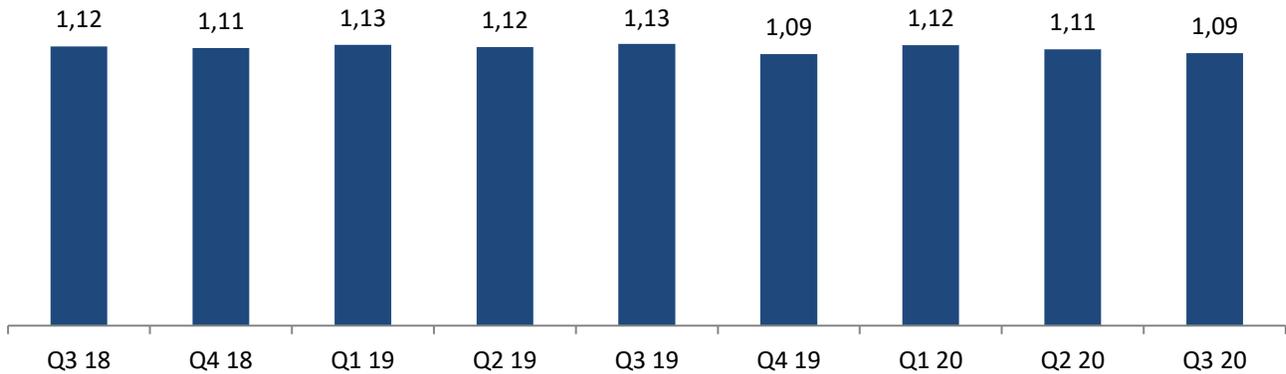
**Total cost of Atlantic salmon finished products (US\$/kg WFE) and processed volume (MT WFE)**



**I. Feed Cost**

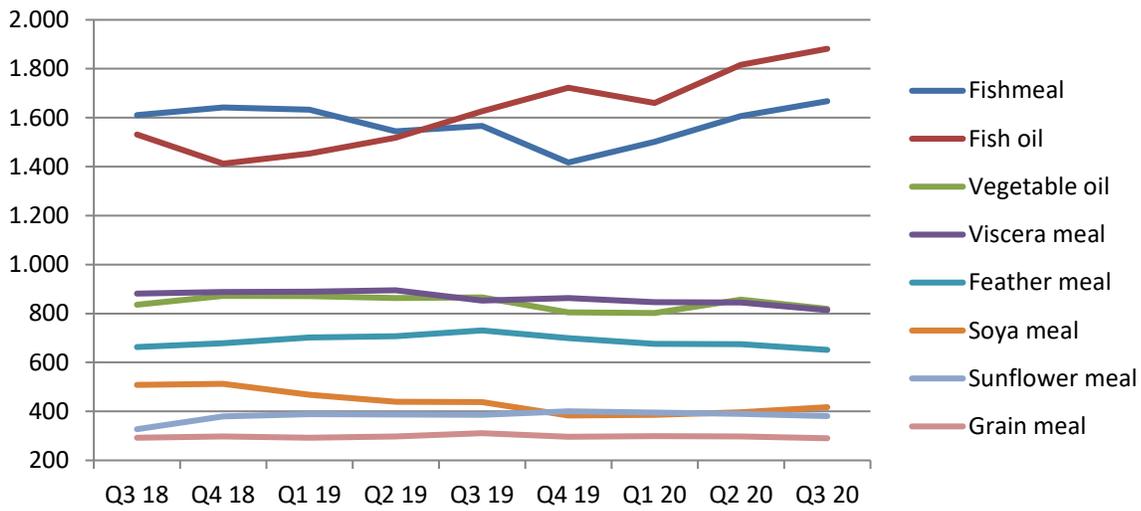
The price of feed for fish over 2.5 kg, which represents approximately 40% of the Company’s total feed cost, slightly decreased by 3.5% compared to Q3 2019, to reach US\$ 1.09/kg, in spite of price increases for the marine ingredients.

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



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

Price of main ingredients US\$/MT



Source: Internal data, Salmenes Camanchaca

## 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

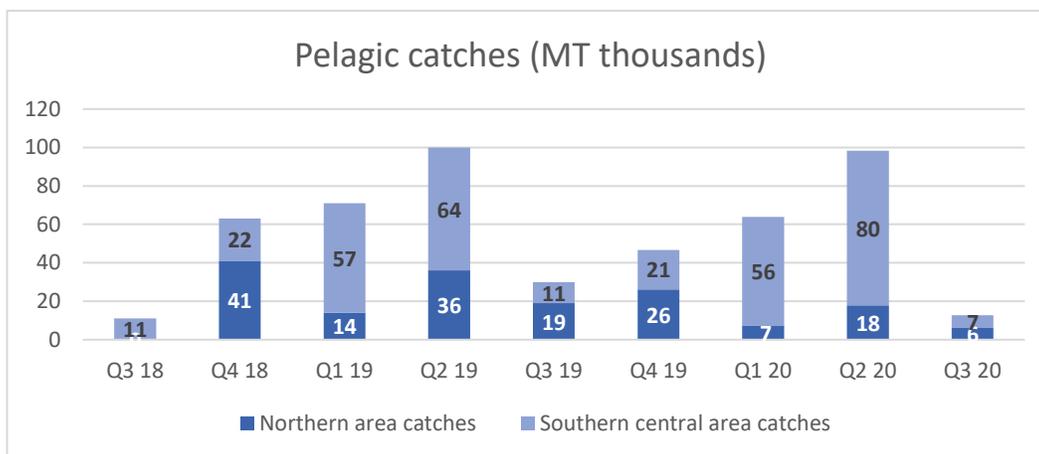
Anchovy catches in the northern area were only 5,977 MT during 9m 2020, which was 4% of the quota and 91% lower than in 9m 2019, mainly due to poor industrial fishing conditions, which triggered the legal restrictions. However, Atlantic and Jack mackerel catches in the northern area were 15,063 MT, compared to none in 9m 2019. Therefore, the total northern catch including local independent fishing was 31,477 MT, 54% lower than in 9m 2019. Accordingly, fishmeal production fell by 60% to 6,447 MT. The anchovy oil yield began to show a recovery from 0.4% in 9m 2019 to 1.0% in 9m 2020.

