



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

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

For the period ended September 30, 2023

#### **Salmones Camanchaca**

*Salmones Camanchaca S.A. is a vertically integrated salmon producer engaged in breeding, egg production, recirculating hatcheries for Atlantic salmon and pass-through or lake hatcheries for Coho salmon, fish farming sites in estuary, fjord and oceanic waters used mainly for Atlantic salmon, primary and secondary processing, and marketing and sales of Atlantic and Coho salmon through five sales offices in its main markets.*

*The Company's estimated Atlantic and Coho salmon harvest volumes for 2023 are between 54,000 and 58,000 MT WFE and a similar harvest is expected in 2024. Salmones Camanchaca participates in trout farming through a one third share of a joint venture, which uses Salmones Camanchaca farming sites in coastal-estuarine waters, and currently plans to harvest an average of 9,000 MT WFE per year until 2028.*

*Salmones Camanchaca has 1,800 employees on average, 60% of whom work in its value-added plant. The main Atlantic salmon sales markets are currently the USA and Mexico.*

## Highlights for the third quarter 2023 (Q3 2023)

- **Operating revenue for the quarter was USD 82.1 million**, a decrease of 14% over Q3 2022, mainly due to lower sales prices, which fell 13% for Atlantic salmon and 24% for Coho salmon<sup>1</sup> compared to the same period last year. **Operating revenue for the first nine months of the year was USD 259.3 million**, a decrease of 5% over 2022.
- **Atlantic salmon harvest volumes for Q3 2023 were 17,760 MT WFE**, an increase of 24% compared to Q3 2022 when they were 14,326 MT WFE, which was aligned with the harvesting plan. This higher harvest volumes in the quarter have not been reflected in sales, as Q3 2023 closed with Atlantic salmon sales volumes of 11,311 MT WFE (3.4% less than Q3 2022) and inventories of over 9,000 MT WFE. Likewise, Coho salmon sales volumes totaled 438 MT WFE for the quarter and inventories were over 1,000 MT WFE. **Atlantic salmon harvest volumes for the first nine months of the year were 35,272 MT WFE**, an increase of 1.1% over the previous year.
- **Coho salmon smolt stocking in early 2023 is expected to double harvest volumes for the 2023-2024 season, which will begin in Q4 2023**, compared to harvest volumes for the 2022-2023 season of 5,856 MT.
- **The quarterly cost of harvested Atlantic salmon (ex-cage, live weight) was USD 4.69/kg**, which was 12.5% higher than in Q3 2022, but 5.8% lower than Q2 2023, mainly due to two farming sites that suffered from SRS outbreaks and sea lice presence. This affected treatment costs as those sites harvest volumes represented 70% of the total harvest volume in the quarter. These costs also increased by higher salmon feed prices during late 2022 and early 2023. Thus, **ex-cage costs for the first nine months of the year were USD 4.61/kg live weight (USD 4.96 /kg WFE)**, which were higher than the USD 4.17/kg live weight in 2022.
- **Quarterly Atlantic salmon processing costs including harvesting were USD 0.98/kg WFE**, which was lower than USD 1.03/kg WFE for Q3 2022, and also lower than USD 1.49/kg WFE from Q2 2023, mainly due to economies of scale as a result of higher harvest volumes. **These costs for the first nine months of the year were USD 1.15/kg WFE**, which was higher than in 2022 when they were USD 1.08/kg WFE, due to cost inflation.
- Consequently, **quarterly gross margin was USD 4.3 million**, which was USD 21.3 million lower than in Q3 2022, when it was USD 25.6 million. **Gross margin for the first nine months of 2023 was USD 36.3 million**, a decrease of USD 19.1 million over 2022, due to reduced Atlantic salmon sales prices and lower volumes that decreased by 4,000 MT. Slower sales during the third quarter were influenced by a higher proportion of frozen product, which have a lower inventory rotation, so the quarter closed with higher inventories compared to September 2022.
- **EBITDA for Q3 2023 was USD 2.9 million** compared to USD 25.6 million in Q3 2022 and for the **first nine months was USD 32.6 million**, compared to USD 55 million in 2022.
- **Atlantic salmon EBIT/kg WFE was positive USD 0.05 in Q3 2023**, which compares to positive USD 1.78/kg WFE in Q3 2022, due to the same reasons. **Coho salmon EBIT/kg WFE was negative USD 0.54<sup>1</sup>**, a decrease over the positive USD 1.16 in Q3 2022.
- **Atlantic salmon EBIT/kg WFE for the first nine months was USD 0.67**, compared to USD 1.24 in 2022. In the case of **Coho salmon, EBIT/kg WFE was negative USD 0.32** (USD 1.44/kg WFE in 2022), affected by higher harvest costs of the previous season, lower inventory rotation and a drop in prices.

---

<sup>1</sup> Average Coho salmon sales prices and EBIT/kg for Q3 2023 excludes a negative effect of USD 2.2 million on 910 tons of finished product inventories in related international offices not sold to end customers. This has been incorporated into the sales price and EBIT/kg for the nine months to September. This effect is due to lower selling price estimates that affected products shipped during the year.

