CAMANCHACA S.A. AND SUBSIDIARIES

Quarterly Earnings Report on the Consolidated Financial Statements
For the year ended December 31, 2020

Information on Camanchaca

The Company currently operates three business divisions:

1. *Salmon Farming: Its subsidiary Salmones Camanchaca operates in the Eighth, Tenth and Eleventh 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 Tenth region and a value-added processing and freezing plant in the Eighth 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: The business in Chiloé focuses on purchasing spawn and farming mussels in three owned farming sites, and processing these raw materials at its plant and frozen storage facility located in Rauco to make them ready for human consumption. A farm in the Atacama region grows and processes abalone 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 year

- **Total operating revenue for 2020 was US$ 539 million**, 13% less than in 2019, as operating revenue from the other seafood division increased by 12.6%, but decreased in both the salmon farming division by 17.6% and the industrial fishing division by 6.4%.
- **EBITDA for 2020 reached US$ 22.5 million**, representing a decrease of 77% compared to 2019, mainly due to a 20% decrease in the Atlantic salmon reference price since the beginning of the pandemic, which was mitigated by the Company by selling products with higher added value. This strategy led to higher product prices, but also higher processing costs, and a higher margins during 2020 than for lower value-added products. EBITDA was affected by the 9.6% fall in sales volumes, as sales were postponed in Q4 2020 following the expectation of better prices in Q1 2021, and by higher expenses at fallow sites and others sites operating marginally to avoid their concessions expiring. These factors affected the financial performance of this division, which had zero EBITDA.
- **Significant improvements at Pesca Sur and Cultivos Sur (mussels)** led these divisions to increase their EBITDA for 2020 by 39% and 249%, respectively.
- **The price of the Atlantic salmon product mix decreased by US$ 0.52/kg WFE** or 8.3% during the year, which was partly mitigated by an increase in the proportion of value-added product sales from 74% to 84%, as these command a higher price, but also imply a higher processing cost. Consolidated annual net income fell from US$ 20.6 million in 2019, to a net loss of US$ 25.2 million in 2020.
- **Salmon harvest volumes in 2020 were 56,596 MT WFE,** which was similar to the previous year despite the impact of the pandemic. Atlantic salmon represented 94% of the total harvest, while Pacific salmon completed its second season.
- **The estimated Atlantic salmon harvest volumes for 2021 are 53,000 - 55,000 MT WFE**, with no major changes from 2020. Smolt stocking of Pacific salmon in 2021 will be at optimum density and lower costs.
- **The cost of harvested Atlantic salmon** (ex-cage, live fish) increased in the fourth quarter, reaching US$ 3.43/kg, which was mostly due to the large scale mortalities at the Islotes farming site in May 2020 and the subsequent reduction in harvest volumes for Q4 2020, and other farming sites affected by SRS. These impacts are expected to decline during H2 2021 harvests. Costs for Q4 2020 were 13.7% higher than in Q4 2019, while costs for the whole of **2020 remained in line with 2019 at US$ 3.25/kg**.
- **Total salmon processing costs remained below the long-term target of US$ 1/kg during Q4 2020,** at US$ 0.95/kg WFE. However, they were 35% higher than Q4 2019 due to 21% lower processed volumes, a higher proportion of value added products, and higher costs associated with preventative measures for the pandemic.
- **Atlantic salmon EBIT/kg (WFE) was negative US$ 0.17 in 2020,** US$ 1.49 lower than 2019, mostly due to the price decrease of US$ 0.52 (-8%), as well as higher expenses at non-operating fallow sites and others sites operating marginally to avoid their concessions expiring.. The increase in sales of higher value-added products reached 84% of sales, which was higher than the 74% achieved in 2019. This produced higher margins, but with a higher cost of sales.
- **The financial performance of the trout farming joint venture improved,** and contributed US$ 2.3 million to Salmones Camanchaca in 2020, compared to a net loss of US$ 2.5 million in 2019. The agreement was renewed in November 2020 for a **further 6 years beginning in January 2023, but with two thirds the current smolt stocking capacity.** The subsidiary will use the remaining one-third of the joint venture's capacity for its own farming and production, and will expand its harvest volumes by approximately 10% from 2023.

- **Jack mackerel catches in the southern central fishing area increased by 27%** in 2020 to reach 92,700 MT. This exceeded the Company's entire annual quota of 63,000 MT and another 30,000 MT of international quotas acquired from other members of the Jack mackerel RFO.
- **The frozen Jack mackerel price fell by 6% compared to 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 the destination of its raw materials according to market conditions. Therefore, frozen Jack mackerel production decreased by 20% to 29,000 MT, but Jack mackerel fishmeal and oil production increased.
- **Catches in the northern fishing area fell by 60% in 2020** to only 37,631 MT, 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, close to the coast or of a small size. These conditions continue, and have not been more severe for several decades.
- **Fishmeal sales decreased by 16% while oil sales increased by 41%**, driven by higher production in the southern central area, the sale of inventories, and an increase in yields, as combined yields rose from 26.7% to 28.4%.
- **Fishmeal and oil prices increased by 13.6% and 27.3%** respectively in 2020, influenced by the scarcity of Peruvian supplies during the first part of the year, combined with recovering demand in China after the sanitary crisis in the pork sector in 2019. While Peruvian quotas have mostly been captured.
- **Mussel yields increased to 20.1% in 2020,** compared to 18.6% in 2019, due to better nutritional conditions in the sea. This reduced the requirements to purchase raw materials from third parties at higher costs, and combined with improvements in prices and inventory turnover **produced an EBITDA of US$ 6.2 million for 2020,** compared to US$ 1.7 million in 2019.
- **Selling and administrative expenses fell by 6.5% in 2020**, but represented 8.3% of total revenue in 2020, an increase from 7.7% a year earlier, due to the decrease in operating revenue.
- **The frozen jack mackerel plant operated by the subsidiary Camanchaca Pesca Sur in Talcahuano was affected by a fire** on October 1, with no personal injuries, but with the total loss of its facilities and equipment. The Company has insurance policies that covered this event, which includes insurance cover for facilities, buildings and equipment, and loss of profits for business suspension up to 12 months. As of the date this report was issued, the claim settlement process with the insurer is progressing, and work has begun on constructing a new plant this time in Coronel, which will have greater capacity and better technological and environmental conditions.
- **Preventive and public health measures to prevent COVID-19 infection** were improved and extended during the year, **which secured operational continuity throughout 2020**. There are 31 active cases as of the date of this report, which is only 0.78% of staff. There have been no serious cases during the year, and 40,296 tests have been performed on staff, with only 0.87% producing a positive result. Shift disruptions in the Salmon Farming division processing plants were eliminated during Q4. Production in all divisions has not been significantly disrupted, neither at capture nor at harvesting.
- **The liquidity position remains robust with a cash balance of US$ 56 million,** which together with unused short and long-term financing facilities of US$ 20 million, gave the **Company liquidity of over US$ 76 million as of December 31, 2020.** Net interest-bearing debt at the end of 2020 was US$ 130.5 million, 5.8 times EBITDA for the last twelve months, and 22% higher than as of December 31, 2019, mainly due to the cash requirements of the Salmon Farming division affected by lower operational cash flows due to lower prices.
- On February 9, 2021, Salmones Camanchaca signed a **1.5-year committed financing facility for US$ 35 million with DNB and Santander banks,** which will be used to strengthen its liquidity position and replace uncommitted short-term facilities with other banks.

Key Figures

		Q4 2020	Q4 2019	Δ%	2020	2019	Δ%
Operating revenue	ThUS$	124,276	200,961	(38.2%)	539,322	620,030	(13.0%)
Gross margin	ThUS$	(12,622)	38,592	(132.7%)	34,103	115,256	(70.4%)
EBITDA before fair value adjustments	ThUS$	(14,558)	36,112	(140.3%)	22,487	96,314	(76.7%)
EBIT before fair value adjustments	ThUS$	(23,300)	27,657	(184.2%)	(10,581)	67,456	(115.7%)
EBITDA margin %	%	-11.71%	17.97%	(2,968 pb)	4.17%	15.53%	(1,136 pb)
Fair value adjustments	ThUS$	1,949	(9,433)	(120.7%)	(18,991)	311	(6,206.3%)
Net income (loss) for the period attributable to owners of the parent company	ThUS$	(14,373)	3,525	(507.8%)	(25,214)	20,621	(222.3%)
Earnings per share	US$	(0.00346)	0.00085	(507.8%)	(0.00607)	0.00497	(222.3%)
Pelagic catches	MT	35,506	47,422	(25.1%)	210,504	247,763	(15.0%)
Northern Fishing Area	MT	6,154	26,406	(76.7%)	37,631	95,219	(60.5%)
Southern Fishing Area	MT	29,353	21,017	39.7%	172,873	152,545	13.3%
Fishmeal price	US$/MT	1,597	1,270	25.7%	1,594	1,403	13.6%
Atlantic salmon harvest	MT WFE	15,801	20,288	(22.1%)	52,982	53,731	(1.4%)
Company farmed Atlantic salmon sales	MT WFE	12,048	20,268	(40.6%)	46,222	51,151	(9.6%)
% sales of fillets and portions	%	84.4%	62.8%	2.160 bp	83.9%	74.5%	937 bp
Atlantic salmon ex cage cost	US$/kg live fish	3.43	3.02	13.5%	3.25	3.22	0.9%
Processing cost	US$/kg WFE	0.94	0.70	34.3%	0.95	0.90	6.2%
Atlantic salmon price*	US$/kg WFE	5.91	6.02	(1.9%)	5.74	6.26	(8.3%)
Atlantic salmon EBIT/kg WFE**	US$/kg WFE	(0.91)	1.71		-0.17	1.32	
Financial Debt	ThUS$				186,122	148,503	25.3%
Net Financial Debt	ThUS$				130,514	106,630	22.4%
Equity ratio	%				58%	62%	