Jack mackerel catches in the southern-central area reached 85,500 MT, using the Company's own quota of 63,000 MT and international quota of 22,500 MT acquired through the RFO. This catch was 21% higher than the 71,000 MT caught in 9m 2019, although only 858 MT of Atlantic mackerel was caught, which was only a sixth of the catch in 9m 2019. The large pelagic fish catches are preferable for human consumption and totaled 86,000 MT. These fish produced 26,000 MT of frozen Jack mackerel compared to 36,000 MT in 9m 2019, and 1 million cans compared to 1.2 million in 9m 2019. The difference was the result of higher Jack mackerel fishmeal and oil production.

The industrial and local independent fishing catches during the sardine and anchovy season in the southern central area were 57,000 MT in 9m 2020, despite a late start, which was an increase of 2% over 9m 2019.

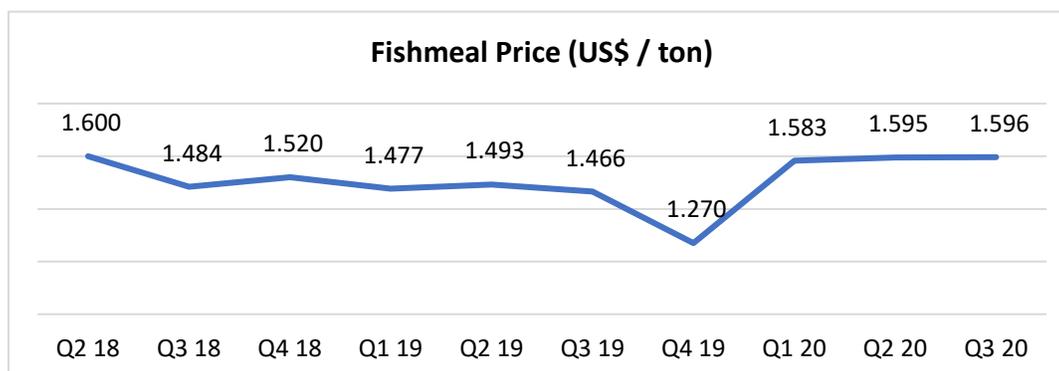
Total southern fishmeal production increased by 45% to 22,920 MT, due to higher catches allocated to this product. The higher Jack mackerel fishmeal and oil production over frozen products during part of Q3 2020 was due to weak demand in the main market of Nigeria, and an improvement in yields, which rose from 21.2% during Q9 2019 to 23.0% during Q9 2020. Similarly, fish oil production increased by 17% to 7,818 MT, despite a reduction in yields from 8.9% in 9m 2019 to 7.9% in 9m 2020.

3,261 MT of langostine lobsters were caught in 9m 2020, 20% less than in 9m 2019, and this was 70% of the annual quota, which is mainly due to trawling difficulties in Q2 2020 due to the pandemic. However, the Company expects to catch the entire annual quota in the remaining months.



## II. Prices and sales

The Peruvian anchovy quota for the second season in 2019 was 2.8 million, together with the decrease in Chinese demand due to mortality among pigs affected by African swine fever, which led to a fall in the price of prime Chilean fishmeal to US\$ 1,250 per MT during Q4 2019 and the beginning of 2020. This trend reversed in Q1 2020 when only 36% of the quota for the first season was captured, bringing prices back up to US\$ 1,583 per MT on average during the first months of 2020. However, Camanchaca achieved prices of US\$ 1,596 during Q3 2020, due to the recovery of demand in China and its low inventories. On November 8, the Peruvian anchovy quota was announced at 2.78 million, which is considered somewhat higher than expected, but matches strengthening demand.



Consolidated southern and northern fishmeal sales increased by 20% to reach 32,210 MT, and fish oil sales increased by 59% to reach 9,202 MT in 9m 2020. Inventories of fishmeal and fish oil decreased as of September 2020 to around 3,000 MT, which is around 11,400 MT lower than as of September 2019.

Frozen Jack mackerel is mainly sent to Africa. Sales decreased by 9,485 MT to 26,128 MT, which was 27% lower than in the same period for the previous year, and at a price of US\$ 788, which was 7.8% lower. It has a high inventory turnover, so inventories were only 108 MT as of September 2020, well below the 4,293 MT as of September 2019.

The average price for a box of canned Jack mackerel during 9m 2020 was US\$ 21.10, 3.2% lower than in 9m 2019, which was affected by sales in the domestic market where the price in US dollars fell. 1.1 million boxes were sold in 9m 2020, an increase of 21.9% over sales in 9m 2019, leaving an inventory of 374,000 boxes as of September 2020. This inventory is 36% lower than as of September 2019.

Langostine lobster sales decreased by 39% during 9m 2020 to 257 MT, at an average price of US\$ 26.4/kg, an increase of 2.6% compared to 9m 2019, due to the capture and production limitations already mentioned.

