



SALMONES CAMANCHACA S.A. AND SUBSIDIARIES

Quarterly Earnings Report on the Consolidated Financial Statements

For the period ended December 31, 2020

Salmones Camanchaca

Salmones Camanchaca S.A. is a vertically integrated salmon producer engaged in egg and breeder production, recirculating hatcheries for Atlantic salmon and pass-through hatcheries for other species, fish-farming sites in estuary and oceanic waters used mainly for Atlantic salmon, primary and secondary processing, marketing and selling Atlantic and Pacific salmon. The Company participates in a trout farming business at its own estuarine farming sites through a partnership that will produce an estimated average annual harvest volume of 12,000 MT WFE through to 2022 and was renewed until 2028. The Company harvested 53,000 MT WFE from its Atlantic salmon farming business in 2020 and expects to exceed 60,000 MT WFE in 2023. It also harvests between 3,000 and 5,000 MT WFE from its Pacific salmon farming business. Overall production of all salmonid species at its own farming sites is expected to reach around 70,000 MT WFE in 2023. Salmones Camanchaca has 1,900 employees on average, 60% of whom work in its secondary processing and value-added plant. Markets for Atlantic salmon are led by the USA, Mexico, Japan and Brazil, with approximately 30% of sales to emerging markets in a variety of fresh and frozen formats.

Highlights for the fourth quarter 2020 (Q4 2020)

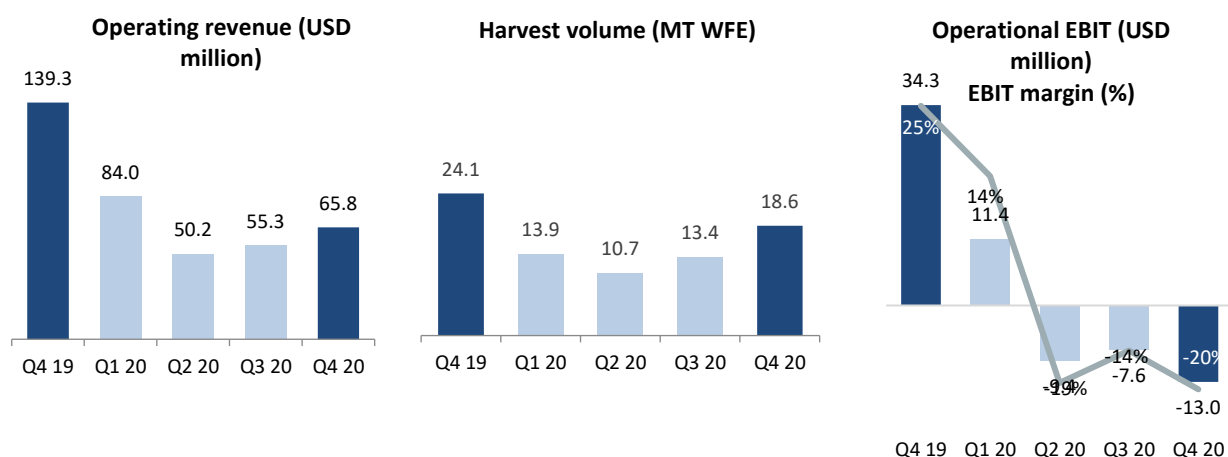
- **Atlantic salmon harvest volumes in Q4 2020 were 15,801 MT WFE**, down 22% from Q4 2019 . **Full year Atlantic harvest ended** at 52,982 MT WFE, in line with expectations. **Harvest of Pacific salmon were** 2,818 MT WFE in Q4 and 3,613 MT WFE for the year
- **Quarterly revenue was USD 65.8 million, down 52.7%** from Q4 2019 due to 35% lower sales volumes and a 27% drop in Atlantic salmon prices due to the pandemic.
- **Cost of harvested Atlantic salmon** (ex-cage live fish) ended at USD 3.43/kg, up 13.7% from Q4 2019. The increase is due to high mortalities at the Islotes site in May 2020 impacting harvest volume and SRS incidents at certain sites. The full year 2020 ex-cage live fish cost ended at USD 3.25/kg, in line with 2019.
- **Total processing costs remain below the long-term target of USD 1/kg in Q4 2020** and ended at USD 0.95/kg WFE. Compared with Q4 2019, costs were up 35% due to a 21% decrease in processed volume and a higher proportion of value added products. Costs were also impacted by pandemic protection measures.
- **Quarterly EBITDA was negative USD 8.8 million**, USD 46.3 million lower than in Q4 2019, mainly attributable to lower prices and lower sales volumes. The lower sales volumes were partially due to a managed reduction in sales of whole fish, as this segment was excessively impacted by the pandemic. This led to a **negative operating EBIT** in Q4 2020 of USD 13 million, which was USD 47 million lower than in Q4 2019.
- **EBIT/kg WFE of Atlantic salmon** during Q4 2020 was negative at USD 0.74, which compares to positive USD 1.63 in Q4 2019, explained by a USD 1.55/kg fall in the average selling price of Atlantic salmon, and higher ex-cage costs.
- **The Trout business improved its performance** contributing USD 2.3 million to Salmones Camanchaca in 2020, compared to a loss of USD -2.5 million in 2019. **The trout joint venture agreement (ACP) was renewed in November 2020 for another six years from January 2023**, with smolt stocking at 2/3 of current levels. Salmones Camanchaca will use the remaining third to farm its own Atlantic and Pacific salmon.
- **Net income for Q4 2020 was a loss of USD 7.5 million**, with a positive net fair value adjustment of biological assets in the quarter of USD 1.9 million, reflecting a recovery in prices during the last weeks of 2020.
- Cash balance as of December 31, 2020 was USD 9 million and net interest-bearing debt (NIBD) was USD 113.7 million. Due to the weaker results, Salmones Camanchaca did not comply with the prevailing net debt to EBITDA ratio covenant in the loan agreement. The company has obtained a waiver from the bank syndicate for the breach of the financial covenant.
- On February 9, 2021, Salmones Camanchaca signed a **1.5-year committed financing facility of USD 35 million** with DNB and Santander banks. The funds will be used to strengthen the Company's cash position and replace uncommitted short-term lines of credit from other banks.
- **Preventive measures to avoid COVID-19 infection among employees, including sanitary and operational measures to preserve their health and the operational continuity of the business** were improved and extended, thus fulfilling their purpose. Since Q4 2020, all employees have been tested every week. As of February 11, 2021, 10 employees had been infected, who represent 0.45% of total employees with 0.43% of over 36,000 tests producing a positive result. No casualties have fortunately been noted in the company. However, in Q2 and Q3 2020, operational restrictions regarding employee density and social distancing resulted in a 30% loss of value-added production capacity. Shifts returned to normal from September 2020 onwards and production returned to pre-pandemic levels.
- The **estimated 2021 harvest volumes** for Atlantic salmon are 53,000 to 55,000 MT WFE, and for Pacific salmon 2,000 MT WFE, with smolt stocking for Pacific salmon reaching optimum density in 2021, which should reduce costs.