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

**Excludes net income (loss) from the trout joint venture and excluding transactions involving third-party raw materials

Summary Statement of Net Income by Division

Financial aspects in 2020

ThUS$	Industrial Fishing		Salmon Farming		Other Seafood		Total	
	Q4 2020	Q4 2019	Q4 2020	Q4 2019	Q4 2020	Q4 2019	Q4 2020	Q4 2019
Operating revenue	25,355	41,080	92,128	156,193	6,793	3,687	124,276	200,961
Gross Margin	(7,733)	(3,502)	(6,669)	40,874	1,779	1,219	(12,622)	38,592
EBITDA	(6,937)	(2,470)	(8,291)	38,134	671	448	(14,558)	36,112
EBITDA margin (%)	**(27.4%)**	**(6.0%)**	**(9.0%)**	**24.4%**	**9.9%**	**12.2%**	**(11.7%)**	**18.0%**
Net income (loss) for the period attributable to owners of the parent company	**(7,987)**	**(8,391)**	**(5,845)**	**11,610**	**(542)**	**306**	**(14,373)**	**3,525**

ThUS$	Industrial Fishing		Salmon Farming		Other Seafood		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
Operating revenue	147,486	157,621	358,979	435,576	32,858	26,833	539,322	620,030
Gross Margin	17,839	17,618	6,507	91,578	9,757	6,060	34,103	115,256
EBITDA	17,140	12,370	(97)	82,384	5,444	1,560	22,487	96,314
EBITDA margin (%)	**11.6%**	**7.8%**	**(0.0%)**	**18.9%**	**16.6%**	**5.8%**	**4.2%**	**15.5%**
Net income (loss) for the period attributable to owners of the parent company	**(6,447)**	**(10,330)**	**(20,999)**	**30,542**	**2,232**	**408**	**(25,214)**	**20,621**

Financial Results as of 12/31/2020

EBITDA for the year before fair value adjustments was US$ 22.5 million, 77% lower than US$ 96.3 million in 2019, mainly explained by the 20% decrease in the Atlantic salmon reference price since the beginning of the pandemic, which was partly mitigated by sales of higher value-added products, but also higher processing costs, which produced a higher net margin than lower value-added products. The EBITDA was also affected by a 9.6% decrease in Atlantic salmon sales volumes, which left higher inventories as of December with the expectation of better prices in Q1 2021, and by higher expenses at non-operating fallow sites and others sites operating marginally to avoid their concessions expiring. The Salmon Farming division represented 86% of EBITDA in 2019 at US$ 82.4 million, whereas this year its performance was partially mitigated by better results from the Pesca Sur and Cultivos Sur businesses.

The Industrial Fishing business improved due to higher Jack mackerel catches and good fishing performance in the southern area, but was negatively impacted by minimal anchovy catches in the northern area. EBITDA for the Industrial Fishing division was US$ 17.1 million, 38% higher than in 2019, mainly due to a reduction of US$ 2.8 million in sales and administrative expenses.

The Cultivos Sur (mussels) business reversed the weak results for the last two years, and achieved EBITDA of US$ 6.2 million in 2020, compared to US$ 1.7 million in 2019, which is its best performance ever.

Total consolidated operating revenue for 2020 decreased by 13% compared to the previous year, to reach US$ 539 million. This fall was concentrated in Q3 and Q4 2020 when operating revenue fell by 38% compared to the previous year, due to the performance of the Salmon Farming division.

The result for 2020 was a net loss of US$ 25.2 million, which compares with net income of US$ 20.6 million in 2019. This decrease was explained above, and is mainly due to lower salmon prices that reduced the net income of the Salmon Farming division by US$ 51.5 million compared to 2019 to produce a net loss of US$ 21 million for 2020, despite the strategy of selling higher value-added products. Despite ending the period with losses, the Industrial Fishing division increased its net income by US$ 3.9 million compared to 2019. Finally, the Other Seafood division generated net income of US$ 2.2 million, which was US$ 1.8 million higher than the previous year.

Salmon Farming Division

Annual EBITDA before fair value adjustments was negative US$ 0.1 million in 2020, which compares unfavorably with positive US$ 82.4 million in 2019. Atlantic salmon harvest volumes were 52,982 MT WFE, similar to the previous year, while Pacific salmon harvest volumes were 3,613 MT WFE.

The average price of Atlantic salmon during 2020 was strongly affected by lower demand from the "Food & Service" segment or HORECA, due to the pandemic, causing reference market prices to fall by 20%. The Company's subsidiary Salmones Camanchaca invested in its process capacity between 2018 and 2020, so could prioritize higher value-added formats for the "retail" or supermarket segment, as the demand from this segment grew rapidly during the pandemic. As a result, Salmones Camanchaca prices fell by US$ 0.52 or 8.3% compared to 2019, reaching US$ 5.7/kg WFE. Atlantic salmon EBIT/kg WFE was negative US$ 0.17, a decrease of US$ 1.49 compared to 2019, also driven by increased expenses at non-operating fallow sites (US$ 6 million) and at other sites operating marginally to avoid their concessions expiring (US$ 5 million). Furthermore, EBITDA was affected by the unfavorable though expected impact of US$ 7.5 million from sales of Pacific salmon, as the smolt stocking density was low during this first 2-year cycle, which ended in 2020.

Net fair value adjustments as of December 31, 2020 were negative US$ 19 million, compared to positive US$ 0.3 million as of December 31, 2019. This unfavorable reduction of US$ 19.3 million was due to falling prices. The fair value adjustments do not affect EBITDA, taxes, nor net distributable income.

Industrial Fishing Division

As of December 31, 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 southern central 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 been selectively authorized for decades in the north by the sectoral authority. The southern central area enjoyed favorable conditions and caught 27% more Jack mackerel than the same period last year. Similarly, local independent sardine catches rose by 6%, and together with Jack and Atlantic mackerel catches brought the pelagic fish catches to 172,873 MT, 13.3% higher than in 2019. Fishmeal and oil yields were different in each area. They improved in the southern central area, where they rose from 28.7% in 2019 to 29.9% in 2020, whereas they fell in the northern area from 24.7% in 2019 to 23.5% this year. During the year, an analysis of the independent fishing portfolio generated an impairment provision of US$ 2.5 million. The industrial fishing division's results can be attributed to the following:

- The northern area achieved a net loss of US$ 14.3 million, which compares to the net loss of US$ 7 million in 2019, due to its low catches, although partially offset by higher catches of Atlantic and Jack mackerel. This was in addition to higher expenses of US$ 2.5 million in operating costs at fallow sites, which are immediately reflected in results. The negative results were mitigated by better fishmeal prices, which increased 10% compared to the previous year.

- The southern central area.
    - The subsidiary Camanchaca Pesca Sur achieved net income of US$ 10.4 million, which compares favorably with a net loss of US$ 1.4 million in 2019. This improvement was driven by higher Jack mackerel catches (+27%) and lower costs. Operating costs including non-operational days were US$ 24.3 million, which were similar to the previous year.

    - The Company has a 70% interest in its subsidiary Camanchaca Pesca Sur. So its share of net income was US$ 7.3 million, which was increased by US$ 0.5 million for other items allocated to the southern central area, not included in the subsidiary Camanchaca Pesca Sur. These include good results from the logistics business in Rocuant Island, Talcahuano, which were offset by allocated financial expenses. Thus, the southern central area generated net income of US$ 7.8 million, compared to a net loss of US$ 3.4 million in 2019.

Corporate Support Departments

Consolidated administrative expenses decreased by 15%, but as a proportion of operating revenue they decreased slightly by 3% in 2020, while distribution costs remained at a similar amount, but increased as a proportion of operating revenue to 5.3% in 2020. Administrative and distribution expenses in aggregate decreased, but increased from 7.7% of operating revenue in 2019 to 8.8% in 2020, as operating revenue decreased by 13%. Administrative expenses decreased from US$ 19.3 million to US$ 16.2 million. While distribution costs remained at US$ 28.5 million despite increased warehouse use for inventories and increased logistics costs.

Financial costs were US$ 6.6 million in 2020 compared to US$ 8.1 million in 2019, despite an increase of US$ 37.6 million in financial debt to US$ 186.1 million as of December 31, 2020, as the Libor reference interest rate decreased.

The net exchange gain was US$ 1 million due to the devaluation of the Chilean peso compared to the US dollar, mainly on recoverable taxes in the Salmon Farming division and receivables from independent fishermen at Camanchaca Pesca Sur.

Other gains and losses were negative US$ 7.6 million, lower than the negative US$ 13.9 million for 2019. This year was affected by a loss provision for the incident at the Islotes salmon farming site of US$ 5 million, net of estimated insurance claims. This year includes a loss of US$ 2.9 million associated with research, design, engineering, permits and other expenses for the new fishmeal and oil plant project in Iquique that had been capitalized, but were written off when the contract with EPI was renewed for 10 years. Also an aquaculture concession in the Third region was revalued, which generated an impairment loss of US$ 0.7 million. The trout farming joint venture generated a net income of US$ 2.3 million in 2020, compared to a net loss of US$ 2.5 million for 2019.

Cash flow for the year ended December 31, 2020

Net cash flow from operating activities in 2020 was positive US$ 30.1 million, which compares favorably to US$ 27.2 million in 2019. This increase is largely due to better results from Pesca Sur and Cultivos Sur, and increased sales in the Salmon Farming division during Q4 2019 that were collected during Q1 2020, which offset the lower salmon prices this year.