#### Sales by market segment as of September 30, 2020

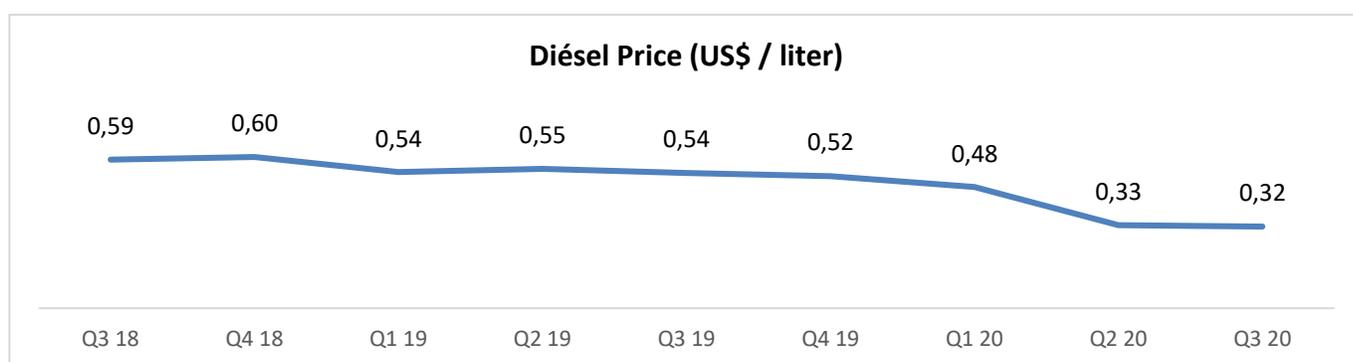
| Product            | USA<br>ThUS\$ | Europe and<br>Russia<br>ThUS\$ | Asia,<br>except<br>Japan<br>ThUS\$ | Japan<br>ThUS\$ | LATAM,<br>except<br>Chile<br>ThUS\$ | Chile<br>ThUS\$ | Others<br>ThUS\$ | TOTAL<br>ThUS\$ |
|--------------------|---------------|--------------------------------|------------------------------------|-----------------|-------------------------------------|-----------------|------------------|-----------------|
| <b>North</b>       |               |                                |                                    |                 |                                     |                 |                  |                 |
| Fishmeal           | 0             | 0                              | 7,823                              | 6,034           | 0                                   | 0               | 310              | 14,166          |
| Fish oil           | 0             | 0                              | 0                                  | 0               | 0                                   | 1,390           | 0                | 1,390           |
| <b>South</b>       |               |                                |                                    |                 |                                     |                 |                  |                 |
| Fishmeal           | 0             | 0                              | 18,369                             | 4,991           | 0                                   | 12,521          | 1,276            | 37,157          |
| Fish oil           | 0             | 7,798                          | 2,265                              | 0               | 0                                   | 6,562           | 0                | 16,625          |
| Canned fish        | 826           | 385                            | 3,624                              | 0               | 3,640                               | 12,934          | 934              | 22,342          |
| Frozen fish        | 0             | 248                            | 45                                 | 0               | 1,193                               | 3               | 19,098           | 20,588          |
| Langostine lobster | 6,700         | 0                              | 14                                 | 39              | 0                                   | 11              | 0                | 6,764           |
| <b>Others</b>      | <b>0</b>      | <b>0</b>                       | <b>0</b>                           | <b>0</b>        | <b>0</b>                            | <b>3,098</b>    | <b>0</b>         | <b>3,098</b>    |
| <b>TOTAL</b>       | <b>7,526</b>  | <b>8,431</b>                   | <b>32,141</b>                      | <b>11,064</b>   | <b>4,833</b>                        | <b>36,519</b>   | <b>21,618</b>    | <b>122,131</b>  |

### Sales by market segment as of September 30, 2019

| Product            | USA<br>ThUS\$ | Europe and<br>Russia<br>ThUS\$ | Asia, except<br>Japan<br>ThUS\$ | Japan<br>ThUS\$ | LATAM,<br>except<br>Chile<br>ThUS\$ | Chile<br>ThUS\$ | Others<br>ThUS\$ | TOTAL<br>ThUS\$ |
|--------------------|---------------|--------------------------------|---------------------------------|-----------------|-------------------------------------|-----------------|------------------|-----------------|
| <b>North</b>       |               |                                |                                 |                 |                                     |                 |                  |                 |
| Fishmeal           | 0             | 0                              | 15,690                          | 5,681           | 0                                   | 0               | 0                | 21,371          |
| Fish oil           | 0             | 158                            | 105                             | 0               | 0                                   | 225             | 0                | 488             |
| <b>South</b>       |               |                                |                                 |                 |                                     |                 |                  |                 |
| Fishmeal           | 0             | 0                              | 5,398                           | 1,905           | 45                                  | 10,960          | 0                | 18,308          |
| Fish oil           | 0             | 2,233                          | 672                             | 0               | 0                                   | 5,540           | 0                | 8,445           |
| Canned fish        | 731           | 243                            | 2,832                           | 0               | 5,433                               | 7,283           | 2,427            | 18,950          |
| Frozen fish        | 0             | 473                            | 24                              | 0               | 1,017                               | 438             | 28,477           | 30,429          |
| Langostine lobster | 10,679        | 0                              | 24                              | 53              | 0                                   | 31              | 0                | 10,788          |
| <b>Others</b>      | 0             | 0                              | 0                               | 0               | 0                                   | 7,762           | 0                | 7,762           |
| <b>TOTAL</b>       | <b>11,410</b> | <b>3,107</b>                   | <b>24,745</b>                   | <b>7,639</b>    | <b>6,495</b>                        | <b>32,239</b>   | <b>30,905</b>    | <b>116,541</b>  |

### III. Fuel costs

The cost of diesel oil and natural gas acquired by Camanchaca was 32 US cents per liter in Q3 2020, 41% lower than the same quarter in 2019. Lower fuel prices during Q3 2020 produced a saving of approximately US\$ 0.3 million for the northern fishing area due to its low volumes, so the Company's total savings were US\$ 1.1 million.