Key Figures

USD thousands	Q4 2020	Q4 2019	Δ%	2020	2019	Δ%
Operating revenue	65,847	139,250	(52.7%)	255,363	338,959	(24.7%)
EBITDA* before fair value adjustments	(8,752)	37,527	-	(3,170)	80,517	-
EBIT** before fair value adjustments	(13,042)	34,284	-	(18,648)	67,486	-
EBIT margin %	-19.8%	24.6%	(4.443 pb)	-7.3%	19.9%	(2.721 pb)
Net fair value adjustments to biological assets	1,948	(9,434)	-	(18,991)	311	-
Net income (loss) for the period	(7,548)	16,121	-	(31,627)	42,352	-
Earnings per share	(0.1144)	0.2443	-	(0.4792)	0.6417	-
Atlantic salmon						
Harvest volumes (MT WFE)	15,801	20,288	(22.1%)	52,982	53,731	(1.4%)
Sales volumes (MT WFE)	13,805	21,334	(35.3%)	48,289	52,907	(8.7%)
% sales of fillets and portions	84.6%	60.4%	2.423 bp	83.4%	69.6%	1.375 bp
Ex-cage harvesting costs (USD/kg live fish)	3.43	3.02	13.7%	3.25	3.22	0.8%
Ex-cage harvesting costs (USD/kg WFE)	3.69	3.25	13.7%	3.49	3.46	0.8%
Processing costs (USD/kg WFE)	0.95	0.70	35.4%	0.96	0.90	6.4%
Price (USD/kg WFE)	4.27	5.82	(26.6%)	4.80	5.96	(19.4%)
EBIT/kg WFE (USD)	(0.74)	1.63	-	(0.23)	1.28	-
Pacific salmon						
Harvest volumes (MT WFE)	2,819	3,813	(26.1%)	3,614	4,302	(16.0%)
Sales volumes (MT WFE)	1,092	2,504	(56.4%)	3,591	2,504	43.4%
EBIT/kg WFE (USD)	(2.57)	(0.33)	679.9%	(2.04)	(0.33)	519.5%
Financial Debt				122,779	98,391	24.8%
Net Financial Debt				113,741	84,524	34.6%
Equity Ratio				44.8%	50.0%	
Net Financial Debt / LTM EBITDA				n.a.	1.05	-

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

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



Financial Performance

Fourth quarter 2020 results

Salmones Camanchaca harvested 15,801 MT WFE of Atlantic salmon in Q4 2020, down 22% compared to harvest volumes of 20,288 MT WFE for Q4 2019, with an average harvest weight of 5.6 kg WFE. Atlantic salmon sales volumes were 13,805 MT WFE, which was 35% lower than Q4 2019 and at an average price of USD 4.27/kg, being 27% or USD1.55/kg lower than Q4 2019. The price reduction is explained by a weak demand in HORECA (food service sector) caused by the pandemic, and the decision from the Russian authorities to ban imports from the company that was a significant market in Q4 2019. The price recovered significantly during the last 6 weeks of the quarter.

Total operating revenue was USD 65.8 million in Q4 2020, 52.7% lower than in Q4 2019, due to a combination of lower sales volumes and lower prices. Prices were USD 1.55 lower than in Q4 2019, isolated resulting in a USD 21.4 million reduction in operating revenue.

Consequently, gross margin was negative USD 7.9 million, also affected by higher harvesting costs and higher provisions for the net realizable value of inventories. Expenses for inactive sites without biomass were USD 2.9 million. Gross margin was also impacted by the negative margin for Pacific salmon of USD 2.5 million, due to the higher costs associated with low-density smolt stocking during this first cycle as well as lower market prices. Gross margin fell by USD 47.7 million compared to Q4 2019. Smolt stocking of Pacific salmon in 2021 will be at optimum density.

Administrative expenses fell by 15.5% or USD 0.42 million in Q4 2020, although increased from 2.0% to 3.5% of operating revenue. Distribution and sales costs reflect higher inventory storage expenses and increased from 2.0% to 4.4% of operating revenue. Thus, the Company's selling and administrative expenses decreased by USD 0.4 million, but increased from 4.0% to 7.9% of Q4 2020 operating revenue, also influenced by the fall in operating revenue.

EBIT before fair value adjustments was negative USD 13 million in Q4 2020, USD 47.3 million lower than the positive USD 34.3 million in Q4 2019.

Atlantic salmon sales generated a negative EBIT of USD 0.74/kg WFE in Q4 2020, which was lower than the positive EBIT of USD 1.63/kg WFE in Q4 2019.

The resulting net fair value adjustment for Q4 2020 was positive USD 1.9 million, compared to the negative USD 9.4 million in Q4 2019, giving a favorable difference of USD 11.4 million, mainly due to higher prices in the last few weeks of December.

Financial expenses decreased by 37% as a result of a fall in the benchmark interest rate (Libor) and totaled USD 0.9 million, compared to USD 1.4 million in Q4 2019, despite the increase in financial debt, which reached USD 122.8 million as of December 31, 2020. This was higher than the USD 98.4 million in December 2019 and reflect lower cash flow from operating activities during the year.

Other gains/losses were positive USD 0.7 million, mainly due to the gain in the quarter of USD 0.77 million from the Company's share of the trout farming joint venture, which compares to a USD 0.88 million loss in Q4 2019. The results in Q4 2020 was its fourth consecutive favorable quarter.

The appreciation of the Chilean peso against the US dollar during the fourth quarter generated an exchange gain of USD 0.2 million.

Consequently, the Company recorded an after-tax loss of USD 7.5 million in Q4 2020, which compared unfavorably to net income of USD 16.2 million in Q4 2019. Decrease explained by the price, volume and cost reasons described above.

Cash Flow in Q4 2020

Net cash flow in Q4 2020 was positive USD 1.4 million, compared to USD 5.7 million in Q4 2019. The decrease is explained by:

- Cash flow used in operating activities was negative USD 3.7 million, compared to positive cash flow of USD 16.5 million in Q4 2019, reflecting falling sales volumes and lower prices
- Cash flow from investment activities was USD 6.2 million in Q4 2020, down from USD 9.4 million in Q4 2019, reflecting the reduction in investment initiatives as a result of the pandemic. Salmones Camanchaca postponed approximately 50% of its original April-December 2020 investment plan
- Cash flow from financing activities was positive USD 11 million, due to additional short-term debt to finance investing and operating activities

As of December 31, 2020, Salmones Camanchaca had net cash of USD 9.0 million and unused lines of credit of USD 10 million, which provides it with USD 19 million of available liquidity.

Results for the year ended December 31, 2020

During 2020, Salmones Camanchaca harvested 52,982 MT WFE of Atlantic salmon, 1.4% lower than the 2019 harvest volume of 53,731 MT WFE. It also harvested 3,614 MT WFE tons of Pacific salmon, where one-fifth was stocked during the 2019 season.

Operating revenue for 2020 was USD 255.4 million, which was 24.7% or USD 83.6 million lower than the previous year, when it was USD 339 million. Atlantic salmon sales volumes were 8.7% lower this year, and the average sales price was USD 4.80/kg WFE by the end of the year, which is 19.4% or USD 1.16 lower than in 2019. The decrease in raw material return was mitigated by the strategy of switching production to higher value-added products, especially in Q4 2020.

Gross margin was USD 0.2 million or 0.1% of operating revenue, which was USD 85.2 million lower than in 2019, and explained by lower sales volumes and prices. The gross margin for Pacific salmon was negative USD 4.5 million, due to the high costs of planned low-density smolt stocking, and low sales price. Furthermore, operational costs were higher at fallowed sites, as were mortalities during 2020, which resulted in additional expenses of USD 15.1 million.

Administrative expenses fell by USD 0.845 million or 8.6% in 2020, although increased from 2.9% to 3.5% as a percentage of operating revenue. Distribution and selling costs increased by USD 1.7 million, due to increased freight and inventory storage costs, leading to an increase from 2.4% to 3.9% of operating revenue. Thus, the Company's combined sales and administrative expenses increased from 5.3% to 7.4% of 2020 operating revenue.

Consequently, EBIT before fair value adjustments was negative USD 18.6 million for 2020, which was USD 86.1 million lower than the positive USD 67.5 million for 2019.