Cash flow used by investing activities was US$ 40.8 million in 2020, compared to US$ 64.0 million in 2019. This reduction is aligned with reductions in the investment plan reported in Q2 2020 as a preventive measure to strengthen the net cash position during the extraordinary conditions triggered by the pandemic. The original investment plan for May to December 2020 was reduced by 45%.

Cash flow from financing activities was positive US$ 23.8 million in 2020 due to drawing down US$ 39.1 million in short-term bank loans, and paying dividends of US$ 15.3 million.

Consequently, total net cash flow was US$ 13.7 million for the year, leaving a cash balance as of December 31, 2020 of US$ 55.6 million.

Camanchaca has a strong financial and liquidity position bearing in mind the current context, with net cash of US$ 55.6 million as of December 31, 2020 compared to US$ 41.9 million as of December 31, 2019, and it has short and long-term unused credit lines of US$ 20 million. This totals US$ 76 million of available liquidity.

Financial position as of December 31, 2020

Assets

The Company’s total assets decreased by 1.9% or US$ 14.6 million to reach US$ 768.0 million in 2020.

Current assets totaled US$ 381 million, a 1.8% decrease compared to December 31, 2019, attributable to a decrease in receivables of US$ 25.2 million following the collection in Q1 2020 of higher volume and better prices from the Salmon Farming division during Q4 2019. This fall in prices has also affected biological assets at fair value, which decreased by US$ 28.7 million, all of which was partially offset by an increase of US$ 21.7 million in inventories in the Salmon Farming division and an increase in cash of US$ 13.7 million to strengthen the Company's financial position.

Inventories valued at cost as of December 31, 2020 were US$ 98 million, mainly associated with Atlantic salmon, where inventory as of December 31, 2020 increased by 47% to 8,239 net tons, of which 1,327 tons are sold, but still in transit to customers.

Non-current assets decreased marginally by 1.9% or US$ 7.5 million to US$ 387 million, mainly due to a decrease of US$ 6.8 million in long-term deferred taxes and US$ 3.9 million in other non-financial and non-current assets associated with impairment of the independent fishing portfolio.

Liabilities and Equity

The Company's total liabilities increased by 8.2% or US$ 24 million, from US$ 296 million as of December 31, 2019 to US$ 320 million as of December 31, 2020.

Current liabilities increased by 19.8% or US$ 29.1 million, due to an increase in current financial liabilities of US$ 45 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$ 15.2 million in payables, due to the payment of dividends in Q2 2020. Borrowing from financial institutions reached US$ 186 million as of December 31, 2020, which is US$ 38 million higher than as of December 31, 2019. Consequently, net financial debt increased by US$ 24 million to US$ 130.5 million as of December 31, 2020.

Camanchaca's equity decreased by US$ 39 million or 8% during 2020, to US$ 447 million, mainly due to the decrease in earnings for the year and the additional dividend in excess of the provision for the minimum legal dividend for 2019.

Divisional Operating Performance

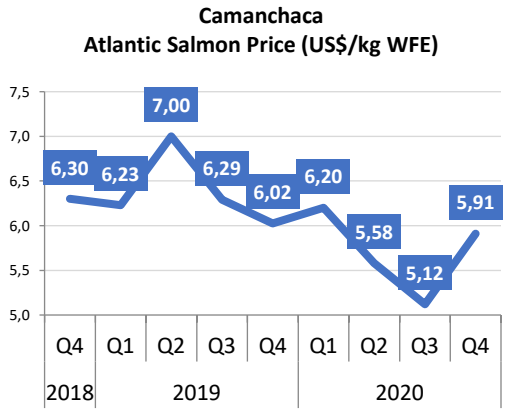
Salmon Farming Division

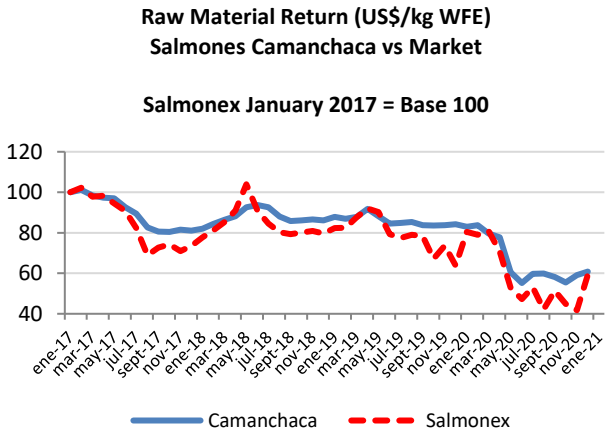
The financial performance of the salmon farming division is closely related to three key drivers:

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

I. Product Prices

The average price of Atlantic salmon sold by Camanchaca during Q4 2020 was US$ 5.91 per kg WFE, 1.9% or US$ 0.12 lower than Q4 2019, and US$ 0.79 higher than Q3 2020. This reflects a gradual return to normal demand in markets affected by the pandemic. Despite the year-end recovery, the annual average price fell by US$ 0.52. All the Company's value-added product capabilities were exploited to target the retail segment, including new investments in portioning lines, in order to mitigate the declining price trend during the first three quarters of 2020. Consequently, sales of portions and fillets to North American supermarkets increased, and sales of fresh whole salmon to Brazil and China decreased, where demand for whole fish products fell steeply. This strategy ensured that Camanchaca achieved an average raw material return (RMR) [1] from Atlantic salmon US$ 0.60 higher than the Salmonex[2] index during 2020, which is its reference market. The restrictions imposed on the Russian market in February 2020 have continued to date.





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

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

Volume

Company-farmed Atlantic Salmon		Q4 2020	Q4 2019	2020	2019
Harvest volumes	MT WFE	15,801	20,288	52,982	53,731
Production	MT WFE	16,147	20,553	52,707	53,549
Sales	MT WFE	12,048	20,268	46,222	51,151
Average sales price	US$/kg WFE	5.91	6.02	5.74	6.26

Salmones Camanchaca harvested 56,596 MT WFE of salmonids in 2020, 1.4% less than the harvest volume for 2019, which includes 52,982 MT WFE of Atlantic salmon at an average harvest weight of 5.4 kg WFE. Sales were 51,880 MT WFE in 2020, which were 6.4% lower than in 2019. They comprised 93.1% Atlantic salmon and 6.9% Pacific salmon.

The first Pacific season was completed during Q1 2020, and 760 MT WFE were harvested this year. The second season was completed during Q4 2020, which together with the balance of the first season, totaled a harvest of 3,614 MT WFE in 2020.

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 2020

Products	USA	Europe and Russia	Asia, except Japan	Japan	LATAM, except Chile	Chile	Others	TOTAL
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Atlantic salmon	130,957	18,808	15,556	29,506	55,106	11,485	3,668	265,087
Coho	1,076	1,277	1,910	6,130	1,962	109	0	12,463
Others	70,959	0	0	0	0	10,470	0	81,429
TOTAL	**202,991**	**20,085**	**17,466**	**35,636**	**57,068**	**22,064**	**3,668**	**358,979**

Sales by market segment for 2019

Products	USA	Europe and Russia	Asia, except Japan	Japan	LATAM, except Chile	Chile	Others	TOTAL
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Atlantic salmon	115,922	60,498	24,685	29,817	69,375	15,066	4,684	320,047
Coho	1,173	1,995	117	8,096	352	0	0	11,733
Others	91,926	0	0	0	0	11,870	0	103,796
TOTAL	**209,021**	**62,493**	**24,802**	**37,913**	**69,727**	**26,936**	**4,684**	**435,576**

The Company defines its value-added products as those containing some degree of secondary processing, excluding whole fresh and frozen fish, and these products represented 83.4% of sales in 2020, higher than the 63.6% achieved in 2019. The remaining sales are head-on gutted whole salmon for the South American and Chinese markets.

Sales to the North American market increased from 48.0% to 56.5% in 2020, while sales to Europe and Russia decreased from 14.3% during 2019 to 5.6% in 2020, the latter as a consequence of the Russian authority blocking imports from the Company's plants in Q1 2020. Sales to Asia, except Japan, decreased from 5.7% to 4.9% due to pandemic-related demand constraints in China, while sales to Japan increased from 8.7% to 9.9%. Sales to Latin America remained constant at 16.0%, where weakness in Brazil was offset by increases in Mexico. Accordingly, current conditions in certain key markets have led to sales being redirected to traditional markets for Salmones Camanchaca, such as the USA, Japan and Mexico, who require predominantly 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.

Other Businesses

As of December 31, 2020, Salmones Camanchaca had six sea farming concessions that were leased for trout farming in the Reloncaví Estuary in the Tenth region. These leases are the Company's contribution to the trout joint venture. The neighborhood where these concessions are located has a mandatory fallow period in the first months of odd-numbered years when harvest volumes are smaller, such as in 2019 when 2,958 MT WFE were harvested, much lower than the 15,178 MT WFE harvested in 2020. Sales by the trout joint venture were 12,413 MT WFE in 2020, an increase of 44% over sales in 2019, at higher sales prices and lower costs. So Salmones Camanchaca’s one-third share in earnings was net income of US$ 2.3 million for 2020 compared to a net loss of US$ 2.5 million in 2019, which was presented in the statement of net income under Other gains and losses.

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

Salmones Camanchaca began to farm Pacific salmon in 2019, to improve the use of its estuarine sites and other sites with special characteristics in the Tenth region, which is increasing its experience in the productive and commercial processes associated with this species. This is beneficial for the Company and optimizes its concession use and species diversification. Salmones Camanchaca expected negative margins during the first 2 productive years in 2019 and 2020, due to the reduced smolt stocking density required by regulations. But from 2021 onwards, smolt stocking can be at optimum densities with an estimated cost improvement of US$ 1/kg.