- **The net loss for Q3 2023 was USD 5.5 million**, compared to net income of USD 18.5 million in Q3 2022 with a Fair Value adjustment of USD 6.7 million lower than in Q3 2022. This was affected by lower market prices and higher costs attributable to farming sites affected by SRS outbreaks and sea lice presence. Net income for the first nine months was USD 0.5 million, lower than the USD 37.0 million in 2022, with a Fair Value adjustment that was USD 21.0 million lower than in 2022.
- **The cash balance as of September 30, 2023 was USD 12.3 million and Net Financial Debt was USD 136 million**, compared to USD 75 million as of September 2022. Thus, the Net Debt over EBITDA ratio for the last 12 months was 2.46, well below the limit required by lending contracts with banks of 4, but above the ratio last year of 1.03.
- Smolt stocking has been completed and normal production parameters are expected. Therefore, **Atlantic salmon harvest volumes for 2023 are expected to be between 44,000 and 46,000 MT WFE, while Coho salmon harvest volumes are expected to be between 10,000 and 12,000 MT WFE.**
- **Improvement in biological indicators from the last 12 months (LTM) as of September**, with a reduction in the use of antibiotics by 52%, antiparasitic use by 38% and an improvement in the biological conversion ratio by 4%, reaching 1.07 compared to LTM as of September 2022.

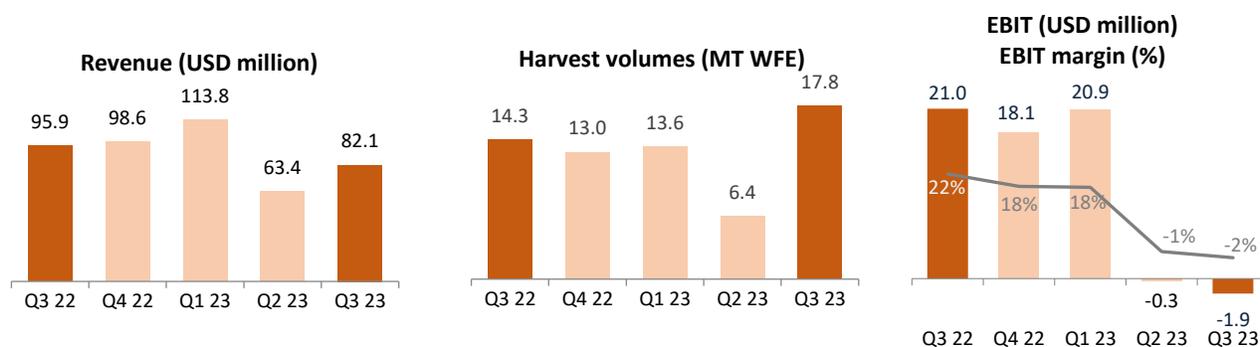
## Key Figures

ThUSD	Q3 2023	Q3 2022	Δ%	9m 2023	9m 2022	Δ%
Operating revenue	82,053	95,940	(14.5%)	259,267	274,332	(5.5%)
EBITDA* before fair value adjustments	2,923	25,558	(88.6%)	32,600	54,977	(40.7%)
EBIT** before fair value adjustments	(1,852)	21,027	-	18,738	41,839	(55.2%)
EBIT margin %	(2.3%)	21.9%	(2,417 pb)	7.2%	15.3%	(802 pb)
Net fair value adjustments to biological assets	(1,583)	5,111	-	(7,760)	13,239	-
Net income (loss) for the period	(5,494)	18,549	-	533	37,031	(98.6%)
Earnings per share (USD)	(0.0740)	0.2500	-	0.0072	0.4991	(98.6%)
<b>Atlantic salmon</b>						
Harvest volumes (MT WFE)	17,760	14,326	24.0%	35,272	34,881	1.1%
Sales volumes (MT WFE)	11,311	11,713	(3.4%)	29,976	33,956	(11.7%)
Ex-cage harvesting costs (USD/kg live weight)	4.69	4.17	12.5%	4.61	4.17	10.5%
Ex-cage harvesting costs (USD/kg WFE)	5.04	4.49	12.5%	4.96	4.49	10.5%
Processing costs (USD/kg WFE)	0.98	1.03	(5.3%)	1.15	1.08	6.5%
Price (USD/kg WFE)	6.86	7.87	(12.9%)	7.45	7.51	(0.7%)
EBIT/kg WFE (USD)	0.05	1.78	(97.4%)	0.67	1.24	(46.0%)
Inventories (MT WFE)				9,338	6,932	34.7%
<b>Coho salmon</b>						
Harvest volumes (MT WFE)	0	0	-	2,491	663	275.5%
Sales volumes (MT WFE)	438	108	307.4%	4,376	1,821	140.3%
Ex-cage harvesting costs (USD/kg WFE)	0	0	-	4.28	3.69	16.0%
Processing costs (USD/kg WFE)	0	0	-	0.71	0.64	2.0%
Price (USD/kg WFE)	4.80***	6.34	(24.3%)	5.81	6.26	(7.2%)
EBIT/kg WFE (USD)	(0.54)***	1.16	-	(0.32)	1.44	-
Inventories (MT WFE)				1,170	189	519.0%
Financial Debt				148,392	101,682	45.9%
Net Financial Debt				136,105	74,970	81.5%
Equity Ratio				43.3%	52.8%	(949 pb)
Net Financial Debt / LTM EBITDA				2.46	1.03	138.3%

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

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

\*\*\*Coho's sales price and EBIT/kg for Q3 2023 excludes the negative effect of USD 2.2 million on 910 tons of finished product inventories in related international offices not sold to end customers, which was incorporated into the sales price and EBIT/kg for the nine months to September. This is due to lower selling price estimates that affected products shipped during the year.