Sales of Atlantic salmon during the year generated a negative EBIT of USD 0.23/kg WFE, which was less than the positive EBIT of USD 1.28/kg WFE for 2019. This is a consequence of lower sales volumes and prices, together with the operating costs described in the margin analysis. EBIT for Pacific salmon was negative USD 2.04/kg WFE, which was influenced by low smolt stocking densities in the first cycle and the decision in May not to complete a Pacific salmon site as a preventive measure, to preserve working capital in the midst of the pandemic.

The full year net fair value adjustment for 2020 was negative USD 19 million, lower than the positive USD 0.3 million for the same period in 2019. This unfavorable reduction of USD 19.3 million was caused by falling prices and the higher cost of the biomass at the close of 2019.

Financial debt had increased by USD 24.4 million at the end of 2020 compared to 2019, to total USD 122.8 million. However, financial expenses decreased to USD 4 million, compared to USD 4.7 million in 2019, due to reductions in the Libor reference interest rate.

Other gains and losses were negative USD 3.5 million, which was better than the negative USD 6.7 million for 2019. This year the incident at the Islotes farming site resulted in an estimated loss of USD 5.1 million net of insurance claims, which was partially offset by earnings from the trout joint venture of USD 2.3 million during 2020, compared to the loss of USD 2.5 million for 2019.

The depreciation of the Chilean peso against the US dollar generated an exchange loss of USD 0.5 million, a reduction of USD 0.2 million compared to 2019, mainly attributable to recoverable taxes denominated in Chilean pesos.

Accordingly, the net loss after taxes was USD 31.6 million for 2020, an unfavorable result compared to net income of USD 42.4 million for 2019.

Cash flow for the year ended December 31, 2020

Net cash flow in 2020 was negative USD 4.8 million compared to positive cash flow of USD 0.7 million in 2019, which was explained by:

- Cash flow from operating activities was positive USD 10.2 million, but down from USD 17.6 million in 2019. Higher sales volumes and prices in Q4 2019, were partially collected in 2020, and various cost reduction measures were introduced in 2020 to deal with the pandemic.
- Cash flow used in investing activities totaled USD 22.8 million during the year, down from USD 40.4 million in 2019, in line with the reduction in investments announced in mid-2020.
- Cash flow from financing activities during 2020 was positive USD 8.2 million, due to increased net short-term debt totaling USD 25 million, which financed the dividend payment in May 2020 of USD 16.9 million.

Salmones Camanchaca has a robust financial and liquidity position as of this date despite the current market challenges, with net cash of USD 9.0 million as of December 31, 2020 and unused lines of credit of USD 10 million, giving it total liquidity of USD 19 million. As of the date of this report, the Company had also signed a **1.5-year committed financing facility of USD 35 million** with DNB and Santander banks. These resources will be used to

strengthen the Company's cash position and replace uncommitted short-term lines of credit with local banks, and the company has through this additional facility more than doubled its available liquidity as of December 2020.

Financial position

Assets

The Company's total assets were USD 375.1 million as of December 31, 2020, a decrease of USD 32.7 million or 8.0% compared to December 2019. The reduction is explained by a USD 39.0 million decrease in current assets, specifically trade receivables and biological assets. Non-current assets increased by USD 6.3 million.

Current assets totaled USD 242.3 million, 13.9% lower than at the end of 2019, due to the USD 28.9 million decrease in biological assets explained by their fair valuation adjustment and the USD 27.4 million decrease in trade receivables that reflects the collection of higher sales volumes and better product prices from sales during the fourth quarter of 2019 and collected in 2020. The Company's inventories valued at cost were USD 47 million as of December 31, 2020, equivalent to 6,076 net MT of finished product, which represents close to 60 days of harvest volumes and compares to 3.894 net MT at end of 2019.

Investments net of depreciation within non-current assets explain the USD 3.7 million increase in property, plant and equipment.

Liabilities and Equity

The Company's total liabilities were USD 207 million as of December 31, 2020, an increase of USD 3 million or 1.5% compared to December 2019.

Current liabilities were USD 120.4 million, an increase of USD 23.9 million or 24.8%, due to an increase of USD 34.6 million in short-term financial liabilities, which were obtained to strengthen the Company's liquidity position during the pandemic, combined with a transfer of some non-current liabilities to current liabilities. This was partially offset by a reduction of USD 9.8 million in trade payables.

Non-current liabilities decreased by USD 20.9 million, or 19.4%, to USD 86.6 million, mainly due to a USD 10.6 million decrease in deferred tax liabilities and a USD 10.3 million decrease in long-term financial liabilities, which became current liabilities due to the postponement to November 2021 of USD 10 million agreed with the banks that provided the syndicated loan.

As a result, net financial debt increased by USD 29.2 million during 2020, to reach USD 113.7 million, which represents 67% of equity.

The Company's equity was USD 168.0 million, a decrease of USD 35.7 million compared to December 31, 2019, due to losses for the year and which resulted in an equity ratio of 44.8%.

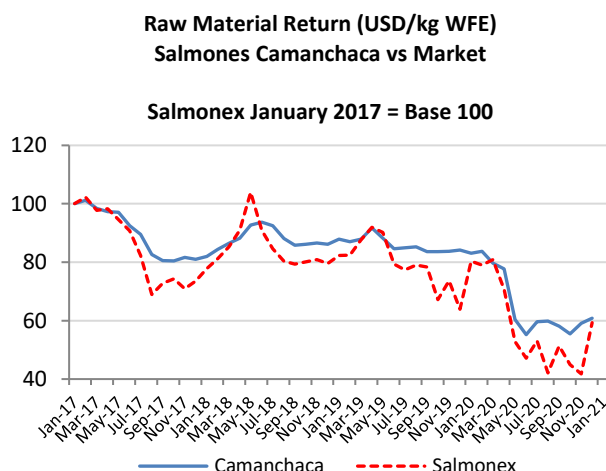
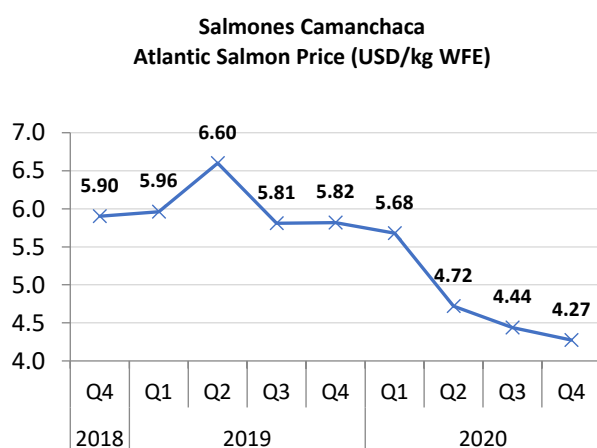
Operating Performance

Salmones Camanchaca's performance is mainly driven by three key factors:

1. **The price of Atlantic salmon**, which is sensitive to Norwegian and Chilean supply conditions and demand from its main trading partners.
2. **Farming practices 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 harvestable biomass that absorb the total farming costs.
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 Salmones Camanchaca during Q4 2020 was USD 4.27 per kg WFE, which was 27% or USD 1.55 less than during the same period in 2019. This decrease is explained by a significant drop in demand from the food and services segment (HORECA) in countries affected by the COVID-19 pandemic, which was partially offset by increases in demand from the retail segment. The Company mitigated this situation by using all production capacity to produce value-added products, such as fillets and portions for North American supermarkets and high-consumption or developed countries, while reducing sale of fresh whole salmon to Brazil and China. This strategy ensured that the Salmones Camanchaca during 2020 achieved an average raw material return (RMR)¹ from Atlantic salmon which was USD 0.60 higher than the Salmonex² index, which is its reference market. The restrictions imposed by the Russian market in February 2020 continue 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.