## Harvest Volumes

|                      |           | Q3 2020       | Q3 2019       | 9m 2020        | 9m 2019        |
|----------------------|-----------|---------------|---------------|----------------|----------------|
| <b>CATCHES</b>       |           |               |               |                |                |
| <b>North</b>         | <b>MT</b> | <b>6,062</b>  | <b>19,079</b> | <b>31,477</b>  | <b>68,812</b>  |
| Owned                | MT        | 1,960         | 18,041        | 21,159         | 65,641         |
| Third parties        | MT        | 4,102         | 1,038         | 10,319         | 3,171          |
| <b>South</b>         | <b>MT</b> | <b>6,610</b>  | <b>10,469</b> | <b>143,520</b> | <b>131,529</b> |
| Owned                | MT        | 5,045         | 7,730         | 86,314         | 75,821         |
| Third parties        | MT        | 1,565         | 2,739         | 57,207         | 55,708         |
| <b>Total</b>         | <b>MT</b> | <b>12,672</b> | <b>29,548</b> | <b>174,997</b> | <b>200,341</b> |
| <b>PRODUCTION</b>    |           |               |               |                |                |
| Fishmeal             | MT        | 2,736         | 6,064         | 30,181         | 31,840         |
| Fish oil             | MT        | 353           | 337           | 8,146          | 6,969          |
| Canned fish          | Boxes     | 109,608       | 158,463       | 1,027,638      | 1,168,740      |
| Langostine lobster   | kg.       | 191,290       | 165,400       | 427,320        | 523,000        |
| Frozen Jack mackerel | MT        | 0             | 3,003         | 25,845         | 36,360         |
| <b>SALES</b>         |           |               |               |                |                |
| Fishmeal             | MT        | 9,024         | 10,872        | 32,210         | 26,820         |
| Fish oil             | MT        | 1,674         | 1,492         | 9,202          | 5,795          |
| Canned fish          | Boxes     | 357,768       | 354,714       | 1,057,648      | 867,833        |
| Langostine lobster   | kg.       | 137,849       | 180,391       | 256,622        | 420,429        |
| Frozen Jack mackerel | MT        | 6,836         | 11,784        | 26,128         | 35,613         |
| <b>PRICES</b>        |           |               |               |                |                |
| Fishmeal             | US\$/MT   | 1,596         | 1,466         | 1,593          | 1,480          |
| Fish oil             | US\$/MT   | 1,828         | 1,538         | 1,958          | 1,542          |
| Canned fish          | US\$/box  | 22.5          | 21.9          | 21.1           | 21.8           |
| Langostine lobster   | US\$/kg   | 26.3          | 25.8          | 26.4           | 25.7           |
| Frozen Jack mackerel | US\$/MT   | 757           | 782           | 788            | 854            |

## Other Seafood Division

This division's operating revenue increased by 12.6% in 9m 2020 to US\$ 26 million, due to an increase of 11% in mussel sales, as production increased due to higher raw material yields. This enabled the Company to reduce its raw material purchases from third parties, which reduced raw material costs and increased the gross margin by US\$ 3.1 million or 65% compared to 9m 2019. Administrative and distribution expenses in this division decreased during the 9m 2020, by 22.7% and 1.1%, respectively. This resulted in net savings of US\$ 0.5 million in total administrative and distribution expenses. Thus, EBITDA was US\$ 4.8 million for 9m 2020, which was US\$ 3.7 million higher than in 9m 2019, leaving net income of US\$ 2.8 million, which compares favorably with insignificant net income of US\$ 0.1 million in 9m 2019.

Mussel production by the subsidiary Camanchaca Cultivos Sur was 13.6% higher in 9m 2020, at 8,660 MT of finished products, processed from 27,398 MT of raw material, which resulted in sales of US\$ 24.6 million, based on the sales volume increase already mentioned. Thus sales for 9m 2020 were 8,389 MT of mussels, an increase of 11% compared to 9m 2019, at a price of US\$ 2.8/kg, an increase of 1.7%. These factors generated a positive EBITDA of US\$ 5.2 million for 9m 2020 compared to a positive EBITDA of US\$ 1 million in 9m 2019, and net income of US\$ 3.2 million compared to net income of US\$ 0.1 million in 9m 2019. This financial performance improvement is mainly explained by higher yields from our own farming.

The abalone business had a negative result of US\$ 0.4 million in 9m 2020, affected by sales volumes decreasing by 54% compared to 9m 2019, which was slightly offset by an 11.4% increase in prices.

### Harvest Volumes

|                   |         | Q3 2020 | Q3 2019 | 9m 2020 | 9m 2019 |
|-------------------|---------|---------|---------|---------|---------|
| <b>PRODUCTION</b> |         |         |         |         |         |
| Abalone           | MT      | 47      | 58      | 101     | 163     |
| Mussels           | MT      | 1,765   | 1,573   | 8,660   | 7,623   |
| <b>SALES</b>      |         |         |         |         |         |
| Abalone           | MT      | 17      | 39      | 57      | 124     |
| Mussels           | MT      | 2,943   | 2,734   | 8,389   | 7,546   |
| <b>PRICES</b>     |         |         |         |         |         |
| Abalone           | US\$/kg | 28.0    | 20.3    | 23.3    | 20.9    |
| Mussels           | US\$/kg | 2.8     | 2.8     | 2.8     | 2.8     |

## Subsequent Events

On October 1, 2020, an accidental fire affected the facilities at the frozen Jack mackerel plant of the subsidiary Camanchaca Pesca Sur S.A. located in Talcahuano. This subsidiary will have to process raw material into products with lower margins, such as canned Jack mackerel and fishmeal, until the plant can be reconstructed.

Camanchaca Pesca Sur S.A. has insurance that covers this fire, which includes the facilities, buildings and equipment, and losses due to business cessation for up to 12 months, which should cover the margin that is lost in the 2021 season.

As of the date of this report, the settlement process has already begun to determine the exact damages and corresponding compensation.

Camanchaca's subsidiary, Salmones Camanchaca S.A. announced on this date that it has signed a memorandum of understanding to extend the Joint Venture that it agreed some years ago to farm, produce and market trout using the Company's concessions in the Reloncaví estuary, Los Lagos Region. The contribution of Salmones Camanchaca to this joint venture has been six aquaculture concessions in the Tenth region. Some of these will continue to be operated by the manager Caleta Bay, and where Kabsa S.A. also participates as a third partner. The joint venture results will continue to be distributed in equal thirds among its members.

The principal conditions agreed by the parties include extending the current contract for a period of 6 years from January 2023, this time using 4 concessions to stock approximately 6 million fish in 2023 for each trout production cycle, which is almost two thirds the current production volume. The volume currently produced by the joint venture is around 9 million fish in each cycle using 6 concessions provided by Salmones Camanchaca. This will leave a surplus of approximately 3 million fish from 2023 onwards, which Salmones Camanchaca will use to farm Atlantic and Pacific salmon.

This extension will allow this subsidiary to reach a balanced production for these three species, with a volume that matches its current production capacity at its hatcheries, grow-out sites and secondary processing plants. This will result in additional annual average salmon harvest volumes of approximately 6,000 MT from 2023, 10% more than the harvest volumes in recent years.

## The Company's outlook and the pandemic

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

1. Protect the health of our employees and their families, and anyone who works at Camanchaca's facilities.
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 the date of this report, the measures adopted by the salmon farming division have enabled it to operate continuously and market its products with a production and marketing focus on products with the highest added-value to meet retail demand, which has been growing within the food services sector. However, many restaurants

and hotels around the world have closed, which has particularly affected various markets including Brazil, China and Mexico, where weak demand has led to significant falls in selling prices in all markets.