# Financial Performance

## Results for the third quarter of 2023

Salmones Camanchaca harvested 17,760 MT WFE of Atlantic salmon in Q3 2023, which was 24% higher than the harvest volume in Q3 2022 at 14,326 MT WFE. This increase was aligned with the company's previously advised harvesting plan. Sales volumes were 11,311 MT WFE, a decrease of 3.4% over the same period in 2022, in a context of higher frozen product sales which have a lower inventory rotation, resulting in a stock of over 9,000 MT WFE as of September. Coho salmon sales during Q3 2023 were 438 MT WFE, compared to 108 MT WFE in Q3 2022, leaving inventories of over 1,000 MT WFE. Coho salmon harvest volumes for the 2022-2023 season were 5,856 MT WFE, which was higher than the previous season's at 2,504 MT WFE. These harvest volumes are expected to double during the 2023-2024 season, which begins in Q4 2023.

The average selling price of Atlantic salmon was USD 6.86/kg WFE, a decrease of 13% over Q3 2022, due to reduced salmon market prices. Salmones Camanchaca excels in its ability to switch formats and markets in response to changing market conditions, to enable the company successfully to capture market opportunities, which has helped to keep the prices above the market despite these downturns. At the same time, Atlantic salmon sales volumes fell by 3%, resulting in sales revenue of USD 82.1 million, a decrease of 15% over Q3 2022.

Atlantic salmon ex-cage live weight costs were USD 4.69/kg in the quarter, an increase of 12.5% over Q3 2022, mainly due to two sites that accounted for 70% of the volume harvested in Q3 that were extraordinarily affected by SRS outbreaks and sea lice presence. In addition to increased treatment costs from these sites, ex cage cost was also affected by higher salmon feed prices.

Primary and secondary processing costs were USD 0.98/kg WFE, down from USD 1.03/kg WFE in Q3 2022, due to the economies of scale.

Extraordinary mortalities for the quarter were USD 1.0 million, compared to USD 0.6 million in Q3 2022, and were caused by oxygen problems at one farming site.

Quarterly expenses incurred on sovereignty and unused assets, such as fallow farming sites, were USD 2.1 million, which compares to USD 2.9 million in Q3 2022.

Consequently, gross margin was USD 4.3 million, which was lower than in Q3 2022 when it was USD 25.6 million.

The Company's administrative and sales expenses increased by 35% compared to Q3 2022 to USD 6.2 million. This was mainly attributable to higher distribution costs due to higher inventory storage costs and higher freight and loading costs, which were USD 3.5 million compared to USD 2.3 million. Local currency appreciation affected administrative costs, which were USD 2.7 million, compared to USD 2.2 million in Q3 2022. Administrative and sales expenses as a proportion of operating revenue increased from 4.8% to 7.5%.

EBIT before fair value adjustments for Q3 2023 was negative USD 1.9 million, compared to positive USD 21.0 million in Q3 2022. Thus, EBIT/kg WFE for Atlantic salmon was USD 0.05/kg WFE for Q3 2023, compared to USD 1.78/kg WFE for Q3 2022. Coho salmon sales in Q3 2023 were 438 MT WFE, compared to 108 MT WFE in Q3 2022, with an EBIT/kg WFE of negative USD 0.54, compared to positive USD 1.16 in Q3 2022. The Q3 2023 figure for Coho excludes the negative effect of USD 2.2 million in inventory not sold to final customers at related international offices, due to lower expected sales prices affecting products shipped throughout the year. This effect is included in the sales price and EBIT/kg for the nine months to September.

The net fair value adjustment for Q3 2023 was negative USD 1.6 million, compared to USD 5.1 million for Q3 2022, a difference of USD 6.7 million that was explained by lower market prices and higher costs attributable to farming sites with SRS outbreaks and sea lice presence.

Financial expenses increased from USD 1.6 million in Q3 2022 to USD 2.9 million in Q3 2023, associated with increased financial debt that totaled USD 148 million as of September 30, 2023, compared to USD 102 million as of September 30, 2022, and an increase in the reference interest rate for bank loans.

Other gains and losses were negative USD 2.0 million. This was explained by the trout joint venture business, which generated a net loss for the Company of USD 2.0 million for the quarter, compared to a net gain of USD 0.1 million in Q3 2022. This business was affected by higher costs and lower sales prices mainly due to the significant devaluation of the Yen during the quarter, as the Japanese market is the main destination for trout.

Consequently, the Company had a net loss after taxes for Q3 2023 of USD 5.5 million, compared to net income for Q3 2022 of USD 18.5 million.

### Cash flow in Q3 2023

Net cash flow in Q3 2023 was positive USD 4.8 million compared to negative USD 6.5 million in Q3 2022, which was explained by:

- Negative operating cash flow of USD 28.6 million, compared to positive USD 19.7 million in Q3 2022. This decrease was due to lower collections from sales in Q3 2023 and payments to suppliers associated with the additional working capital required for the Company's growth plan for Coho salmon this year and for Atlantic salmon in 2024.
- Negative investing cash flow of USD 4.9 million in Q3 2023, compared to negative USD 2.8 million in Q3 2022, which focused on maintaining assets and preparing Atlantic salmon farming sites in the XI region under the Company's plan. These sites are located in areas with stronger currents, which require greater investment compared to those in the X region, but achieves the Company's risk diversification strategy.
- Positive financing cash flow of USD 39.0 million in Q3 2023, associated with drawing down loans to finance the Company's growth plan, which compares to a negative USD 23.0 million in Q3 2022, due to loan repayments in that period.