Volumes

Atlantic salmon		Q4 2020	Q4 2019	Δ	Δ %	2020	2019	Δ	Δ %
Harvest volumes	MT WFE	15,801	20,288	-4,487	-22.1%	52,982	53,731	-749	-1.4%
Production	MT WFE	16,194	20,553	-4,359	-21.2%	52,744	53,549	-805	-1.5%
Sales	MT WFE	13,805	21,334	-7,529	-35.3%	48,289	52,907	-4,618	-8.7%
Sales	Th USD	59,006	124,235	-65,229	-52.5%	231,730	315,225	-83,495	-26.5%
Average sales price	USD/kg WFE	4.27	5.82	-1.55	-26.6%	4.80	5.96	-1.16	-19.5%

Pacific salmon		Q4 2020	Q4 2019	Δ	Δ %	2020	2019	Δ	Δ %
Harvest volumes	MT WFE	2,819	3,813	-994	-26.1%	3,614	4,302	-688	-16.0%
Sales	MT WFE	1,092	2,504	-1,412	-56.4%	3,591	2,504	1,087	43.4%
Sales	Th USD	3,381	11,465	-8,084	-70.5%	13,163	11,465	1,698	14.8%
Average sales price	USD/kg WFE	3.10	4.58	-1.48	-32.4%	3.67	4.58	-0.15	-19.9%

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

The first Pacific salmon season was completed in Q1 2020 by harvesting 760 MT WFE. The second season was completed during the last quarter of 2020, and the combined harvest volumes totaled 3,614 MT WFE for 2020.

Operating revenue

Salmones Camanchaca's marketing and sales strategy is to build capacity and flexibility, enabling diversification of products and delivering capacity, targeting the most attractive markets for its raw material, while at the same maintain long terms stable customer relationships.

Sales by market segment for 2020 (in thousand USD)

Species	USA	Europe and Russia	Asia, except Japan	Japan	LATAM, except Chile	Chile	Others	TOTAL
Atlantic salmon	114,478	16,441	13,599	25,793	48,172	10,040	3,207	231,730
Coho	1,136	1,349	2,017	6,474	2,072	115	0	13,163
Other sales	0	0	0	0	0	10,470	0	10,470
TOTAL	115,614	17,790	15,616	32,267	50,244	20,625	3,207	255,363

Sales by market segment for 2019 (in thousand USD)

Species	USA	Europe + Eurasia	Asia, except Japan	Japan	LATAM, except Chile	Chile	Others	TOTAL
Atlantic salmon	114,175	59,587	24,313	29,368	68,330	14,839	4,614	315,225
Coho	1,147	1,949	115	7,911	344	0	0	11,465
Other sales	0	0	0	0	0	12,269	0	12,269
TOTAL	115,322	61,536	24,428	37,279	68,674	27,108	4,614	338,959

The Company defines its value-added products as those containing some degree of secondary processing, excluding frozen whole salmon. In 2020, value added products accounted for 83.4% of sales in 2020, compared with 69.6% in 2019. The remaining sales volumes are head-on gutted whole salmon for South American and Chinese markets.

Share of sales to North America rose from 34.0% in 2019 to 45.3% in 2020, while sales to Europe and Russia decreased to 7% from 18.2% in 2019. In February 2020, Russia prohibited the import of products from several Chilean producers, including Salmones Camanchaca. Consequently, the company had no sales to this market from March onwards. Sales to Asia excluding Japan decreased from 7.2% to 6.1%, due to limitations in China, while sales to Japan rose from 11.0% to 12.6%. Sales to Latin America decreased from 20.3% to 19.7% mainly due to price weakness in Brazil, partially offset by an increase in Mexico. Accordingly, conditions in certain markets have led to sales being redirected to traditional markets for Salmones Camanchaca, such as the USA, Japan and Mexico, markets which predominantly required value-added products.

Other sales which amounted to USD 10.4 million in 2020 (USD 12.3 million in 2019), includes smolt sales, processing and services for third parties, and farming site leases, 2020.

Other Businesses

As of December 31, 2020, Salmones Camanchaca had six sea farming concessions that are leased for trout farming in the Reloncaví Estuary (Tenth Region). The leases are the Company's contribution to the trout joint venture. The area where these concessions are located has a mandatory fallow period in the first quarter of odd-numbered years, resulting in significant variations in annual harvest volumes. In 2019 2,958 tons WFE of trout were harvested, much lower than the 15,178 tons 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. Consequently, Salmones Camanchaca's one-third share in earnings was net income of USD 2.3 million for 2020 compared to a net loss of USD 2.5 million in 2019, which is presented in the statement of net income under Other income (losses).

The joint venture is operated by Caleta Bay, who continues to estimate average annual harvest volumes of 12,000 MT until 2022 when the initial agreement ends. In November 2020, the joint venture was extended for another 6 years, starting January 2023. During this period Salmones Camanchaca will provide only 4 concessions and smolt stocking for 2023-2028 will be two thirds of current levels, which is approximately 6 million smolts for each productive cycle (each cycle being a two year period). The remaining approximately 3 million fish and 2 sites will be used by Salmones Camanchaca to farm its own Atlantic and Pacific salmon with effect from 2023.

To improve the use of its estuarine sites in the tenth region, and to complement the joint venture, Salmones Camanchaca initiated farming of Pacific salmon in 2019. This initiative will provide the Company with specific experience in producing and marketing this species, which in addition to improve utilisation of its concessions, is expected to increase diversity in the product portfolio. Salmones Camanchaca expected negative margins during the first two production cycles in 2019 and 2020, due to the reduced smolt stocking densities permitted by the regulations. From 2021 onwards, smolt stocking will be at optimal densities with an estimated cost improvement of USD 1/kg.

The Company temporarily reduced Pacific salmon smolt stocking in 2020 from 1.4 million to 0.7 million, due to the COVID-19 pandemic, so harvest volumes for the year were 3,614 MT WFE.

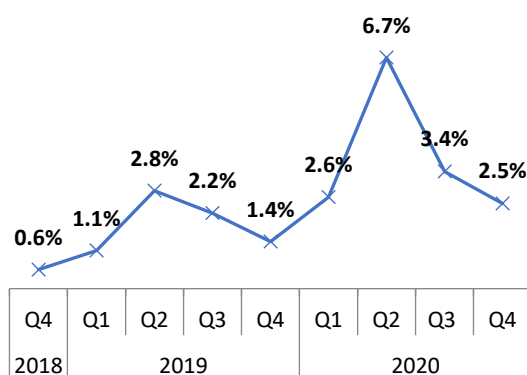
The Company's other businesses, such as processing services for third parties, leasing of farming sites and sales of byproducts, resulted in an operating margin of USD 3.9 million for the year.

II. Sanitary and Productive Conditions

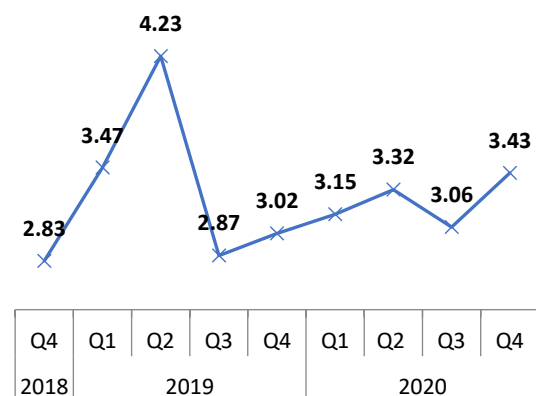
The total open cycle biomass mortality of the Atlantic salmon population during Q4 2020 was 2.5%. This is higher than the mortality of 0.6% for the same quarter in the previous cycle in 2018, and is mainly due to sea-lion attacks and SRS.