The Company has decided to temporarily reduce Pacific salmon smolt stocking in 2020 from 1.4 million to 0.7 million, due to the COVID-19 pandemic and the estimated harvest volume for the year is 3,614 MT WFE.

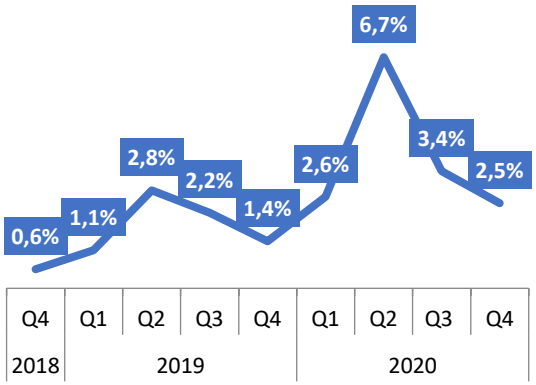
Other income is mainly the sale of salmon and other seafood by our US subsidiary, Camanchaca Inc., smolt sales, third party processing and services by the primary processing plant, and leased farming sites, which produced operating margins of US$ 5.6 million in 2020.

I. Sanitary and Productive Conditions

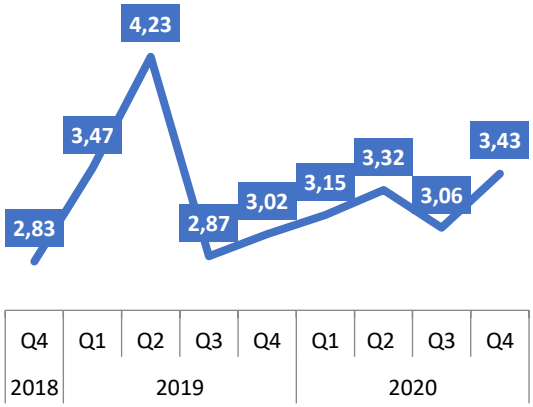
The total open cycle biomass mortality of the Atlantic salmon population during Q4 2020 was 2.5%, higher than the mortality for the same quarter in the previous cycle of 0.6% in 2018, which was mainly due to sea-lion attacks and SRS.

Mortality at the three sites that completed their cycle in Q4 2020 was 16.9%, which was much higher than the historical average, due to the closure of sites affected by SRS outbreaks. This condition affected costs at these sites and the products manufactured from this raw material.

Atlantic salmon mortality* (%)



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



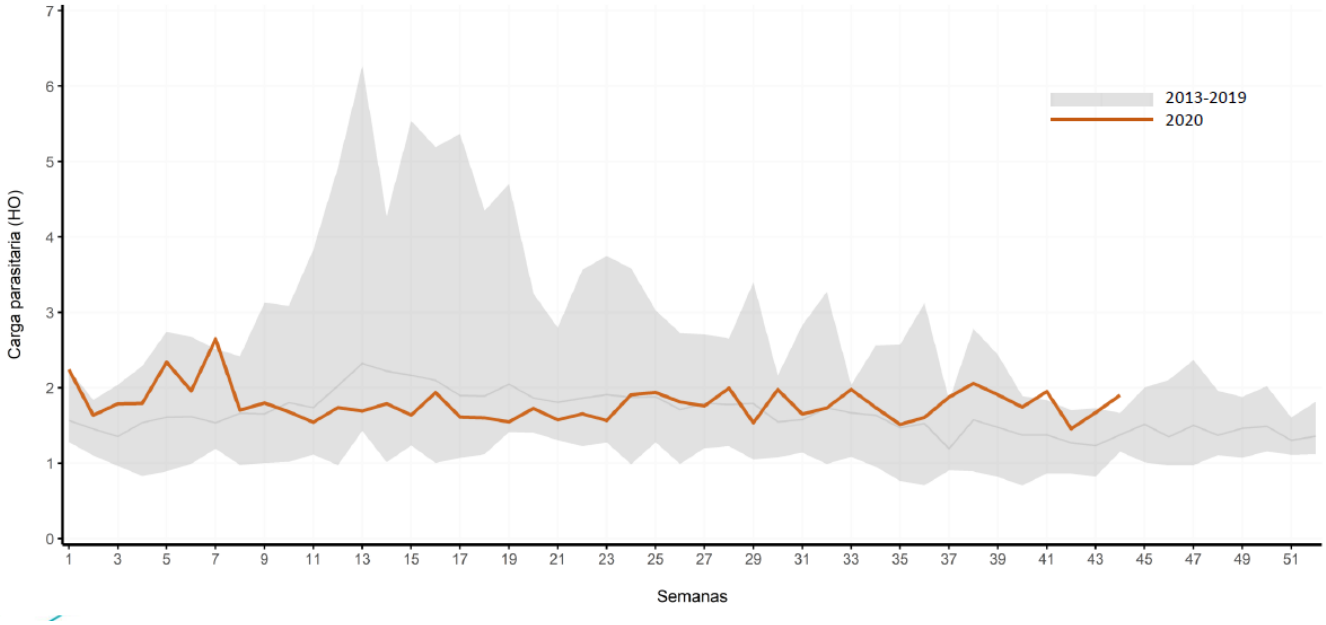
* Total quarterly mortality (number of fish) including both closed and open sites. The closed sites affected by the HAB are included.

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

	Biological Indicators					Sustainability Indicators				
Atlantic salmon	**FCRb (Live fish)**	**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**
2017	1.21	4.76	5.14	593	6.6	2.7	6.4	0	17/7	0.68
2018	1.17	4.83	5.32	531.2	6.4	2.7	6.4	0	17/7	0.60
2019	1.19	4.7	5.12	521.4	10.9	1.7	10.8	0	16/8	0.56
2020	1.17	4.91	5.43	506.9	10.1	2.2	10.1	37,150	16/8	0.57

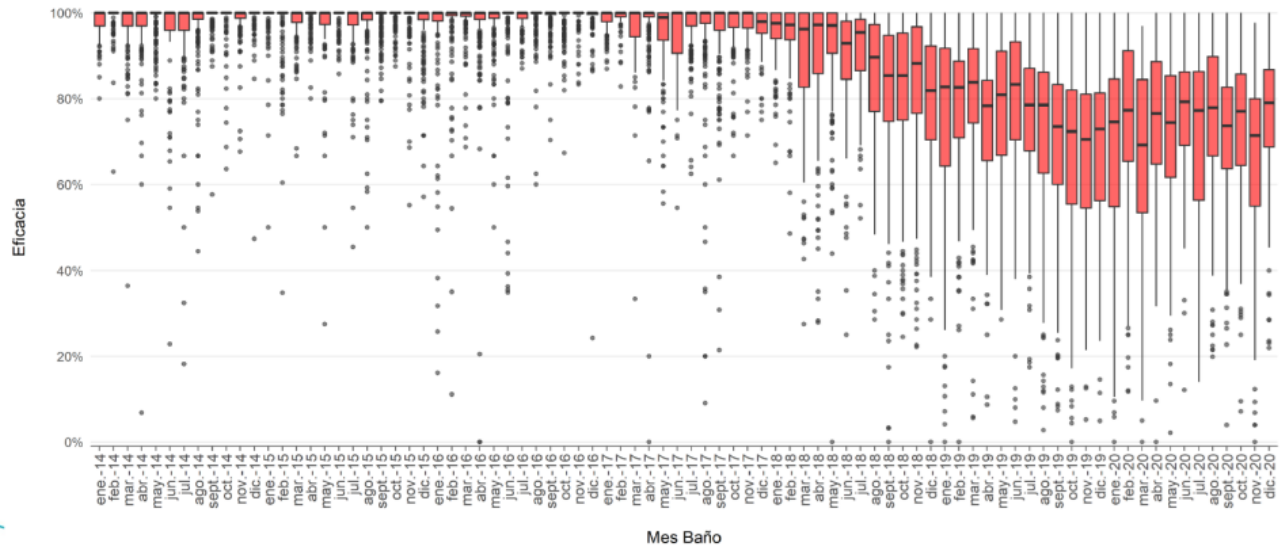
Smolt productivity is measured as the harvested biomass weight in kg / number of smolts. It reached 4.91 kg WFE/smolt in Q4 2020 (LTM), which is 4% higher than the average for 2019. The average harvest weight was 5.43 kg WFE, which was 6% higher than in 2019 and 2% higher than the previous cycle in 2018. Escapes in 2020 were the result of the incident at the Islotes site in May 2020 due to extreme weather conditions in the vicinity that resulted in the loss of approximately 520,000 fish, and about 37,000 fish escaped, of which 27% were recovered.

Sea lice infections have been controlled during 2020 using antiparasitic treatments, including new treatments using Peroxide and Alfaflux, as the efficacy of Azametifos is gradually dissipating. Thus, the average sea lice infection among incubating females in the Atlantic - Trout industry for 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, but with a decline over the long-term.



Source: Salmobench

As of the date of this report Salmones Camanchaca had three farming sites classified as High Propagation Sites (HPS) where more than 3 incubating females on average have been found. Two of these sites are being harvested and one is being treated.

During 2020 Salmones Camanchaca began treating over 200 cages at sites with parasitic infestations or bacterial gill disease using a special peroxide barge, with highly effective results.

In 2019 Salmones Camanchaca communicated its commitment to reduce its use of antibiotics by 50% by 2025. Therefore, the Company has introduced several initiatives, which have proven to be effective, and in 2020 the number of antibiotic treatments was reduced by 19% compared to the previous cycle in the same neighborhoods. This resulted in a 5% decrease in antibiotic use per ton of biomass.