The industrial fishing division has not significantly reduced its capacity due to the pandemic, neither in catches nor in processing. However, production of frozen Jack mackerel was temporarily suspended during the second quarter due to weak demand in the main market in Nigeria, which has been affected by falling crude oil prices. This raw material was 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, and has already been completed restored.

The Company has sought a conservative liquidity position during the pandemic, by reducing investments, postponing non-essential expenses, lowering the proposed dividend, increasing its credit lines and halving Pacific salmon smolt stocking in 2020.

The medium-term impact of COVID-19 is still uncertain, and Camanchaca continues to monitor it and adapt 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 define 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 marine sourced feed compared to farmed fish feed (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 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, allowing the Company to use the history of smolt stocking at farming sites leased to third parties in its smolt stocking plans, without affecting the growth of smolt stocking in the areas involved. Therefore, as lease contracts expire beyond 2020, the Company estimates Atlantic salmon harvests of 60,000 MT WFE at its own farming sites, plus another 15,000 to 16,000 MT WFE of other species over the medium term.

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 risk**

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 its 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 September 30, 2020 and September 30, 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 statements of financial position are presented as of September 30, 2020. They are compared with these statements as of December 31, 2019. The statements of net income and cash flow are presented for the period ended September 30, 2020, and compared to the period ended September 30, 2019.

## Consolidated Statement of Net Income (ThUS\$)

|  | Q3 2020         | Q3 2019         | 9m 2020         | 9m 2019         |
|--|-----------------|-----------------|-----------------|-----------------|
| Operating revenue  | 119,600         | 147,571         | 415,046         | 419,069         |
| Cost of sales  | (118,938)       | (116,834)       | (368,320)       | (342,405)       |
| <b>Gross margin</b>  | <b>661</b>      | <b>30,736</b>   | <b>46,726</b>   | <b>76,664</b>   |
| Administrative expenses  | (3,821)         | (4,546)         | (11,699)        | (15,256)        |
| Distribution costs   | (7,016)         | (7,400)         | (22,308)        | (21,610)        |
| <b>Sales and administrative expenses</b>   | <b>(10,837)</b> | <b>(11,947)</b> | <b>(34,007)</b> | <b>(36,867)</b> |
| <b>EBIT before fair value adjustments</b>  | <b>(10,176)</b> | <b>18,790</b>   | <b>12,719</b>   | <b>39,798</b>   |
| <b>EBITDA before fair value adjustments</b>  | <b>(1,730)</b>  | <b>27,163</b>   | <b>37,045</b>   | <b>60,202</b>   |
| Net fair value adjustments to biological assets                                      | (4,599)         | 6,849           | (20,939)        | 9,745           |
| <b>EBIT after fair value adjustments</b>   | <b>(14,775)</b> | <b>25,638</b>   | <b>(8,220)</b>  | <b>49,543</b>   |
| <b>EBITDA after fair value adjustments</b>   | <b>(6,330)</b>  | <b>34,012</b>   | <b>16,106</b>   | <b>69,947</b>   |
| Financial costs  | (1,536)         | (2,082)         | (5,444)         | (5,298)         |
| Share of net income (losses) of equity method associates                             | 286             | 277             | 1,130           | 1,294           |
| Exchange differences   | 1,283           | (3,534)         | (1,697)         | (2,268)         |
| Other income (losses)  | (861)           | (622)           | (4,447)         | (6,071)         |
| Financial income   | 0               | 0               | 0               | 24              |
| <b>Net income (loss) before taxes</b>  | <b>(15,603)</b> | <b>19,677</b>   | <b>(18,677)</b> | <b>37,224</b>   |
| Taxation income (expense)  | 4,687           | (5,812)         | 4,708           | (10,120)        |
| <b>Net income for the period</b>   | <b>(10,916)</b> | <b>13,865</b>   | <b>(13,969)</b> | <b>27,104</b>   |
| Non-controlling interest   | 2,401           | (4,616)         | 3,128           | (10,008)        |
| <b>Net income (loss) for the period attributable to owners of the parent company</b> | <b>(8,515)</b>  | <b>9,250</b>    | <b>(10,841)</b> | <b>17,096</b>   |

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

EBITDA after fair value adjustments: EBITDA + Fair value adjustments to biological assets - Cost of harvested and sold biological assets

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

|  | Q3 2020         | Q3 2019        | 9m 2020         | 9m 2019         |
|--|-----------------|----------------|-----------------|-----------------|
| Operating revenue  | 75,473          | 99,760         | 266,851         | 279,383         |
| Cost of sales  | (78,025)        | (77,890)       | (253,674)       | (228,679)       |
| <b>Gross margin</b>  | <b>(2,552)</b>  | <b>21,870</b>  | <b>13,176</b>   | <b>50,704</b>   |
| Administrative expenses  | (1,772)         | (2,125)        | (5,797)         | (7,172)         |
| Distribution costs   | (2,963)         | (3,027)        | (10,563)        | (9,196)         |
| <b>Sales and administrative expenses</b>   | <b>(4,735)</b>  | <b>(5,152)</b> | <b>(16,360)</b> | <b>(16,368)</b> |
| <b>EBIT before fair value adjustments</b>  | <b>(7,287)</b>  | <b>16,718</b>  | <b>(3,183)</b>  | <b>34,336</b>   |
| <b>EBITDA before fair value adjustments</b>  | <b>(3,344)</b>  | <b>20,766</b>  | <b>8,194</b>    | <b>44,251</b>   |
| Net fair value adjustments to biological assets                                      | (4,599)         | 6,849          | (20,939)        | 9,745           |
| <b>EBIT after fair value adjustments</b>   | <b>(11,887)</b> | <b>23,567</b>  | <b>(24,123)</b> | <b>44,081</b>   |
| <b>EBITDA after fair value adjustments</b>   | <b>(7,944)</b>  | <b>27,615</b>  | <b>(12,745)</b> | <b>53,995</b>   |
| Financial costs  | (886)           | (1,315)        | (3,132)         | (3,452)         |
| Share of net income (losses) of equity method associates                             | 286             | 277            | 1,116           | 1,289           |
| Exchange differences   | 528             | (575)          | (940)           | (1,043)         |
| Other income (losses)  | (878)           | (1,026)        | (4,189)         | (4,635)         |
| Financial income   | 0               | (0)            | 0               | 24              |
| <b>Net income (loss) before taxes</b>  | <b>(12,835)</b> | <b>20,927</b>  | <b>(31,268)</b> | <b>36,265</b>   |
| Taxation income (expense)  | 3,462           | (5,704)        | 8,890           | (9,463)         |
| <b>Net income for the period</b>   | <b>(9,373)</b>  | <b>15,223</b>  | <b>(22,378)</b> | <b>26,802</b>   |
| Non-controlling interest   | 2,859           | (4,569)        | 7,224           | (7,869)         |
| <b>Net income (loss) for the period attributable to owners of the parent company</b> | <b>(6,515)</b>  | <b>10,654</b>  | <b>(15,154)</b> | <b>18,933</b>   |