Mortality at the three sites that completed their cycle in Q4 2020 was 16.9%, which was higher than the historical average, due to the closure of two sites that were affected by an SRS outbreak. The outbreak increased the costs at these sites and the products based on this raw material.

Atlantic salmon mortality* (%)



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



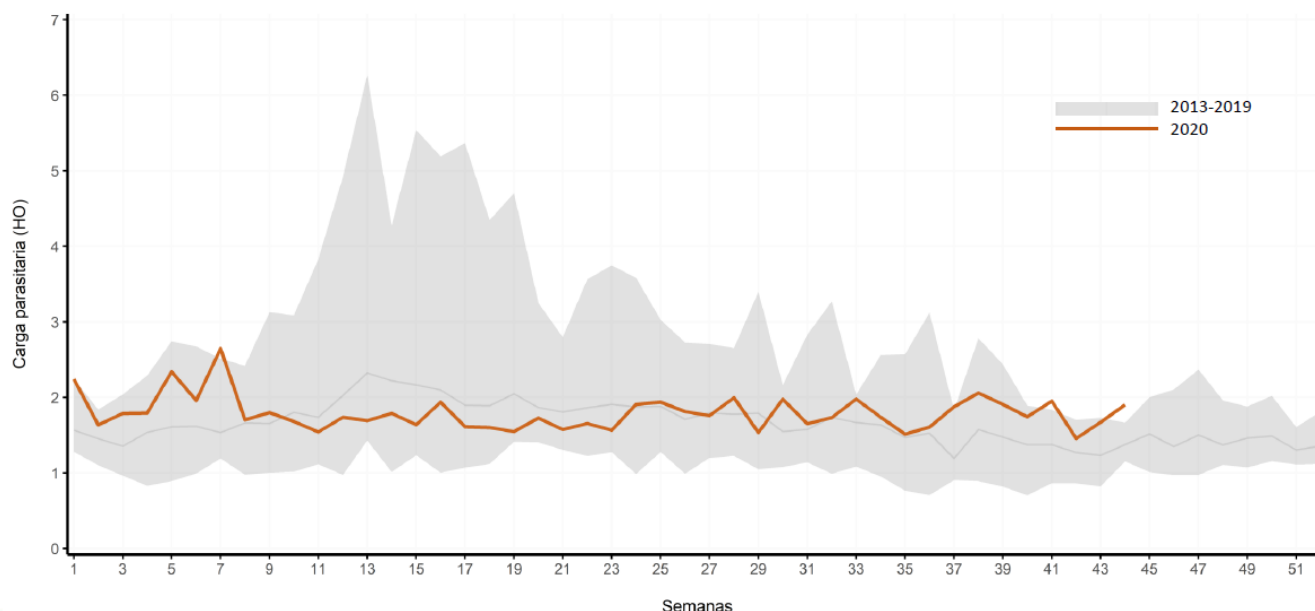
* Total quarterly mortality (number of fish) including both closed and open sites. The closed sites affected by the Harmful Algal Blooms(HAB) are included.

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

Atlantic salmon	Biological Indicators					Sustainability Indicators				
	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 escaped 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	12.6	2.2	12.6	37,150	16/8	0.57

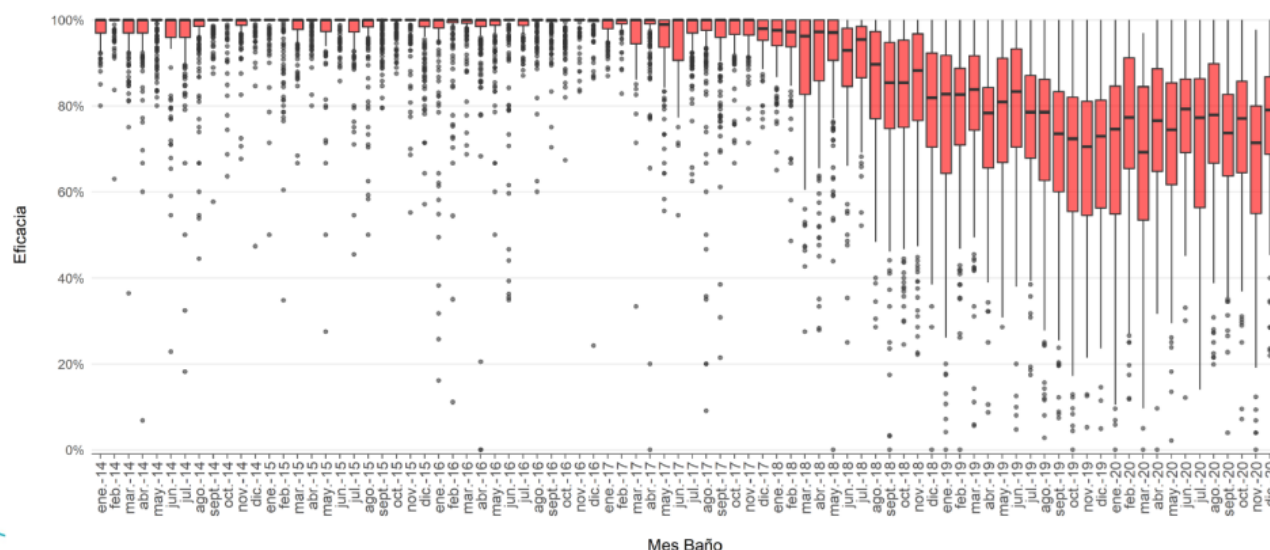
Smolt productivity is measured as the harvested biomass weight in kg / number of smolts. It reached 4.91 kg WFE/smolt in Q4 2020 (LTM), which is 4% higher than the average for 2019. The average harvest weight was 5.43 kg WFE, which was 6% higher than in 2019 and 2% higher than the previous cycle in 2018.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

Sea lice infections have been controlled during 2020, but with more anti-parasitic treatments and new treatments using Peroxide and Alfaflux as a result of Azametifos gradually losing its efficacy. 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 the trend has gradually reduced.



Source: Salmobench

Salmones Camanchaca has four farming sites classified as a High Propagation Site (HPS) as of the date of this report, where more than 3 incubating females on average have been detected. One site has completed harvesting, one is being harvested, while the other two are being treated.

During 2020, Salmones Camanchaca began operating a peroxide well-boat treating more than 200 cages at sites with parasites or BGD (bacterial gill disease), proving highly effective results.

In 2019 Salmones Camanchaca communicated an ambition to reduce use of antibiotics by 50% by 2025. To achieve its goal, the company has initiated multiple initiatives. Actions taken has proven good results, and in 2020 the number of antibiotic treatments decreased by 19%, compared to the corresponding cycle in December 2018 for the same areas, while antibiotic treatments per MT of biomass was reduced by 5% in the same geographical areas.

Accordingly, Atlantic salmon costs in Q4 2020 were.