Salmones Camanchaca had net cash of USD 12.3 million as of September 30, 2023 and unused lines of credit of USD 7.2 million as of that date, which provided it with USD 19.5 million of available liquidity, compared to USD 79.7 million as of September 30, 2022.

## Results for the nine months ended September 30, 2023

Salmones Camanchaca harvested 35,272 MT WFE of Atlantic salmon during the first nine months of 2023 compared to 34,881 MT WFE in the same period of 2022. Coho salmon harvest volumes during the first nine months of 2023 were 2,491 MT WFE, arising from the final harvests of the 2022-2023 season.

Thus, total harvest volumes were 37,765 MT WFE, an increase over the 35,544 MT WFE harvested during the first nine months of 2022.

Operating revenue for the first nine months of 2023 was USD 259 million, a decrease of 5.5% over the previous year when they were USD 274 million. This was due to Atlantic salmon sales volumes decreasing by 11.7% to 29,976 MT WFE compared to 33,956 MT WFE in 2022, and Atlantic salmon prices falling by 1%. This was partially offset by Coho salmon sales volumes increasing to 4,376 MT WFE compared to 1,821 MT WFE in 2022, but at 7% lower prices, due to increased Chilean supplies and the Japanese currency devaluation, which affected prices not only in that market, but also globally.

Costs of sales increased due to feed prices and Atlantic salmon costs in particular increased due to harvesting three sites in Q2 and Q3 that were extraordinarily affected by sea lion attacks, SRS outbreaks and sea lice presence. Higher processing costs also resulted from the scheduled shutdown at the Tomé plant. Furthermore, at the beginning of the year there were oxygen depletion incidents, occasional SRS outbreaks, sea lice infestations and sea lion attacks. Thus, ex-cage costs for the first nine months of 2023 were USD 4.61/kg live weight or USD 4.96/kg WFE, compared to USD 4.17/kg live weight in 2022.

Extraordinary mortalities and associated expenses are immediately expensed when they occur and these were USD 1.9 million, mainly due to oxygen problems at one farming site in Q3 and removing excess fingerlings due to one less site to stock to meet the Company's stocking plan. These costs were significantly lower than the USD 5.2 million in the same period last year when there were oxygen deficiencies, harmful algae blooms and sea lion attacks.

Processing costs for Atlantic salmon including harvesting costs were USD 1.15/kg WFE, which were above the long-term target of USD 1/kg and higher than these costs for 2022 of USD 1.08/kg WFE. This was due to lower processing volumes during Q2 2023, scheduled plant maintenance and inflationary pressures on costs throughout the year.

Gross margin for the first nine months of 2023 was USD 36.3 million, a decrease of USD 19.1 million with respect to 2022, as a result of lower sales volumes, lower prices and higher associated costs.

Administrative expenses for the first nine months of 2023 increased by 15.6% or USD 1.1 million, mainly due to the macroeconomic inflationary effects of local currency appreciation. Their proportion of operating revenue increased from 2.6% to 3.1%. Distribution and sales expenses increased by USD 2.9 million, due to higher cooling costs from increased frozen product inventories and higher port loading and freight costs. Thus, the Company's administrative and sales expenses increased in absolute terms and as a percentage of operating revenue from 5.0% to 6.8% for the period.

Operating EBIT before fair value adjustments was USD 18.7 million in 2023, a decrease of USD 23.1 million compared to the same period in 2022.

Atlantic salmon sales for the first nine months of 2023 generated an EBIT/kg WFE of USD 0.67, which was lower than the USD 1.24 in 2022, explained by lower sales volumes, lower salmon prices and higher farming and processing costs. Coho salmon generated an EBIT/kg WFE of negative USD 0.32, also lower than the USD 1.44/kg WFE in 2022, mainly due to lower market prices.

The net fair value adjustment as of September 2023 was negative USD 7.8 million, compared to positive USD 13.2 million as of September 2022. This was explained by lower market prices as of September 30, and by the effect of inflation on salmon feed costs, risk mitigation measures and higher farming costs at sites affected by SRS outbreaks and sea lice presence.

Other gains and losses were negative USD 3.4 million, which was entirely due to the trout joint venture. This resulted from lower sales volumes, higher costs and lower prices following the Japanese currency devaluation.

Accordingly, net income after taxes for 2023 was USD 0.5 million, a decrease over net income of USD 37.0 million for 2022.

### Cash flow for the nine months ended September 30, 2023

Net cash flow for the nine months ended September 2023 was negative USD 8.5 million compared to negative USD 5.5 million in 2022, which was explained by:

- Negative operating cash flow of USD 17.6 million, compared to positive USD 74.9 million in 2022. This decrease was explained by lower collections from sales as of September 2023 and an increase in payments to suppliers associated with the additional working capital required for the Company's growth plan for Coho salmon this year and for Atlantic salmon in 2024.
- Negative investing cash flow of USD 15.3 million, but less than the negative USD 26.0 million invested in 2022, which was in line with the Company's investment plan.
- Positive financing cash flow of USD 24.7 million, due to drawing down loans of USD 49 million, offset by paying dividends from 2022 earnings of USD 24.3 million. This compares to negative cash flow of USD 53.0 million in 2022, due to loan repayments in that period.