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

EBITDA after fair value adjustments: EBITDA + Fair value adjustments to biological assets - Cost of harvested and sold biological assets

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

|  | Q3 2020        | Q3 2019        | 9m 2020         | 9m 2019         |
|--|----------------|----------------|-----------------|-----------------|
| Operating revenue  | 34,054         | 39,582         | 122,131         | 116,541         |
| Cost of sales  | (33,719)       | (32,287)       | (96,559)        | (95,421)        |
| <b>Gross Margin</b>  | <b>336</b>     | <b>7,295</b>   | <b>25,572</b>   | <b>21,120</b>   |
| Administrative expenses  | (1,551)        | (1,832)        | (4,400)         | (6,140)         |
| Distribution costs   | (3,184)        | (3,575)        | (9,168)         | (9,810)         |
| <b>Sales and administrative expenses</b>   | <b>(4,735)</b> | <b>(5,406)</b> | <b>(13,568)</b> | <b>(15,950)</b> |
| <b>EBIT</b>  | <b>(4,399)</b> | <b>1,888</b>   | <b>12,004</b>   | <b>5,170</b>    |
| <b>EBITDA</b>  | <b>(196)</b>   | <b>5,857</b>   | <b>24,077</b>   | <b>14,840</b>   |
| Financial costs  | (606)          | (699)          | (2,148)         | (1,693)         |
| Share of net income (losses) of equity method associates                             | 0              | 0              | 14              | 5               |
| Exchange differences   | 802            | (2,853)        | (964)           | (1,370)         |
| Other income (losses)  | 16             | 400            | (261)           | (1,429)         |
| Financial income   | 0              | 0              | 0               | 0               |
| <b>Net income (loss) before taxes</b>  | <b>(4,187)</b> | <b>(1,264)</b> | <b>8,646</b>    | <b>682</b>      |
| Taxation income (expense)  | 1,565          | (112)          | (3,011)         | (481)           |
| <b>Net income for the period</b>   | <b>(2,622)</b> | <b>(1,376)</b> | <b>5,635</b>    | <b>201</b>      |
| Non-controlling interest   | (458)          | (47)           | (4,095)         | (2,140)         |
| <b>Net income (loss) for the period attributable to owners of the parent company</b> | <b>(3,080)</b> | <b>(1,423)</b> | <b>1,539</b>    | <b>(1,939)</b>  |

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

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

|  | Q3 2020        | Q3 2019        | 9m 2020        | 9m 2019        |
|--|----------------|----------------|----------------|----------------|
| Operating revenue  | 10,072         | 8,229          | 26,065         | 23,146         |
| Cost of sales  | (7,194)        | (6,658)        | (18,087)       | (18,305)       |
| <b>Gross Margin</b>  | <b>2,878</b>   | <b>1,571</b>   | <b>7,977</b>   | <b>4,841</b>   |
| Administrative expenses  | (498)          | (589)          | (1,502)        | (1,943)        |
| Distribution costs   | (869)          | (798)          | (2,576)        | (2,605)        |
| <b>Sales and administrative expenses</b>   | <b>(1,367)</b> | <b>(1,387)</b> | <b>(4,079)</b> | <b>(4,548)</b> |
| <b>EBIT</b>  | <b>1,511</b>   | <b>184</b>     | <b>3,899</b>   | <b>293</b>     |
| <b>EBITDA</b>  | <b>1,810</b>   | <b>541</b>     | <b>4,774</b>   | <b>1,113</b>   |
| Financial costs  | (44)           | (68)           | (163)          | (153)          |
| Share of net income (losses) of equity method associates                             | 0              | 0              | 0              | 0              |
| Exchange differences   | (48)           | (105)          | 206            | 144            |
| Other income (losses)  | 1              | 3              | 3              | (7)            |
| Financial income   | 0              | 0              | 0              | 0              |
| <b>Net income (loss) before taxes</b>  | <b>1,420</b>   | <b>14</b>      | <b>3,945</b>   | <b>277</b>     |
| Taxation income (expense)  | (340)          | 4              | (1,171)        | (176)          |
| <b>Net income for the period</b>   | <b>1,079</b>   | <b>18</b>      | <b>2,773</b>   | <b>102</b>     |
| Non-controlling interest   | 0              | 0              | 0              | 0              |
| <b>Net income (loss) for the period attributable to owners of the parent company</b> | <b>1,079</b>   | <b>18</b>      | <b>2,773</b>   | <b>102</b>     |