Accordingly, Atlantic salmon costs in Q4 2020 were as follows.

Costs (US$/kg WFE)	Q4 2018	Q4 2019	Q4 2020
Ex cage (WFE)	3.04	3.25	3.69
Harvest and primary processing (WFE)	0.26	0.27	0.34
Value-added processing (WFE)	0.54	0.43	0.60
Processing cost (WFE)	0.80	0.70	0.95
Total cost of finished product (WFE)	**3.84**	**3.95**	**4.64**

The ex-cage WFE cost in Q4 2020 was US$ 3.69/kg WFE (equivalent to US$3.43/kg live weight), 13.7% higher than in Q4 2019 and 21.3% higher than in Q4 2018, being the same production cycle at the same sites. These increases are due to lower harvest volumes mainly caused by SRS outbreaks at the Paso Lautaro and Chonos sites, which were harvested during Q4 2020. The Islotes site suffered a huge mortality event in May 2020, due to extreme

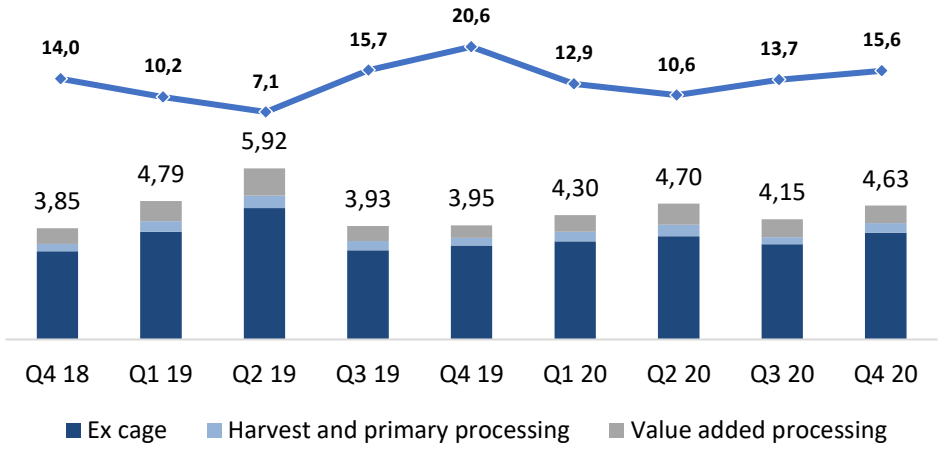
weather conditions, rain and river flooding, which affected its structures and the biomass, and killed around 30% of the biomass. This contributed to a rise in ex-cage costs when the surviving fish were harvested in Q4 2020. This cost was 14% higher than the long-term target of US$3.23/kg WFE (US$3/kg live fish).

Primary and secondary processing costs were US$ 0.95/kg WFE, which was US$ 0.25 higher than Q4 2019 and US$ 0.15 or 18.5% higher than Q4 2018, although lower than the goal of US$ 1/kg WFE. These costs were affected by smaller production volumes, additional costs due to COVID-19 measures, and an increase in the value-added proportion that improved raw material margins.

Consequently, the total cost of finished products was US$ 4.64/kg WFE, which was US$ 0.69 higher than in Q4 2019, and US$ 0.79 higher than in Q4 2018 during the previous cycle for the same neighborhoods and harvested sites. It was US$ 0.41 higher than the long-term target of US$ 4.23/ kg WFE.

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

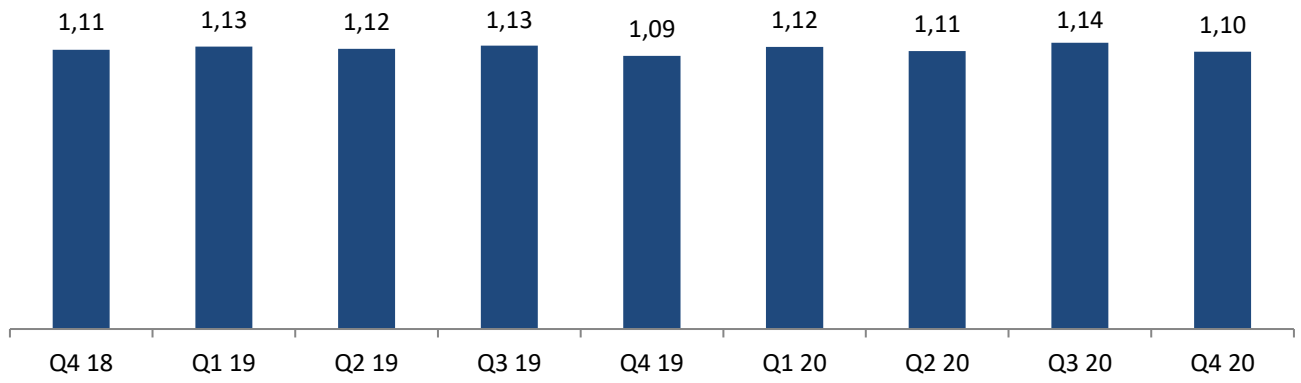
Total cost of Atlantic salmon finished products (US$/kg WFE) and processed volume (MT WFE) by quarter



I. Feed Cost

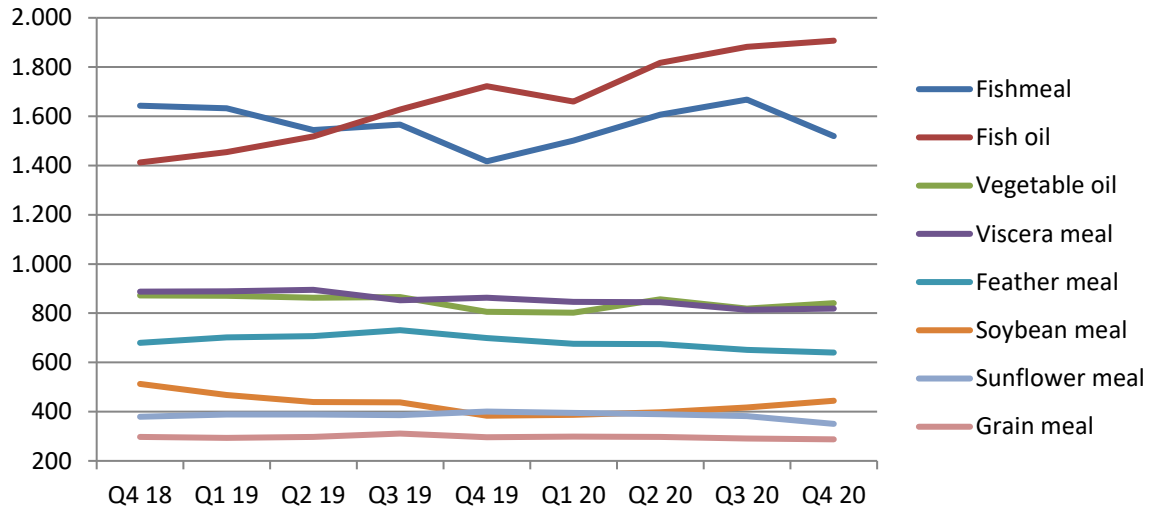
The price of feed for fish over 2.5 kg, which represents approximately 40% of the Company's total feed cost, decreased by 3.5% compared to the previous quarter, reaching US$ 1.10/kg, where the increase in the cost of fish oil was offset by a decrease in the price of fishmeal.

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, Salmones 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

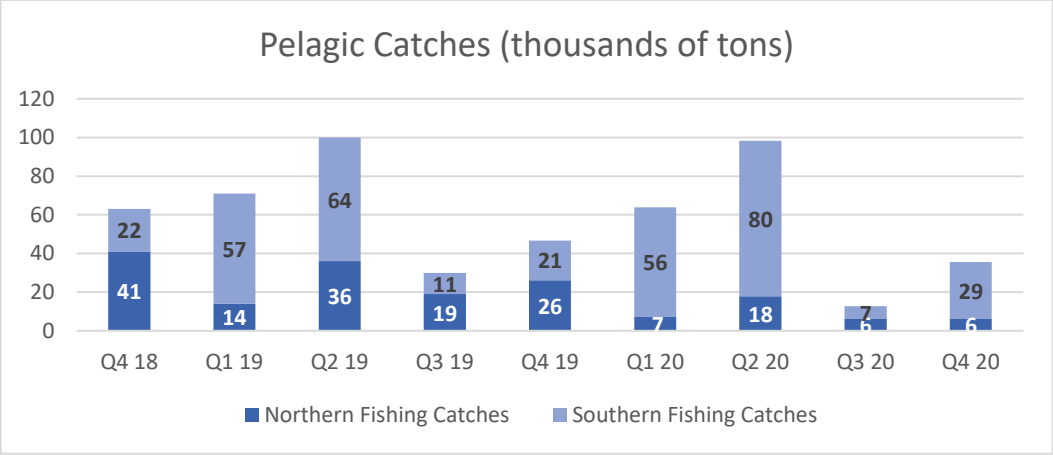
Anchovy catches in the northern area were only 11,488 tons during 2020, which was 8% of the quota and 84% less than in 2019, making them the lowest ever. There were few fish suitable for industrial fishing, aggravated by the judicial obstruction of Subpesca's power to authorize certain conditions. However, Atlantic and Jack mackerel catches in the northern area were 15,068 tons, lower than in 2019, but kept people busy in the first half of the year. Therefore, the total northern catch including local independent fishing catches was 37,631 MT, 60% lower than in 2019. Accordingly, fishmeal production fell by 63% to 8,462 MT.