### Financial position (compared to December 31, 2022)

#### Assets

The Company's total assets increased by 10.1% during 2023 to USD 465 million.

Current assets increased by USD 42.3 million, which is mainly due to an increase in biological assets of USD 22.0 million in line with the Company's growth plans for Coho and Atlantic salmon, and an increase in inventories of USD 18.8 million associated with the higher harvests processed into frozen products not sold as of September, partially offset by a decrease in cash of USD 8.5 million.

Non-current assets remained similar to 2022, as investments were equivalent to depreciation.

#### Liabilities and equity

The Company's total liabilities increased by USD 54.3 million or 25.9%, compared to 2022 reaching USD 263.8 million as of September 2023. Current liabilities increased by USD 24.6 million to USD 119.0 million, mainly due to an increase in financial liabilities associated with drawing down short-term loans during the period. Non-current liabilities increased by USD 29.7 million to USD 144.8 million, mainly due to an increase of USD 30.2 million in non-current financial liabilities from drawing down loans to finance the agreed growth plan.

Consequently, net financial debt increased by USD 61.0 million to USD 136.1 million, compared to USD 75.1 million as of December 2022.

Equity decreased by USD 11.7 million during 2023 to USD 201.3 million. This decrease was due to the payment of dividends in Q2 2023, offset by net income for the first nine months of 2023. As a result, the equity to total assets ratio was 43.3%, which was lower than the 50.4% as of December 31, 2022.

# Operating Performance

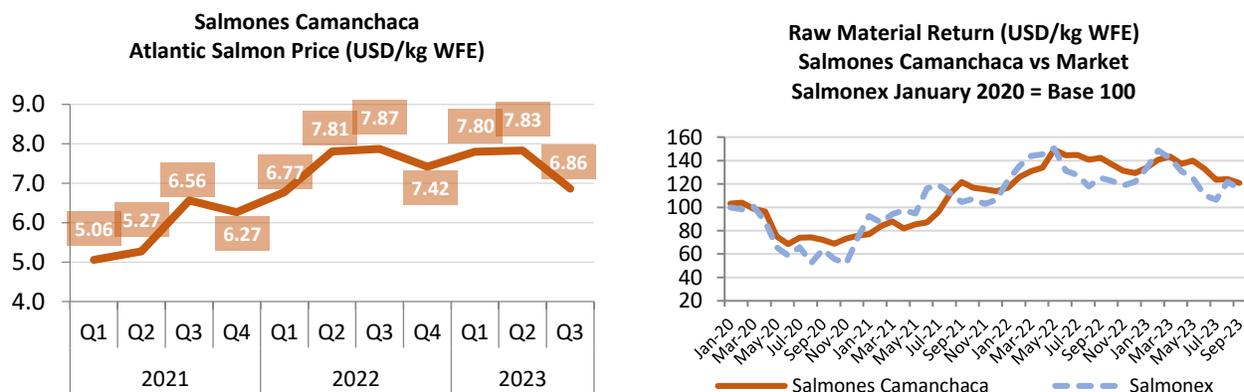
Salmones Camanchaca’s performance is mainly driven by three key factors:

1. **The price of Atlantic salmon**, which is sensitive to Norwegian and Chilean supply conditions and North American demand.
2. **Practices and performance of growing-out at sea and its environmental-sanitary conditions**, which affect fish survival, feed conversion ratios, growth rates and the medicines required to improve fish health, as these determine most of the ex-cage costs.
3. **The cost of feed**, which represents approximately half of the live weight unit cost at harvest.

## I. Product Prices

Market prices fell during Q3 2023, so the average price of Atlantic salmon sold by Salmones Camanchaca was USD 6.86 per kg WFE, a decrease of USD 1.01 compared to Q3 2022. The Company's flexibility and agility to react to market changes by switching formats and markets to capture the best return on its raw materials helped it to keep its prices above the market, despite the downturns.

Salmones Camanchaca achieved greater price stability by adding value within the Company’s products and associating sales with medium-term commercial agreements that attenuate volatility. The difference between the Company’s raw material return (RMR) and its market reference (Salmonex) was +USD 0.26 /kg as of September 2023, and the average difference for Q3 2023 was +USD 0.41.



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

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

## Harvest Volumes

Atlantic salmon		Q3 2023	Q3 2022	Δ	Δ %	9m 2023	9m 2022	Δ	Δ %
Harvest volumes	MT WFE	17,760	14,326	3,436	24.0%	35,272	34,881	393	1.1%
Production*	MT WFE	17,556	14,445	3,111	21.5%	34,956	36,170	(1,214)	(3.4%)
Sales volumes	MT WFE	11,311	11,713	(402)	(3.4%)	29,976	33,956	(3,980)	(11.7%)
Sales volumes	ThUSD	77,549	92,144	(14,595)	(15.8%)	223,385	254,855	(31,470)	(12.3%)
<b>Average sales price</b>	<b>USD/kg WFE</b>	<b>6.86</b>	<b>7.87</b>	<b>-1.01</b>	<b>(12.9%)</b>	<b>7.45</b>	<b>7.51</b>	<b>-0.05</b>	<b>(0.7%)</b>

Coho salmon		Q3 2023	Q3 2022	Δ	Δ %	9m 2023	9m 2022	Δ	Δ %
Harvest volumes	MT WFE	0	0	0	-	2,491	663	1,828	275.5%
Sales volumes	MT WFE	438	108	331	307.4%	4,376	1,821	2,555	140.3%
Sales volumes	ThUSD	2,104**	682	1,421	208.3%	25,428	11,407	14,021	122.9%
<b>Average sales price</b>	<b>USD/kg WFE</b>	<b>4.80**</b>	<b>6.34</b>	<b>-1.54</b>	<b>(24.3%)</b>	<b>5.81</b>	<b>6.26</b>	<b>-0.45</b>	<b>(7.2%)</b>

\* Q1 2022 includes raw material purchased from third parties and processed by Salmenes Camanchaca.