Costs (USD/kg WFE)	Q4 2018	Q4 2019	Q4 2020
Ex cage (WFE)	<u>3.04</u>	<u>3.25</u>	<u>3.69</u>
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

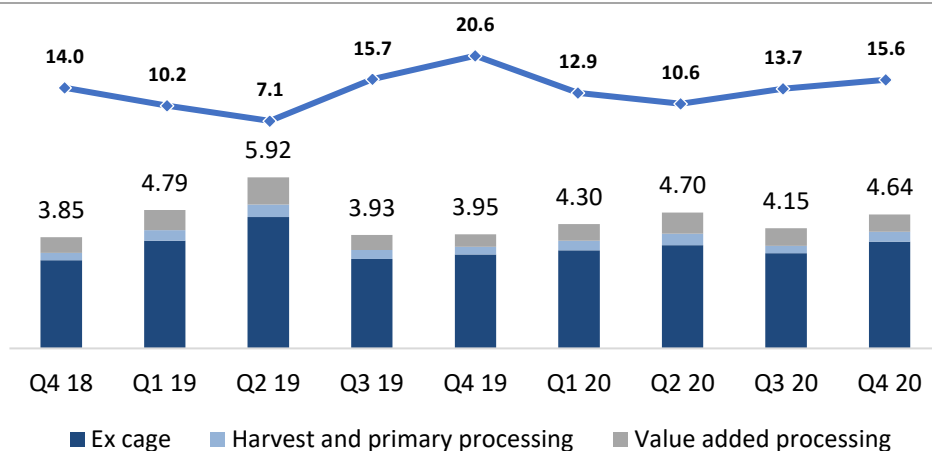
The ex-cage WFE cost in Q4 2020 was USD 3.69/kg WFE, equivalent to USD3.43/kg live weight, which was 13.7% higher than in Q4 2019 and 21.3% higher than in Q4 2018 for the same production cycle at the same sites. This increase was explained by lower harvest volumes due to SRS outbreaks at the Paso Lautaro and Chonos sites, which were harvested during the last quarter of the year. Furthermore, the Islotes site suffered extensive mortalities in

May, due to extreme climatic conditions with heavy rain and overflowing rivers, damaging structures and affecting biomass, resulting mortality of around 30%. This contributed to a rise in ex-cage costs when fish harvesting began in Q4 2020, leading to the total cost to increase to 14% above the long-term target of USD 3.23/kg WFE (USD 3/kg live fish).

Primary and secondary processing costs were USD 0.95/kg WFE, which was USD 0.25 higher than Q4 2019 and USD 0.15 or 18.5% higher than Q4 2018, although still below target of USD 1/kg WFE. Costs were affected by the lower scale of production, additional costs due to COVID-19 measures, and increase share of value-added products.

Consequently, the total cost of finished products was USD 4.64/kg WFE, which was USD 0.69 higher than in Q4 2019, USD 0.79 higher than the previous cycle in Q4 2018 for the same areas and harvested sites and USD 0.41 higher than the long-term target of USD 4.23/kg WFE. This was partially due to the strategy of focusing on value-added products, which produced higher returns and margins from the raw material. However, a 12-month trend analysis indicates that costs are gradually stabilizing around this target.

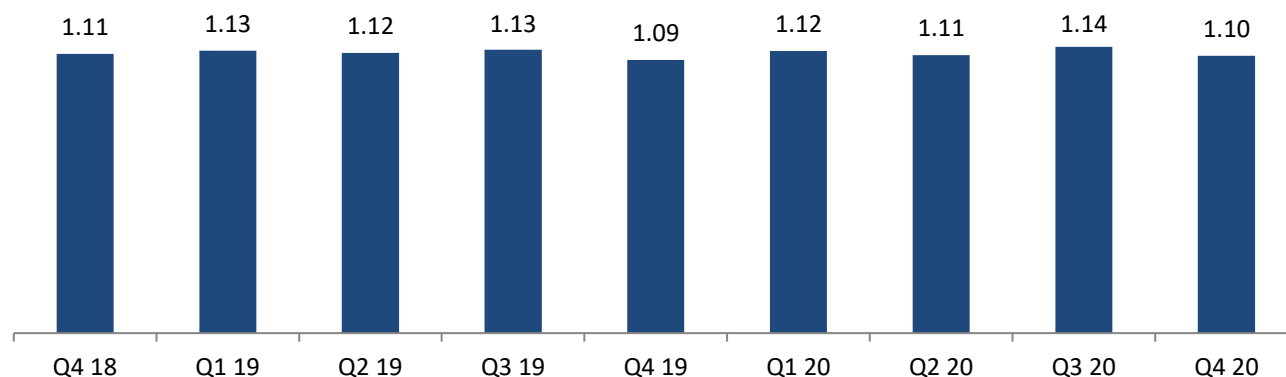
Total cost of Atlantic salmon finished products (USD/kg WFE) and processed volume (MT WFE) per quarter



III. Feed Cost

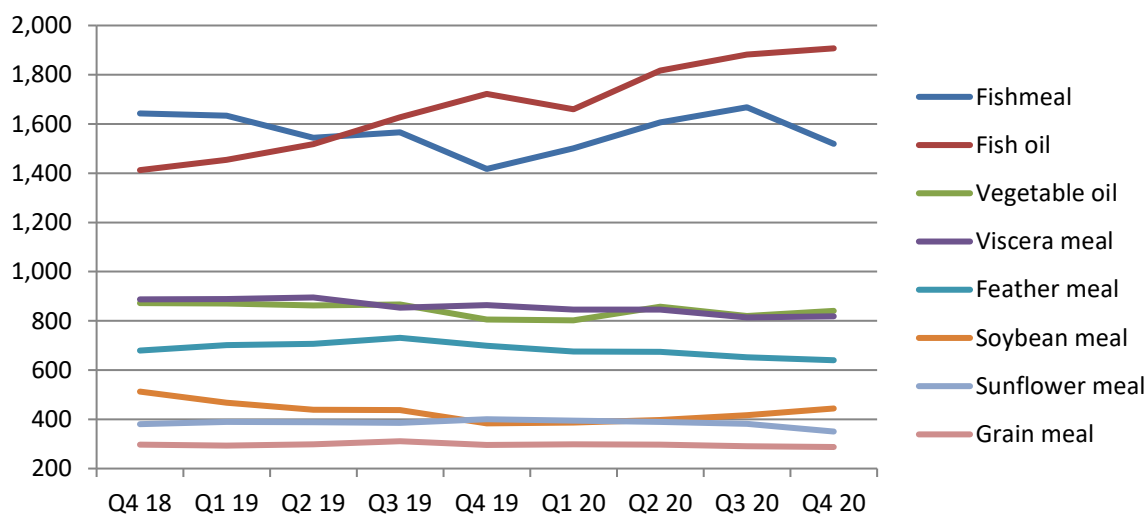
The price of feed for fish over 2.5 kg, which represents 40% of the Company's total feed cost, decreased by 3.5% compared to the previous quarter and was USD 1.10/kg, where an increase in the fish oil price was offset by a decrease in the fishmeal price.

Price for 2500 caliber (Salmones Camanchaca) USD/kg



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

Price of main ingredients USD/MT



Source: Internal data, Salmones Camanchaca

Subsequent Events

On February 9, 2021, Salmenes Camanchaca signed a 1.5-year committed financing facility for USD 35 million with DNB and Santander banks. This loan is an integrated part of the existing Revolving Credit Facility Agreement constituting a new Tranche D. The funds will be used to strengthen the Company's cash position and replace uncommitted short-term lines of credit with local banks.

COVID-19 Situation and Company Outlook

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

1. To protect the health of our employees and their families, and everyone who works at the facilities operated by Salmenes Camanchaca. Since Q4 2020, all employees have been tested every week. As of February 11, 2021, 10 employees were infected, who represent 0.45% of total employees and no deaths, with 0.43% of over 36,000 tests producing a positive result.
2. To protect the Company's operational continuity, which is an indispensable requirement in order to protect employment at Salmenes Camanchaca and conserve the Company's own health.

As of the date of this report, the measures adopted by the Company 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 at supermarkets, which has been growing compared to the food services sector. However, many restaurants and hotels around the world have closed, which has particularly affected some markets such as Brazil, China and Mexico, where weak demand has led to significant reduction in selling prices, though they have been recovering as this segment gradually reopened.