Jack mackerel catches in the southern-central area reached 92,700 MT, using the Company's own quota of 63,000 MT and international quota of 29,700 MT acquired through the RFO. This catch was 27% higher than the 73,000 MT caught in 2019. This was in addition to 900 tons of Atlantic mackerel, much lower than in 2019. Two thirds of large pelagic fish catches are for human consumption and totaled 93,600 MT. These fish produced 29,000 MT of frozen Jack mackerel compared to 37,000 MT in 2019, and 1 million cans compared to 1.2 million in 2019.

The industrial and local independent fishing catches during the sardine and anchovy season in the southern central area were 79,000 MT in 2020, despite a late start, which was an increase of 6% over 2019.

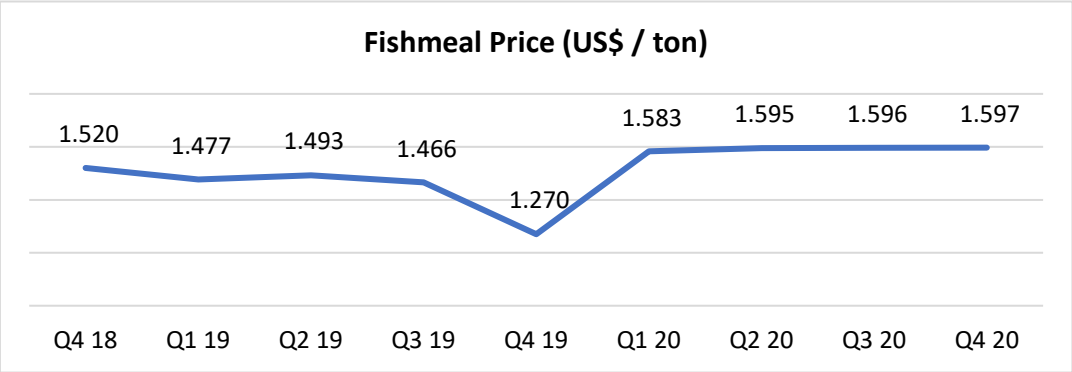
Total southern central fishmeal production increased by 41% to 27,401 MT, due to a greater allocation of Jack mackerel to this product, plus growth in sardine and anchovy catches. The increase in allocation of Jack mackerel to fishmeal and oil was due to weak demand for the frozen product in the main market, Nigeria, and improved fishmeal yields, which increased from 20.6% during 2019 to 22.5% during 2020. Similarly, oil production increased by 18% to 9,004 MT.

The Langostine lobster catch reached 5,128 tons during 2020, 9% higher than in 2019, representing the entire annual quota, despite trawling difficulties due to the pandemic in the second quarter of the year.



II. Prices and sales

The Peruvian anchovy quota for the second season in 2019 was 2.8 million, and Chinese demand decreased due to mortality among pigs, which all led to fishmeal prices falling to US$ 1,250/MT during Q4 2019. However, the decline was reversed at the end of Q1 2020, as only 36% of the first Peruvian quota for 2020 was captured, so prices returned to around US$ 1,550/MT. Furthermore, the recovery in Chinese demand and low inventories there led to Camanchaca's sales prices rising to US$ 1,597/MT during Q4 2020, when the Peruvian quota once again reached high levels, although this time as demand increased. Catches reached 88% of quota during January 2021, and prices as of the date of this report are around US$ 1,600/MT.



Consolidated sales of fishmeal and fish oil for both the southern central and northern areas had a mixed performance. Fishmeal sales decreased by 16%, while fish oil sales increased by 41% in 2020, reaching 35,662 MT and 9,904 MT, respectively, with fishmeal inventory decreasing by 4% and fish oil inventory increasing by 61%.

Frozen jack mackerel is mainly sent to Africa, where sales in 2020 reached 27,319 MT, 31% lower than in 2019.

The average price per box of canned Jack mackerel sold during the year was US$ 21.4, very similar to 2019, with sales in Chile increasing. The volume sold grew by 13% to 1.2 million cases, leaving an inventory of 115,000 cases as of December 31, 2020, which was 57% lower than as of December 31, 2019.

Langostine lobster sales decreased by 25% to 520 MT during 2020, as catches were delayed due to the pandemic, at an average price of US$ 25.9/kg, an increase of 2.5% compared to 2019. Most of this production is in inventory as of December 31, 2020.

Revenue by market segment for 2020

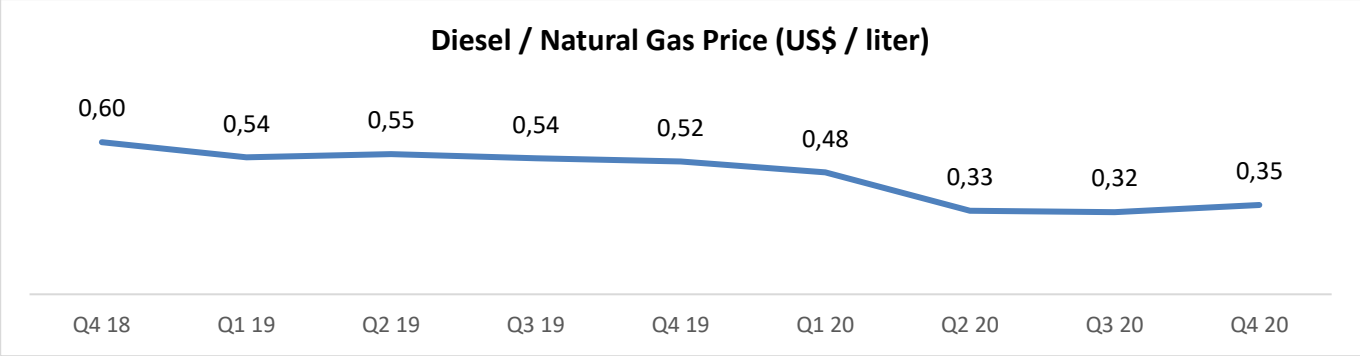
Product	USA	Europe and Russia	Asia, except Japan	Japan	LATAM, except Chile	Chile	Others	TOTAL
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
North								
Fishmeal	0	0	8,219	6,184	0	0	310	14,713
Fish oil	0	0	0	0	0	1,390	0	1,390
South								
Fishmeal	0	0	19,365	4,990	0	16,491	1,276	42,122
Fish oil	0	7,797	2,265	0	0	7,946	0	18,008
Canned fish	968	753	2,850	0	5,156	15,344	1,374	26,445
Frozen fish	0	248	45	0	1,286	22	20,194	21,797
Langostine lobster	12,941	0	14	39	0	485	0	13,480
Others	**0**	**0**	**0**	**0**	**0**	**9,532**	**0**	**9,532**
TOTAL	**13,909**	**8,799**	**32,759**	**11,213**	**6,442**	**51,211**	**23,153**	**147,486**

Revenue by market segment for 2019

Product	USA	Europe + Eurasia	Asia, except Japan	Japan	LATAM, except Chile	Chile	Others	TOTAL
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
North								
Fishmeal	0	0	22,834	6,651	0	0	0	29,485
Fish oil	0	202	135	0	0	491	0	827
South								
Fishmeal	0	0	9,809	2,116	117	17,130	0	29,172
Fish oil	0	2,233	672	0	0	7,241	0	10,146
Canned fish	909	368	3,011	0	6,930	9,254	3,009	23,480
Frozen fish	0	573	0	0	2,154	438	30,612	33,776
Langostine lobster	15,912	16	24	53	0	354	0	16,360
Others	**0**	**0**	**0**	**0**	**0**	**14,375**	**0**	**14,375**
TOTAL	**16,822**	**3,391**	**36,485**	**8,820**	**9,201**	**49,283**	**33,620**	**157,621**

III. Fuel costs

The cost of diesel oil and natural gas acquired by Camanchaca was US$ 0.35 per liter in Q4 2020, 33% lower than in Q4 2019. Lower fuel prices during 2020 produced a saving of approximately US$ 1.6 million.



Volume

		Q4 2020	Q4 2019	2020	2019
CATCHES					
North	**MT**	**6,154**	**26,406**	**37,631**	**95,218**
Owned	MT	5,520	26,396	26,678	92,037
Third parties	MT	634	10	10,953	3,181
South	**MT**	**29,353**	**21,017**	**172,873**	**152,546**
Owned	MT	7,306	3,459	93,620	79,280
Third parties	MT	22,046	17,558	79,253	73,266
Total	**MT**	**35,506**	**47,422**	**210,504**	**247,763**
PRODUCTION					
Fishmeal	MT	5,682	10,322	35,863	42,162
Fish oil	MT	1,232	1,402	9,378	8,371
Canned fish	Boxes	0	53,944	1,027,638	1,222,684
Langostine lobster	kg.	231,207	85,040	658,527	608,040
Frozen Jack mackerel	MT	3,597	393	29,442	36,753
SALES					
Fishmeal	MT	3,452	15,483	35,662	42,303
Fish oil	MT	703	1,250	9,904	7,045
Canned fish	Boxes	180,691	228,638	1,236,603	1,096,471
Langostine lobster	kg.	264,293	270,884	520,915	691,313
Frozen Jack mackerel	MT	1,191	4,208	27,319	39,821
PRICES					
Fishmeal	US$/MT	1,597	1,270	1,594	1,403
Fish oil	US$/MT	1,968	1,525	1,959	1,539
Canned fish	US$/box	22.9	20.6	21.4	21.6
Langostine lobster	US$/kg	25.4	24.5	25.9	25.2
Frozen Jack mackerel	US$/MT	1,014	796	798	848

Other Seafood Division

This division's operating revenue increased by 22.5% in 2020 to US$ 33 million, due to an increase of 21% 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 average raw material costs and increased the gross margin by US$ 3.7 million or 61% compared to 2019. Administrative expenses decreased by 14% and distribution costs increased by 8% during 2020, leaving combined administrative and distribution expenses very similar to 2019. Thus, EBITDA was US$ 5.4 million in 2020, which is US$ 3.9 million higher than in 2019, generating net income of US$ 2.2 million, which compares favorably with net income of US$ 0.4 million in 2019.