\*\* Q3 2023 excludes the negative effect of USD2.2 million on 910 tons of finished product inventories in related international offices not sold to end customers. This is due to lower selling price estimates that affected products shipped during the year.

Salmenes Camanchaca harvested 35,272 MT WFE of Atlantic salmon during the first nine months of 2023, with an average harvest weight of 5.24 kg WFE (open cycle), which was 1.1% higher than for the same period in 2022. Coho salmon harvest volumes added another 2,491 MT WFE during Q1 2023.

Atlantic and Coho salmon sales volumes during Q3 2023 were 11,749 MT WFE, which was similar to Q3 2022. Sales volumes for the first nine months of 2023 were 34,352 MT WFE, a decrease of 4.0% over the same period in 2022. They comprised 87% Atlantic salmon products and 13% Coho salmon products and resulted in sales of USD 248.8 million, a decrease of 6.6% over 2022.

## Operating revenue

The Company's commercial strategy is to take advantage of its capacity to change and diversify its target markets and adapt to these markets' requirements. The objective is to focus on the markets and formats that offer the best return on its raw materials over the medium term, while preserving stable relationships with customers in these markets.

## Sales by market segment for the first nine months of 2023

Product or Species	USA	Europe	Eurasia	Asia, except Japan	Japan	Mexico	LATAM except Chile & Mexico	Chile	Others	Total
	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD
Atlantic salmon	81,590	4,428	28,252	21,759	3,825	47,027	24,845	11,452	206	223,385
Coho salmon	6,910	3,111	0	22	694	13,355	318	1,019	0	25,428
Others	0	0	0	0	0	0	0	10,454	0	10,454
<b>TOTAL</b>	<b>88,500</b>	<b>7,540</b>	<b>28,252</b>	<b>21,780</b>	<b>4,519</b>	<b>60,382</b>	<b>25,163</b>	<b>22,925</b>	<b>206</b>	<b>259,267</b>
<i>Distribution %</i>	<i>34.1%</i>	<i>2.9%</i>	<i>10.9%</i>	<i>8.4%</i>	<i>1.7%</i>	<i>23.3%</i>	<i>9.7%</i>	<i>8.8%</i>	<i>0.1%</i>	<i>100.0%</i>

## Sales by market segment for the first nine months of 2022

Product or Species	USA	Europe	Eurasia	Asia, except Japan	Japan	Mexico	LATAM except Chile & Mexico	Chile	Others	Total
	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD	ThUSD
Atlantic salmon	103,354	5,667	21,691	14,626	11,322	46,879	24,797	26,080	438	254,855
Coho salmon	3,459	166	0	2,828	1,169	3,141	157	488	0	11,407
Others	0	0	0	0	0	0	0	8,070	0	8,070
<b>TOTAL</b>	<b>106,812</b>	<b>5,833</b>	<b>21,691</b>	<b>17,454</b>	<b>12,491</b>	<b>50,020</b>	<b>24,953</b>	<b>34,638</b>	<b>438</b>	<b>274,332</b>
<i>Distribution %</i>	<i>38.9%</i>	<i>2.1%</i>	<i>7.9%</i>	<i>6.4%</i>	<i>4.6%</i>	<i>18.2%</i>	<i>9.1%</i>	<i>12.6%</i>	<i>0.2%</i>	<i>100.0%</i>

The Company's value-added products are those that process whole salmon, which represented 68% of Atlantic salmon sales for the first nine months of 2023. This was lower than their 78% for the first nine months of 2022. This proportion for Coho salmon sales increased from 62% to 94% in 2023, which reflects its strategy of adding value in many markets. The remaining sales are head-on gutted whole salmon principally for the Asian markets in fresh and frozen formats.

The main market is the USA and its share reduced this year to 34.1% compared to 38.9% in 2022, and Mexico's share increased from 18.2% to 23.3%.

The Company's other businesses, such as processing services for third parties, leasing farming sites and sales of smolts and byproducts, resulted in sales of USD 10.5 million in 2023, compared to USD 8.1 million in 2022.

### Other businesses - Trout joint venture

As of September 2023, Salmones Camanchaca had dedicated four marine farming concessions to trout farming. These concessions are the Company's contribution to the trout joint venture. Some of these concessions have a mandatory fallow period in the first quarter of odd-numbered years when harvest volumes are smaller, as smolt stocking begins in April. Harvest volumes in Q3 2023 were 2,325 MT WFE, compared to none in Q3 2022. The joint venture's sales volumes were 2,738 MT WFE, compared to 2,861 MT WFE in Q3 2022, although at 23% lower prices. However, finished product processing costs rose by 14% compared to Q3 2022 and as a result Salmones Camanchaca's one third interest was a net loss of USD 2 million for the quarter, which compares with a net gain of USD 0.1 million in Q3 2022. The joint venture had 5,025 MT WFE of products in inventory as of September 30, 2023. This result is presented within Other gains (losses). We expect that annual trout harvest volumes will decline to between 8,000 and 9,000 MT WFE with effect from 2023. This agreement could be extended until 2028.