The prioritization on maximizing value-added production, while reducing whole fish, has limited the company's processing capacities, which at the height of the pandemic in Q2 and Q3 2020 resulted in a reduction of total processing capacities by 30% in some months.

The Company has sought a conservative liquidity position during the pandemic, by reducing investments, postponing non-essential expenses, lowering the proposed dividend, increasing credit lines and a 50% reduction in the Pacific salmon smolt stocking in 2020.

The medium-term impact of COVID-19 has been clarified during Q1 2021 with an extensive vaccination program being rolled out in Chile and the main market of North America. The program in Chile is essential for production. Salmenes Camanchaca continues to monitor and adapt its mitigation measures as productive conditions and target markets evolve.

The world supply of Atlantic salmon for 2021 will grow minimally with increases only in Norway, according to figures from Kontali. Chile's production is estimated to fall by some 10-12% while production in Canada is expected unchanged. Thus, product shortages with corresponding price increases may arise, due to reduced supply and potentially higher demand when the HORECA sector gradually moves back to pre COVID-levels as the ongoing vaccination programs progress.

Main Risks and Uncertainties

External variables might materially impact the Company's annual performance. The main variable affecting revenue is the price of Atlantic salmon, while the main variables affecting costs are the environmental conditions at farming sites, and the sanitary status of the salmon biomass, including the biological conversion of feed.

Individually and in aggregate, aquaculture businesses are exposed to various risks. Consequently, Salmenes Camanchaca uses a risk matrix that guides the Company in order to: i) review and update the critical risk inventory and generate a map that helps manage risks; ii) assess these risks on the basis of impact and probability parameters that 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 a set of strategies to reduce the probability and impact, including insurance wherever this is feasible and financially attractive. These risk maps guide management to continuously manage and mitigate each risk and establish the corresponding responsibilities, as well as review the frequency and severity of internal controls to validate the effectiveness of mitigating measures.

The factors used to detect critical risks 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 personnel; 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 the growth of specific species, and thereby affecting production and sales volumes. Real examples of these risks are increases in parasitic concentrations, outbreaks of SRS or ISA, pronounced oxygen depletions or harmful algal blooms. Salmenes Camanchaca has adopted strict control standards to minimize those risks, and comply with regulatory 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, vaccinating the entire fish population against ISA, SRS and other diseases, smolt production in closed recirculating sites fed by groundwater, transportation of breeders and fish for harvest in wellboats, coordinated anti-parasitic washing by neighborhood and new treatments identified to control them, frequent net cleaning, oxygen plants to supplement pronounced shortfalls 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.

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 biomass and production infrastructure. Real examples of these risks are the eruption of volcano Calbuco or the torrential rains of May 2020 that caused the Islotes site incident. Furthermore, it is exposed to non-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, such as 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. Product Sale 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 accumulate inventory in order to speculate on better sale prices in the future.

Prices are highly dependent on supplies from Norway and Chile and on fluctuations in exchange rates used by the Company's major trading partners, which affects demand in these markets. Furthermore, demand may fall due as consumption patterns weaken, for example as a result of the COVID-19 pandemic, which could continue for two or three more months as in 2020. Salmenes Camanchaca has sought to safeguard against this risk through diversifying its commercial network and flexing its range of products to enable its raw material to be sent to any market.

The Company complies with production standards and protocols applied by the country with the strictest requirements in the world, in order to take advantage of all available commercial opportunities. However, there is a risk that occasionally some markets will be limited as a result of tariff, para-tariff or sanitary measures. Should this occur, the Company believes that it is sufficiently diversified across various markets to divert trade elsewhere, although this may result in price decreases in the short-term depending on market conditions.

d. Purchase Price Risks

The Company is exposed to changes in the price of salmon feed, which represents about half the cultivation cost. Salmenes Camanchaca ensures its diets achieve a balance between feed cost and nutritional quality at each fish development stage. The Company aims to produce a final product that contains the same amount of Omega 3 as wild salmon, and keep the ratio of marine sourced feed to farmed fish feed (the fish in-fish out ratio) to 1:1. The Company has feed contracts with prices adjusted quarterly, on a cost-plus basis. During the last few years, the prices of the main consumables used in production processes have remained stable.

e. Regulatory Risks

Aquaculture is strictly regulated in Chile by laws, standards and regulations issued by the corresponding authorities. Significant changes in these could impact the Company's performance. These regulations are mainly established by the General Law on Fisheries and Aquaculture, and its associated regulations that assign concessions, manage the biomass and set preventive sanitary standards. The Company is constantly monitoring changes in regulations in order to anticipate and mitigate any potential impact.

The regulations governing salmon farming densities were changed with effect from Q3 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 Salmenes Camanchaca for farming fish are of indefinite duration. However, in order to retain the concession, the current regulation requires a minimum amount of use. If minimum use is not achieved, the concession may be revoked. This has led the Company to operate some of its farming sites at minimum capacity where they are at risk of revocation, which results in additional expenses. 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 smolt stocking limitations due to anaerobic seabed conditions at its concessions, the obligation to use concessions to avoid them expiring 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 harvests, production or shipments of products to target markets. An example of this risk is 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 Risks

Liquidity risk is the risk of potential mismatches between the funds needed for investments in assets, operating expenses, finance costs, repayment of debt as it matures and dividend payments, and funding sources such as product sales revenue, collections from customers, disposal of financial investments and access to financing.

Salmones Camanchaca conservatively and prudently manages this risk by anticipating financial conditions at least a year ahead, maintaining sufficient liquidity and access to third-party financing facilities, while carefully ensuring that it complies with all its financial obligations. These circumstances explain the debt restructuring that took place in 2013, 2017 and 2020.

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. Depending on market conditions, the Company evaluates its hedging options, but has not used hedges during the last five years, given the interest rate trends and the expansive monetary policies followed by the main economies since 2008.

i. Foreign Exchange Risks

A substantial proportion of Salmones Camanchaca's revenue arises from contracts and commercial agreements in US dollars. However, given the diversity and importance of markets other than the North American market, which have historically represented more than 50% of total exports, any devaluation of the US dollar against these markets' currencies and/or the Chilean Peso, could have an impact on market demand and consequently on prices, which would affect the financial performance of the Company.

Corporate policy is to agree income, cost and expenses in US dollars whenever possible. 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 Risks

1. Surplus cash investment risk

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

2. Sales Risks

The Company has credit insurance policies covering most sales that do not require immediate payment. The remaining sales are backed by letters of credit, advance payments, or are sales to customers with 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

Statement of Net Income

Consolidated Th USD	Q4 2020	Q4 2019	Δ	2020	2019	Δ
Operating revenue	65,847	139,250	(73,403)	255,363	338,959	(83,596)
Cost of sales	(73,706)	(99,431)	25,725	(255,149)	(253,463)	(1,686)
Gross margin	(7,859)	39,819	(47,678)	214	85,496	(85,282)
Administrative expenses	(2,300)	(2,723)	423	(8,992)	(9,837)	845
Distribution costs	(2,883)	(2,812)	(71)	(9,870)	(8,173)	(1,697)
Sales and administrative expenses	(5,183)	(5,535)	352	(18,862)	(18,010)	(852)
EBIT* before fair value adjustments	(13,042)	34,284	(47,326)	(18,648)	67,486	(86,134)
EBITDA** before fair value adjustments	(8,752)	37,527	(46,490)	(3,170)	80,517	(83,898)
Net fair value adjustments to biological assets	1,948	(9,434)	11,382	(18,991)	311	(19,302)
EBIT after fair value adjustments	(11,094)	24,850	(35,944)	(37,639)	67,797	(105,436)
EBITDA after fair value adjustments	(6,804)	28,093	(35,108)	(22,161)	80,828	(103,200)
Financial costs	(888)	(1,411)	523	(3,982)	(4,748)	766
Share of net income (losses) of equity method associates	740	315	425	1,856	1,604	252
Exchange differences	159	(9)	168	(488)	(723)	235
Other gains (losses)	687	(2,085)	2,772	(3,509)	(6,739)	3,230
Financial income	0	0	0	0	24	(24)
Total non-operating expenses	698	(3,190)	3,888	(6,123)	(10,582)	4,459
Net income before tax	(10,396)	21,660	(32,056)	(43,762)	57,215	(100,977)
Taxation income (expense)	2,848	(5,539)	8,387	12,135	(14,863)	26,998
Net income (loss) for the period attributable to owners of the parent company	(7,548)	16,121	(23,669)	(31,627)	42,352	(73,979)