Mussel production by the subsidiary Camanchaca Cultivos Sur was 24.7% higher in 2020, at 11,352 MT of finished products, processed from 35,609 MT of raw material, which resulted in sales of US$ 30.5 million. Mussels sales were 10,289 MT in 2020, an increase of 21% compared to 2019, at a price of US$ 2.9/kg, which was similar to the price in 2019. These factors generated a positive EBITDA of US$ 6.2 million compared to positive US$ 1.7 million in 2019, and net income of US$ 3.5 million compared to net income of US$ 0.6 million in 2019. This financial performance improvement is mainly explained by higher yields from our own farms and lower purchases from third parties.

The abalone business produced a net loss of US$ 1.3 million in 2020, affected by sales volumes decreasing by 44% compared to 2019, which was partially offset by an 21.8% increase in prices. An aquaculture concession in the Third region was revalued during 2020. This reduced its book value by US$ 0.7 million, which was recognized in Other gains and losses.

Harvest Volumes

		Q4 2020	Q4 2019	2020	2019
PRODUCTION					
Abalone	MT	69	46	170	209
Mussels	MT	2,692	1,484	11,352	9,107
SALES					
Abalone	MT	40	49	97	173
Mussels	MT	1,899	937	10,289	8,483
PRICES					
Abalone	US$/kg	22.4	13.5	22.9	18.8
Mussels	US$/kg	3.1	3.4	2.9	2.8

Subsequent Events

On February 9, 2021, the subsidiary Salmones Camanchaca signed a 1.5-year committed financing tranche for US$ 35 million with DNB and Santander banks. This loan facility is part of the rescheduling agreement and financing commitment that constitutes tranche D. These resources will be used to strengthen the Company's cash position and replace uncommitted short-term credit lines with local banks.

On March 15, the subsidiary Salmones Camanchaca reported the effects of an algae bloom that caused mortalities at two sites located in the Reñihue fjord, Palena province, Tenth region. The subsidiary estimated a biomass loss of 2.9%, and a direct charge to net income for lost biomass and associated costs of US$ 3.5 million. Insurance claims were promptly submitted and annual harvest volume estimates have been reduced by 500 to 1,000 MT, which is between 1.0% and 1.5% of total estimated harvest volumes for 2021.

The Company’s outlook and the pandemic.

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

1. Protect the health of our employees and their families, and 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 secured operational continuity and it can continue to sell its products. It prefers to sell products with a higher added value in the "Retail" segment, which has been growing faster than the "HORECA" segment. This did not reverse the lower salmon prices during 2020. However, a significant price recovery occurred during Q1 2021.

The industrial fishing division has not significantly reduced its capacity due to the pandemic, neither in catches, production or sales. 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 had been completed restored by May 2020.

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

The medium-term impact of COVID-19 has clarified during Q1 2021 with large scale vaccinations taking place in Chile, which are essential for production, and in its principal markets. Nevertheless, Camanchaca continues to monitor its mitigating measures and will adapt as production conditions and its 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 external risks that affect

people working in fishing and aquaculture, such as highly contagious diseases that limit normal production, intermediate or final logistic chains that can limit production and sales, such those imposed by the COVID-19 pandemic. The Company is constantly monitoring these variables using the latest risk prevention technologies and tools 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 range of 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 1:1. 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.

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.

Examples of these risks are limitations on smolt stocking due to anaerobic marine conditions in the concessions, the obligatory use of concessions to avoid them lapsing, and changes in anchoring requirements, all of which can materially impact costs.

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

f) Social and Political Risks

Specific social conditions and/or political situations, such as riots, violence or protests, can generate temporary operational 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. For example, the social unrest in Chile during the second half of 2019. The Company continuously monitors these situations to ensure that its staff, facilities and products are safe, and regularly evaluates mitigating measures, including whether insurance policies are cost-effective.

g) Liquidity 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. These were the reasons for restructuring its debt in 2013, 2017 and 2020.

h) Interest rate risk

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

i) Exchange rate risk

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 December 31, 2020 and December 31, 2019 include Camanchaca S.A., Salmones Camanchaca S.A., Camanchaca Pesca Sur S.A., Camanchaca Cultivos Sur S. A., Camanchaca SpA, Transportes Interpolar Limitada and Aéreo Interpolar Limitada.

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

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

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

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

Camanchaca SpA owns the foreign companies Camanchaca Inc., (USA), Camanchaca Ltd. (Japan) and Camanchaca Mexico S.A. de C.V. (Mexico).

The statements of financial position are presented as of December 31, 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 December 31, 2020, and compared to the period ended December 31, 2019.

Consolidated Statement of Net Income (ThUS$)

	Q4 2020	Q4 2019	2020	2019
Operating revenue	124,276	200,961	539,322	620,030
Cost of sales	(136,899)	(162,369)	(505,219)	(504,774)
Gross margin	**(12,622)**	**38,592**	**34,103**	**115,256**
Administrative expenses	(4,516)	(4,018)	(16,215)	(19,272)
Distribution costs	(6,162)	(6,917)	(28,469)	(28,528)
Sales and administrative expenses	**(10,677)**	**(10,935)**	**(44,684)**	**(47,800)**
EBIT before fair value adjustments	**(23,300)**	**27,657**	**(10,581)**	**67,456**
EBITDA before fair value adjustments	**(14,558)**	**36,112**	**22,487**	**96,314**
Net fair value adjustments to biological assets	1,949	(9,432)	(18,991)	311
EBIT after fair value adjustments	**(21,352)**	**18,224**	**(29,572)**	**67,767**
EBITDA after fair value adjustments	**(12,609)**	**26,678**	**3,497**	**96,625**
Financial costs	(1,120)	(2,783)	(6,564)	(8,081)
Share of net income (losses) of equity method associates	746	360	1,876	1,654
Exchange differences	2,709	(805)	1,012	(3,074)
Other income (losses)	(3,118)	(7,853)	(7,565)	(13,923)
Financial income	0	13	0	37
Net income before tax	**(22,136)**	**7,156**	**(40,813)**	**44,380**
Taxation income (expense)	4,526	(1,341)	9,234	(11,460)
Net income for the period	**(17,609)**	**5,815**	**(31,578)**	**32,920**
Non-controlling interest	3,236	(2,290)	6,364	(12,300)
Net income (loss) for the period attributable to owners of the parent company	**(14,373)**	**3,525**	**(25,214)**	**20,621**

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$)

	Q4 2020	Q4 2019	2020	2019
Operating revenue	92,128	156,193	358,979	435,576
Cost of sales	(98,797)	(115,319)	(352,472)	(343,998)
Gross margin	**(6,669)**	**40,874**	**6,507**	**91,578**
Administrative expenses	(2,039)	(2,160)	(7,836)	(9,332)
Distribution costs	(3,936)	(3,929)	(14,499)	(13,125)
Sales and administrative expenses	**(5,975)**	**(6,089)**	**(22,335)**	**(22,457)**
EBIT before fair value adjustments	**(12,645)**	**34,786**	**(15,828)**	**69,122**
EBITDA before fair value adjustments	**(8,291)**	**38,134**	**(97)**	**82,384**
Net fair value adjustments to biological assets	1,948	(9,433)	(18,991)	311
EBIT after fair value adjustments	**(10,696)**	**25,352**	**(34,819)**	**69,433**
EBITDA after fair value adjustments	**(6,342)**	**28,700**	**(19,087)**	**82,384**
Financial costs	(896)	(1,450)	(4,028)	(4,901)
Share of net income (losses) of equity method associates	740	315	1,856	1,604
Exchange differences	637	(39)	(302)	(1,082)
Other income (losses)	764	(2,082)	(3,425)	(6,716)
Financial income	0	13	0	37
Net income before tax	**(9,451)**	**22,110**	**(40,718)**	**58,374**
Taxation income (expense)	1,341	(5,663)	10,231	(15,126)
Net income for the period	**(8,109)**	**16,446**	**(30,487)**	**43,248**
Non-controlling interest	2,265	(4,836)	9,488	(12,706)
Net income (loss) for the period attributable to owners of the parent company	**(5,845)**	**11,610**	**(20,999)**	**30,542**

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$)

	Q4 2020	Q4 2019	2020	2019
Operating revenue	25,355	41,080	147,486	157,621
Cost of sales	(33,088)	(44,582)	(129,647)	(140,003)
Gross Margin	**(7,733)**	**(3,502)**	**17,839**	**17,618**
Administrative expenses	(1,821)	(1,286)	(6,221)	(7,426)
Distribution costs	(1,462)	(2,498)	(10,630)	(12,307)
Sales and administrative expenses	**(3,283)**	**(3,783)**	**(16,851)**	**(19,733)**
EBIT	**(11,016)**	**(7,285)**	**988**	**(2,115)**
EBITDA	**(6,937)**	**(2,470)**	**17,140**	**12,370**
Financial costs	(216)	(1,276)	(2,364)	(2,969)
Share of net income (losses) of equity method associates	6	45	20	50
Exchange differences	2,240	(732)	1,277	(2,103)
Other income (losses)	(3,103)	(5,772)	(3,364)	(7,200)
Financial income	0	0	0	0
Net income before tax	**(12,088)**	**(15,019)**	**(3,443)**	**(14,337)**
Taxation income (expense)	3,130	4,082	119	3,601
Net income for the period	**(8,958)**	**(10,937)**	**(3,323)**	**(10,736)**
Non-controlling interest	971	2,546	(3,124)	406
Net income (loss) for the period attributable to owners of the parent company	**(7,987)**	**(8,391)**	**(6,447)**	**(10,330)**