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

## Statement of Financial Position (ThUS\$)

| Consolidated (ThUS\$)                    | 9m 2020        | 2019           | 9m 2019        |
|--|----------------|----------------|----------------|
| Cash and cash equivalents                | 63,710         | 41,873         | 27,598         |
| Other financial assets, current          | 323            | 361            | 840            |
| Other non-financial assets, current      | 16,337         | 15,798         | 16,173         |
| Trade and other receivables, current     | 62,619         | 95,777         | 66,472         |
| Related party receivables, current       | 59             | 116            | 659            |
| Inventories                              | 78,980         | 76,669         | 87,975         |
| Biological assets, current               | 139,707        | 150,741        | 186,255        |
| Tax assets, current                      | 14,156         | 6,726          | 2,296          |
| <b>Total current assets</b>              | <b>375,891</b> | <b>388,062</b> | <b>388,268</b> |
| Other financial assets, non-current      | 701            | 701            | 701            |
| Other non-financial assets, non-current  | 15,201         | 17,149         | 18,038         |
| Rights receivable, non-current           | 2,011          | 1,252          | 1,287          |
| Related party receivables, non-current   | 2,097          | 2,208          | 2,240          |
| Equity method investments                | 5,071          | 4,871          | 5,242          |
| Intangible assets other than goodwill    | 50,337         | 50,314         | 50,314         |
| Intangible assets                        | 1,214          | 1,214          | 1,214          |
| Property, plant and equipment            | 288,189        | 287,683        | 283,487        |
| Long-term deferred taxes                 | 26,210         | 29,202         | 26,647         |
| <b>Total non-current assets</b>          | <b>391,032</b> | <b>394,593</b> | <b>389,169</b> |
| <b>Total assets</b>                      | <b>766,923</b> | <b>782,655</b> | <b>777,438</b> |
| Other financial liabilities, current     | 53,835         | 31,575         | 22,975         |
| Operating lease liabilities, current     | 2,314          | 2,964          | 1,603          |
| Trade and other payables, current        | 83,408         | 100,953        | 106,275        |
| Related party payables, current          | 749            | 375            | 783            |
| Other provisions, current                | 7,135          | 7,129          | 0              |
| Current tax liabilities                  | 3,510          | 346            | 2,157          |
| Employee benefit provisions, current     | 3,105          | 3,520          | 2,272          |
| <b>Total current liabilities</b>         | <b>154,055</b> | <b>146,862</b> | <b>136,065</b> |
| Other financial liabilities, non-current | 120,628        | 116,928        | 124,000        |
| Operating lease liabilities, non-current | 8,294          | 10,299         | 2,900          |
| Trade and other payables, non-current    | 486            | 671            | 721            |
| Deferred tax liabilities                 | 15,325         | 20,188         | 21,410         |
| Employee benefit provisions, non-current | 1,211          | 1,027          | 1,297          |
| <b>Total non-current liabilities</b>     | <b>145,944</b> | <b>149,113</b> | <b>150,328</b> |
| <b>Total liabilities</b>                 | <b>300,000</b> | <b>295,975</b> | <b>286,393</b> |
| Share capital                            | 284,134        | 284,134        | 284,134        |
| Retained earnings                        | 20,276         | 35,210         | 37,904         |
| Other reserves                           | 50,181         | 50,527         | 50,645         |
| Non-controlling interests                | 112,333        | 116,809        | 118,363        |
| <b>Total equity</b>                      | <b>466,923</b> | <b>486,680</b> | <b>491,045</b> |
| <b>Total equity and liabilities</b>      | <b>766,923</b> | <b>782,655</b> | <b>777,438</b> |

## Statement of Cash Flow (ThUS\$)

|   | Q3 2020        | Q3 2019         | 9m 2020         | 9m 2019         |
|---|----------------|-----------------|-----------------|-----------------|
| <b>CASH FLOW FROM (USED BY) OPERATING ACTIVITIES</b>              |                |                 |                 |                 |
| <b>Receipts</b>   |                |                 |                 |                 |
| Receipts from selling goods and providing services                | 158,811        | 150,169         | 494,917         | 465,296         |
| <b>Payments</b>   |                |                 |                 |                 |
| Payments to suppliers for goods and services                      | (128,169)      | (117,827)       | (390,400)       | (403,223)       |
| Payments to and on behalf of employees                            | (15,383)       | (16,365)        | (49,990)        | (56,059)        |
| Dividends received  | 0              | 0               | 589             | 574             |
| Interest paid   | (169)          | (539)           | (3,456)         | (2,982)         |
| Interest received   | 0              | 0               | 0               | 24              |
| Income taxes refunded (paid)                                      | (99)           | (172)           | (8,207)         | (5,605)         |
| Other receipts (payments)   | (47)           | 683             | 0               | 683             |
| <b>Net cash flow from (used by) operating activities</b>          | <b>14,944</b>  | <b>15,949</b>   | <b>43,453</b>   | <b>(1,292)</b>  |
| <b>Net cash flow from (used by) financing activities</b>          |                |                 |                 |                 |
| Proceeds from short-term loans                                    | 9,620          | 10,000          | 29,620          | 74,230          |
| Loan repayments   | (4,314)        | (6,758)         | (4,657)         | (10,786)        |
| Dividends paid  | 0              | (9)             | (15,286)        | (17,114)        |
| <b>Net cash flow from (used by) financing activities</b>          | <b>5,306</b>   | <b>3,233</b>    | <b>9,677</b>    | <b>46,330</b>   |
| <b>Net cash flow from (used by) investing activities</b>          |                |                 |                 |                 |
| Receipts from disposals of property, plant and equipment          | 11             | 410             | 47              | 1,505           |
| Purchases of property, plant and equipment                        | (9,050)        | (14,151)        | (30,276)        | (48,913)        |
| <b>Net cash flow from (used by) investing activities</b>          | <b>(9,039)</b> | <b>(13,741)</b> | <b>(30,229)</b> | <b>(47,408)</b> |
| Effects of changes in exchange rates on cash and cash equivalents | 401            | (775)           | (1,064)         | (780)           |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>       | <b>11,612</b>  | <b>4,666</b>    | <b>21,837</b>   | <b>(3,150)</b>  |
| CASH AND CASH EQUIVALENTS AT THE START OF THE PERIOD              | 52,098         | 22,932          | 41,873          | 30,748          |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>         | <b>63,710</b>  | <b>27,598</b>   | <b>63,710</b>   | <b>27,598</b>   |