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

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

Statement of Financial Position

Th USD	12/31/2020	12/31/2019
Cash and cash equivalents	9,038	13,867
Other financial assets, current	341	56
Other non-financial assets, current	7,422	8,518
Trade and other receivables, current	15,386	39,887
Related party receivables, current	35,704	38,600
Inventories	46,963	32,875
Biological assets, current	113,756	142,615
Current tax assets	13,691	4,861
Total current assets	242,301	281,279
Other financial assets, non-current	27	27
Other non-financial assets, non-current	112	112
Rights receivable, non-current	2,168	1,252
Equity method investments	4,889	4,805
Intangible assets other than goodwill	6,972	6,948
Property, plant and equipment	115,618	111,888
Long-term deferred taxes	2,963	1,419
Total non-current assets	132,749	126,451
Total assets	375,050	407,730
Other financial liabilities, current	43,040	8,391
Operating lease liabilities, current	483	810
Trade and other payables, current	58,426	63,949
Related party payables, current	11,431	15,697
Current tax liabilities	0	0
Employee benefits provisions, current	1,573	1,379
Other provisions	5,479	6,308
Total current liabilities	120,432	96,534
Other financial liabilities, non-current	79,739	90,000
Operating lease liabilities, non-current	187	270
Related party payables, non-current	0	0
Deferred tax liabilities	6,519	17,110
Employee benefit provisions, non-current	158	101
Total non-current liabilities	86,603	107,481
Total liabilities	207,035	204,015
Share capital	91,786	91,786
Share premium	27,539	27,539
Retained earnings	25,704	61,543
Other reserves	22,986	22,847
Total equity	168,015	203,715
Total equity and liabilities	375,050	407,730

Statement of Cash Flows

Th USD	Q4 2020	Q4 2019	2020	2019
CASH FLOW FROM (USED BY) OPERATING ACTIVITIES				
Receipts				
Receipts from selling goods and providing services	60,721	112,097	304,566	326,877
Payments				
Payments to suppliers for goods and services	(56,640)	(87,026)	(256,858)	(274,511)
Payments to and on behalf of employees	(7,614)	(6,834)	(27,912)	(26,780)
Dividends received	1,267	629	1,856	1,203
Interest paid	(1,468)	(2,359)	(3,639)	(3,884)
Interest received	0	0	0	24
Income taxes received (paid)	0	0	(7,825)	(5,376)
Other receipts (payments)	0	0	0	0
Net cash flow from (used by) operating activities	(3,734)	16,507	10,188	17,553
CASH FLOWS USED BY INVESTING ACTIVITIES				
Receipts from the sale of property, plant and equipment	29	(79)	50	254
Purchases of property, plant and equipment	(6,205)	(9,347)	(22,850)	(40,666)
Other receipts (payments)	5	0	5	0
Net cash flow from (used by) investing activities	(6,171)	(9,426)	(22,795)	(40,412)
CASH FLOW FROM (USED BY) FINANCING ACTIVITIES				
Receipts from issuing shares	0	0	0	0
Receipts from loans	11,000	4,000	29,000	53,000
Loan repayments	0	(5,000)	(4,000)	(5,000)
Payments to related parties	0	0	0	0
Dividends paid	0	0	(16,850)	(23,770)
Net cash flow from (used by) financing activities	11,000	(1,000)	8,150	24,230
Effects of changes in exchange rates on cash and cash equivalents	353	(353)	(372)	(647)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,448	5,728	(4,829)	724
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	7,590	8,139	13,867	13,143
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	9,038	13,867	9,038	13,867

Statement of Changes in Equity

	Share capital	Share premium	Foreign currency translation reserve	Other reserves	Total other reserves	Retained earnings (accumulated losses)	Equity attributable to owners of the parent company
Opening balance as of January 1, 2019	91,786	27,539	(345)	23,471	23,126	41,336	183,787
Changes in equity							
Dividends accrued						(22,145)	(22,145)
Comprehensive income							
Net income for the period						42,352	42,352
Other comprehensive income			(323)	44	(279)		(279)
Closing balance as of December 31, 2019	91,786	27,539	(668)	23,515	22,847	61,543	203,715
Opening balance as of January 1, 2020	91,786	27,539	(668)	23,515	22,847	61,543	203,715
Changes in equity							
Dividends accrued						(4,212)	(4,212)
Comprehensive income							
Net loss						(31,627)	(31,627)
Other comprehensive income			139		139		139
Closing balance as of December 31, 2020	91,786	27,539	(529)	23,515	22,986	25,704	168,015

Additional Information

Analysis of 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.

	12/31/2020	12/31/2019
Liquidity Indicators		
1) Current Liquidity	2.01	2.91
2) Acid Ratio	0.68	1.10
3) Working Capital (USD million)	121.869	184.745
Debt Indicators		
4) Net debt ratio	1.18	0.93
5) Current Liabilities / Total Liabilities	0.58	0.47
6) Non-Current Liabilities / Total Liabilities	0.42	0.53
Profitability Indicators		
	(12 months)	(12 months)
7) Return on Equity	-18.82%	20.79%
8) Return on Assets	0.06%	20.97%

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 31% in the current liquidity ratio is mainly caused by a decrease of USD 39 million in current assets and an increase of USD 23.9 million in current liabilities, as explained in the financial position analysis. Consequently, working capital decreased by 34% or USD 62.3 million.

The acid ratio decreased by 38.2% compared to December 2019, mainly due to a USD 24.2 million decrease in the inventories and biological assets in net current assets and a USD 23.9 million increase in current liabilities. These changes have already been explained in the financial position analysis.

The increase in the net debt ratio from 0.93 to 1.18 is mainly due to equity decreasing by USD 35.7 million. These changes have already been explained in the financial position analysis. The increase in the proportion of long-term liabilities from 0.47 to 0.58 is due to drawing down short-term liabilities to meet cash requirements caused by the pandemic. These changes have already been explained in the financial position analysis.

The decrease in the return on equity and on assets is explained by the fall in sales prices and volumes that affected the results and the fair value adjustment during 2020.

Indicators for the year

	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 by 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 by harvest	94.9%	90.3%
g. Operational EBIT before fair value adjustments (USD million)	-18.6	67.5
h. Atlantic salmon EBIT/kg WFE before fair value adjustments	-0.23	1.28
i. Pacific salmon EBIT/kg WFE before fair value adjustments	-2.04	-0.33

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 salmon sold

Biomass Fair Value

For the period ended December 31, 2020 (Thousands of USD)

	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:

- “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 USD 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 USD 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.
- “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 USD 26.3 million, which reversed a positive margin estimated in prior periods, in contrast to a loss of USD 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 USD 19 million, as opposed to positive USD 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	Fair value includes prices, costs and volumes that are estimated by the company.