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 - Other Seafood Division (ThUS$)

	Q4 2020	Q4 2019	2020	2019
Operating revenue	6,793	3,687	32,858	26,833
Cost of sales	(5,013)	(2,468)	(23,101)	(20,773)
Gross Margin	**1,779**	**1,219**	**9,757**	**6,060**
Administrative expenses	(655)	(572)	(2,158)	(2,515)
Distribution costs	(764)	(491)	(3,340)	(3,096)
Sales and administrative expenses	**(1,419)**	**(1,063)**	**(5,498)**	**(5,611)**
EBIT	**360**	**156**	**4,259**	**449**
EBITDA	**671**	**448**	**5,444**	**1,560**
Financial costs	(9)	(58)	(172)	(211)
Share of net income (losses) of equity method associates	0	0	0	0
Exchange differences	(169)	(34)	38	111
Other gains (losses)	(779)	1	(776)	(6)
Financial income	0	0	0	0
Net income before tax	**(597)**	**65**	**3,348**	**343**
Taxation income (expense)	55	240	(1,116)	65
Net income for the period	**(542)**	**306**	**2,232**	**408**
Non-controlling interest	0	0	0	0
Net income (loss) for the period attributable to owners of the parent company	**(542)**	**306**	**2,232**	**408**

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 Financial Position (ThUS$)

Consolidated (ThUS$)	2020	2019
Cash and cash equivalents	55,608	41,873
Other financial assets, current	792	361
Other non-financial assets, current	13,765	15,798
Trade and other receivables, current	70,628	95,777
Related party receivables, current	64	116
Inventories	98,383	76,669
Biological assets, current	122,088	150,741
Tax assets, current	19,587	6,726
Total current assets	**380,915**	**388,062**
Other financial assets, non-current	675	701
Other non-financial assets, non-current	13,223	17,149
Rights receivable, non-current	2,168	1,252
Related party receivables, non-current	2,388	2,208
Equity method investments	4,980	4,871
Intangible assets other than goodwill	49,557	50,314
Intangible assets	1,214	1,214
Property, plant, and equipment	290,532	287,683
Long-term deferred taxes	22,386	29,202
Total non-current assets	**387,122**	**394,593**
Total assets	**768,037**	**782,655**
Other financial liabilities, current	76,428	31,575
Operating lease liabilities, current	1,993	2,964
Trade and other payables, current	85,721	100,953
Related party payables, current	1,303	375
Other provisions	6,262	7,129
Current tax liabilities	446	346
Employee benefits provisions, current	3,832	3,520
Total current liabilities	**175,986**	**146,862**
Other financial liabilities, non-current	109,694	116,928
Operating lease liabilities, non-current	19,576	10,299
Trade and other payables, non-current	470	671
Related party payables, non-current	0	0
Deferred tax liabilities	13,320	20,188
Employee benefit provisions, non-current	1,166	1,027
Total non-current liabilities	**144,227**	**149,113**
Total liabilities	**320,213**	**295,975**
Total equity	**447,824**	**486,680**
Total equity and liabilities	**768,037**	**782,655**

Statement of Cash Flow (ThUS$)

	Q4 2020	Q4 2019	2020	2019
CASH FLOW FROM (USED BY) OPERATING ACTIVITIES				
Receipts				
Receipts from selling goods and providing services	115,804	177,739	610,721	643,035
Payments				
Payments to suppliers for goods and services	(117,539)	(131,706)	(507,939)	(534,929)
Payments to and on behalf of employees	(16,705)	(15,761)	(66,695)	(71,820)
Dividends received	1,267	629	1,856	1,203
Interest paid	(1,886)	(2,189)	(5,342)	(5,171)
Interest received	0	13	0	37
Income taxes received (paid)	5,733	(261)	(2,474)	(5,866)
Other receipts (payments)	0	(1)	0	682
Cash flows from operating activities	**(13,326)**	**28,463**	**30,127**	**27,171**
CASH FLOWS USED BY FINANCING ACTIVITIES				
Receipts from issuing shares	0	0	0	0
Proceeds from short-term loans	14,199	8,392	43,819	82,622
Loan repayments	(74)	(5,240)	(4,731)	(16,026)
Dividends paid	0	0	(15,286)	(17,114)
Net cash flow from (used by) financing activities	**14,125**	**3,152**	**23,802**	**49,482**
Receipts from sales of property, plant and equipment	120	135	167	1,640
Purchases of property, plant and equipment	(10,708)	(16,759)	(40,984)	(65,672)
Net cash flow from (used by) investing activities	**(10,588)**	**(16,624)**	**(40,817)**	**(64,032)**
Effects of changes in exchange rates on cash and cash equivalents	1,687	(716)	623	(1,496)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(8,102)**	**14,275**	**13,735**	**11,125**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	63,710	27,598	41,873	30,748
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**55,608**	**41,873**	**55,608**	**41,873**

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
Changes in equity									
Dividends accrued						(4,093)	(4,093)	(3,450)	(7,543)
Comprehensive income									
Net income for the period						(25,214)	(25,214)	(6,364)	(31,578)
Other comprehensive income		411	(187)		224		224	41	265
Closing balance as of December 31, 2020	**284,134**	**(328)**	**(157)**	**51,236**	**50,751**	**5,903**	**340,788**	**107,036**	**447,824**
Opening balance as of January 1, 2019 (restated)	284,134	(420)	(32)	51,236	50,784	20,728	355,646	111,215	466,861
Changes in equity									
Dividends accrued						(6,138)	(6,138)	(6,644)	(12,782)
Comprehensive income									
Net income for the period						20,620	20,620	12,300	32,920
Other comprehensive income		(319)	62		(257)		(257)	(62)	(319)
Closing balance as of December 31, 2019 (restated)	**284,134**	**(739)**	**30**	**51,236**	**50,527**	**35,210**	**369,871**	**116,809**	**486,680**

Additional Information

Key Financial Indicators

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

	Q4 2020	Q4 2019
Liquidity Indicators		
Current Liquidity	2.16	2.64
Acid ratio	0.91	1.09
Working Capital (US$ million)	204.929	241.200
Debt Indicators		
Net Debt Ratio	0.59	0.52
Current Liabilities / Total Liabilities	0.55	0.50
Non-Current Liabilities / Total Liabilities	0.45	0.50
Profitability Indicators	(12 months)	(12 months)
Return on Equity	-5.63%	4.24%
Return on Assets	4.44%	14.73%

Notes:

1) Current Liquidity: Current Assets / Current Liabilities

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

3) Working Capital: Current Assets - Current Liabilities

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

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

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

The decrease of 0.48 in current liquidity is mainly caused by a decrease of US$ 7.1 million in current assets and an increase of US$ 29.1 million in current liabilities, as explained in the statement of financial position analysis. Consequently, working capital decreased by US$ 36.3 million.

The acid ratio reached 0.91, a decrease of 0.18 compared to 2019, mainly due to the increase in current liabilities already mentioned above.

The net debt ratio increased from 0.52 to 0.59 mainly due to total liabilities net of cash increasing by US$ 10.5 million, while equity decreased by US$ 39.9 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 0.45 as of December 31, 2020 due to an increase in current liabilities of US$ 29.1 million, while long-term liabilities decreased by US$ 4.9 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

		2020	2019
a.	Atlantic Salmon harvested in the period (MT WFE) / Site	4,070	3,838
b.	Atlantic Salmon farming density (kg/m3)	9.33	8.50
c.	Atlantic Salmon group survival rate in sea water at harvest	85.5%	90.40%
d.	Pacific salmon harvested in the period (MT WFE) / Site	1,295	1,075
e.	Pacific Salmon farming density (kg/m3)	2.82	2.1
f.	Pacific Salmon group survival rate in sea water at harvest	94.9%	90.3%
g.	EBIT before fair value adjustments (US$ million)	-15.9	69.1
h.	Atlantic salmon EBIT/kg WFE before fair value adjustments	-0.17	1.32
i.	Pacific salmon EBIT/kg WFE before fair value adjustments	-2.41	-0.31

Notes:

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

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

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

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

h & j (Gross margin before fair value adjustment - administrative expenses - distribution costs – net income from interest in trout business) / kg WFE of own Atlantic & Pacific salmon sold

Biomass Fair Value

For the period ended December 31, 2020 (ThUS$)

	Gain (loss) on fair value of biological assets		Cost of biological assets harvested and sold	
	As of 12/31/2020	As of 12/31/2019	As of 12/31/2020	As of 12/31/2019
Salmonids	7,306	81,491	-26,297	-81,180

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

a. "Gain (loss) on FVA of biological assets" records the estimated gain or loss for the period from valuing the biomass of live and harvested fish at the end of each month that will be sold in future periods. It can be positive or negative based on changes in the biomass, its cost, the quality of concessions and the market price. A gain of US$ 7.3 million was recorded for the fair value adjustment of the live and harvested biomass as of December 30, 2020, compared to a gain of US$ 81.5 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.

b. “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 December 30, 2020 was a loss of US$ 26.3 million, which reversed a positive margin estimated in prior periods, in contrast to a loss of US$ 81.2 million as of December 30, 2019.

The net effect of the fair value adjustments for the salmon biomass for the period ended December 31, 2020 is negative US$ 19 million, as opposed to positive US$ 0.3 million for the period ended December 31, 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.