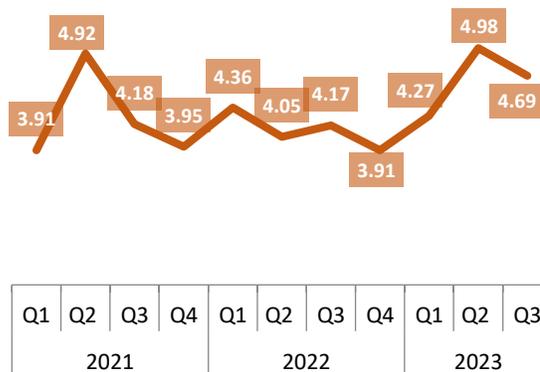
## II. Sanitary and Productive Conditions

Atlantic salmon mortality in Q3 2023 was 2.6%, compared to 1.6% in Q3 2022 and 2.9% in Q3 2021, during the same cycle at comparative sites.

Atlantic salmon mortality\* (%)



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



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

The Atlantic salmon ex-cage cost for Q3 2023 was USD 5.04/kg WFE, equivalent to USD 4.69/kg live weight. This was 12.5% higher than in Q3 2022 and 12.3% higher than in Q3 2021, at similar sites during the previous cycle. This cost was affected by 70% of harvest volumes coming from two sites with SRS outbreaks and sea lice presence, which increased treatment costs. Furthermore, costs absorbed by the biomass increased due to increases in the price of salmon feed and other consumables.

The seasonally adjusted trends over the last 12 months and the previous cycle in the main production and sanitary variables for closed cycle Atlantic salmon are as follows with improvements as (+) and deteriorations as (-). They have all substantially improved over recent years.

Atlantic salmon	Biological Indicators					Sustainability Indicators				
	FCRb (Live weight)	Productivity kg WFE/smolt	Average harvest weight kg WFE	Antibiotic use Gr/MT	Antiparasitic treatments Gr/MT	Average antibiotic treatments	Medicinal treatments (baths) Gr/MT	Number of escapes	Cycle duration / Fallow periods	FIFO Ratio
LTM 2019	1.18	4.5	4.9	503.7	9.1	1.8	9.1	0	16/8	0.60
LTM 2020	1.17	5.3	5.4	492.5	10.8	1.9	10.8	37,150	17/7	0.59
LTM 2021	1.16	4.0	5.0	577.1	6.4	2.9	6.4	0	16/8	0.59
LTM 2022	1.12	3.9	4.6	717.1	7.6	3.0	7.6	0	15/9	0.50
LTM 2023	1.07	4.8	5.2	346.5	4.7	1.7	4.7	0	14/10	0.48
23/22	+	+	+	+	+	+	+	=	+	+
23/21	+	+	+	+	+	+	+	=	+	+

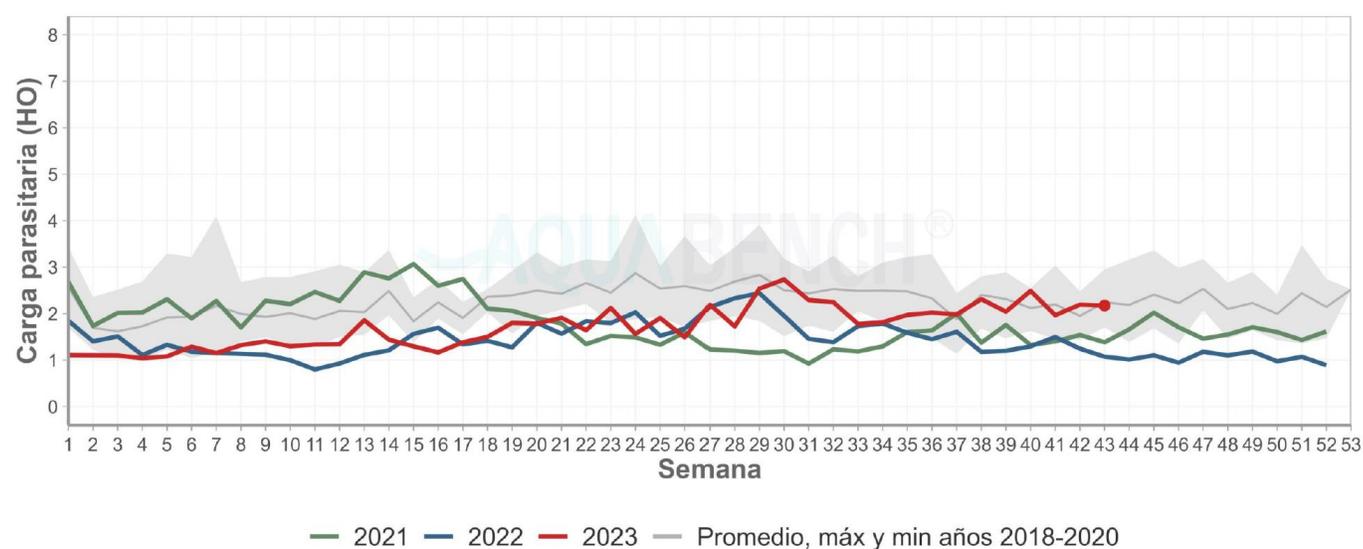
The biological conversion ratio continued to improve and reached 1.07 during 2023. As did the FIFO indicator, which was lower than its long-term target and lower than the targets set by the Sustainability Linked Loan. Smolt productivity is measured as biomass harvested/number of smolts stocked and it improved to 4.8 kg WFE/smolt in 2023, which was 22% higher than in 2022 and 21% higher than in 2021. Average closed-cycle harvest weight was 5.2 kg WFE, which was 14% higher than in 2022, and 4% higher than in 2021.