## Statement of Changes in Equity (ThUS\$)

|  | Share capital  | Foreign currency conversion reserve | Cash flow hedge reserve | Other reserves | Total other reserves | Retained earnings (losses) | Equity attributable to the parent company | Equity attributable to non-controlling interests | 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        |
| <b>Changes in equity</b>                                   |                |                                     |                         |                |                      |                            |   |  |                |
| <b>Dividends accrued</b>                                   |                |                                     |                         |                |                      | (4,093)                    | (4,093)                                   | (1,263)  | (5,356)        |
| Comprehensive income                                       |                |                                     |                         |                |                      |                            |   |  |                |
| Net income for the period                                  |                |                                     |                         |                |                      | (10,841)                   | (10,841)                                  | (3,128)  | (13,969)       |
| Other comprehensive income                                 |                | (254)                               | (93)                    |                | (347)                |                            | (347)                                     | (85)   | (432)          |
| <b>Closing balance as of September 30, 2020</b>            | <b>284,134</b> | <b>(993)</b>                        | <b>(63)</b>             | <b>51,236</b>  | <b>50,180</b>        | <b>20,276</b>              | <b>354,590</b>                            | <b>112,333</b>                                   | <b>466,923</b> |
| Opening balance as of January 1, 2019 (restated)           | 284,134        | (420)                               | (32)                    | 51,236         | 50,784               | 20,807                     | 355,725                                   | 111,250  | 466,975        |
| <b>Changes in equity</b>                                   |                |                                     |                         |                |                      |                            |   |  |                |
| Dividends accrued  |                |                                     |                         |                |                      |                            |   | (2,853)  | (2,853)        |
| Comprehensive income                                       |                |                                     |                         |                |                      |                            |   |  |                |
| Net income for the period                                  |                |                                     |                         |                |                      | 17,096                     | 17,096                                    | 10,009   | 27,105         |
| Other comprehensive income                                 |                | (190)                               | 51                      |                | (139)                |                            | (139)                                     | (43)   | (182)          |
| <b>Closing balance as of September 30, 2019 (restated)</b> | <b>284,134</b> | <b>(610)</b>                        | <b>19</b>               | <b>51,236</b>  | <b>50,645</b>        | <b>37,903</b>              | <b>372,682</b>                            | <b>118,363</b>                                   | <b>491,045</b> |

## Additional Information

### Key Financial Indicators

This section compares the Company's key financial indicators based on its consolidated financial statements as of September 30, 2020, compared to December 31, 2019.

|   | 09/30/2020 | 12/31/2019  |
|---|------------|-------------|
| <b>Liquidity Indicators</b>                 |            |             |
| Current Liquidity                           | 2.44       | 2.64        |
| Acid ratio                                  | 1.02       | 1.09        |
| Working Capital (US\$ million)              | 221.836    | 241.200     |
| <b>Debt Indicators</b>                      |            |             |
| Net Debt Ratio                              | 0.51       | 0.52        |
| Current Liabilities / Total Liabilities     | 0.51       | 0.50        |
| Non-Current Liabilities / Total Liabilities | 0.49       | 0.50        |
| <b>Profitability Indicators</b>             | (9 months) | (12 months) |
| Return on Equity                            | -2.32%     | 4.24%       |
| Return on Assets                            | 6.09%      | 14.73%      |

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Notes:

- 1) Current Liquidity: Current Assets / Current Liabilities
  - 2) Acid Ratio: Current Assets Net of Inventory and Biological Assets / Current Liabilities
  - 3) Working Capital: Current Assets - Current Liabilities
  - 4) Net Debt Ratio: Total Liabilities - Available Cash / Total Equity
  - 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 decrease of 0.2 in current liquidity is mainly caused by a decrease of US\$ 12.2 million in current assets and an increase of US\$ 7.2 million in current liabilities, as explained in the statement of financial position analysis. Consequently, working capital decreased by US\$ 19.4 million.

The acid ratio reached 1.02, a decrease of 0.07 compared to 2019, mainly due to a decrease in current assets net of inventories and biological assets of US\$ 3.4 million, combined with the increase in current liabilities already mentioned.

The net debt ratio decreased from 0.52 to 0.51 mainly due to total liabilities net of cash decreasing by US\$ 17.8 million, while equity decreased by US\$ 19.8 million. These changes have already been explained in the statement of financial position analysis.

The proportion of long-term liabilities decreased from 0.50 to 0.49 as of September 30, 2020 due to an increase in total liabilities of US\$ 4 million, while long-term liabilities decreased by US\$ 3.2 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<br>09/30/2020 | As of<br>09/30/2019 |
|--|---------------------|---------------------|
| a. Atlantic Salmon harvested in the period (MT WFE) / Site     | 3,998               | 3,040               |
| b. Atlantic Salmon farming density (kg/m3)                     | 10.24               | 9.37                |
| c. Atlantic Salmon group survival rate in sea water by harvest | 89.00%              | 91.80%              |
| d. Pacific Salmon farming density (kg/m3)                      | 2.06                | 8.09                |
| e. Pacific Salmon group survival rate in sea water by harvest  | 92.80%              | 91.90%              |
| f. EBIT before fair value adjustments (US\$ million)           | -3.2                | 34.3                |
| g. Atlantic salmon EBIT/kg WFE before fair value adjustments   | -0.09               | 1.02                |

Notes:

a. Harvests for the period, expressed in ex-cage MT / number of sites harvested, expressed in ex-cage MT 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. Gross margin before fair value adjustment - administrative expenses - distribution costs – net income from interest in trout business / kg WFE of own Atlantic salmon sold

### Biomass Fair Value

#### For the period ended September 30, 2020 (Thousands of USD)

|           | Gain (loss) on fair value of biological assets |                  | Cost of biological assets harvested and sold |                  |
|-----------|--|------------------|--|------------------|
|           | As of 09/30/2020                               | As of 09/30/2019 | As of 09/30/2020                             | As of 09/30/2019 |
| Salmonids | 8,481  | 62,909           | -29,420                                      | -53,164          |

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\$ 8.5 million was recorded for the fair value adjustment of the live and harvested biomass as of September 30, 2020, compared to a gain of US\$ 62.9 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 September 30, 2020 was a loss of US\$ 29.4 million, which reversed a positive margin estimated in prior periods, in contrast to a loss of US\$ 53.2 million as of September 30, 2019.

The net effect of the fair value adjustments for the salmon biomass for the period ended September 30, 2020 is a negative US\$ 20.9 million, as opposed to the positive US\$ 9.7 million for the period ended September 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. |