Antibiotic use fell by 52% in 2023 compared to 2022 and by 40% compared to 2021, due to improved environmental conditions and the antibiotics reduction plan.

Marine cycles were reduced from 15 to 14 months, and as a result the period that marine farming sites can left fallow extended from 9 to 10 months in 2023.

As of the date of this report, Salmones Camanchaca had one farming site classified as sea lice High Propagation Sites (HPS), where more than three incubating females on average have been spotted. This site is currently being harvested.

Figure 1: Comparison of weekly abundance of incubating females in the Chilean industry



Source: Aquabench

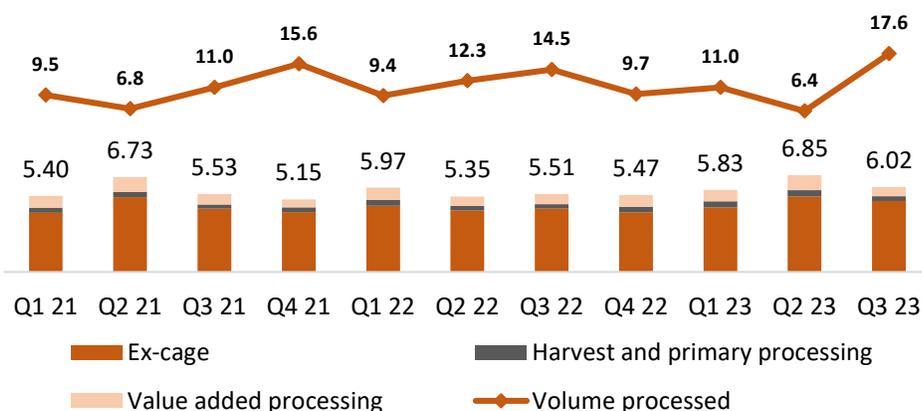
Accordingly, Atlantic salmon costs in Q3 2023 were as follows.

Costs (USD/kg WFE)	Q3 2021	Q3 2022	Q3 2023
Ex cage (WFE)	4.49	4.49	5.04
Harvest and primary processing (WFE)	0.29	0.32	0.32
Value-added processing (WFE)	0.75	0.71	0.65
Processing cost (WFE)	1.04	1.03	0.98
<b>Total cost of finished product (WFE)</b>	<b>5.53</b>	<b>5.51</b>	<b>6.02</b>

Primary and secondary processing costs totaled USD 0.98/kg WFE, which were lower than in Q3 2022 when they were USD 1.03/kg WFE, mainly due to the economies of scale from processing higher harvest volumes.

As a result, the total cost of finished products was USD 6.02/kg WFE, which was USD 0.51 higher than Q3 2022 and USD 0.49 higher than the previous cycle in Q3 2021.

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



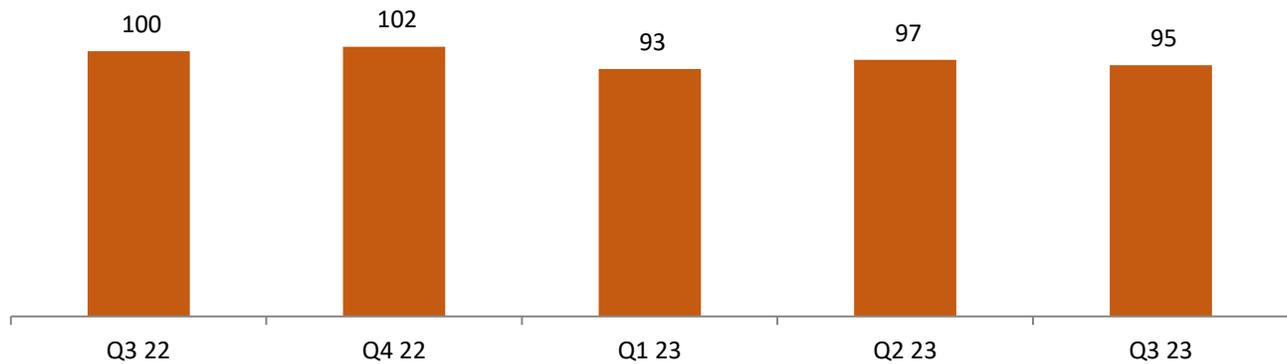
\* Q3 2021 and Q1 2022 include raw materials purchased from third parties.

### III. Feed Costs

The feed price for fish weighing more than 2.5 kg, which represents approximately 40% of the Company's total feed cost, decreased by 5.2% during the quarter compared to Q3 2022. Although these costs have been high since the end of 2022, they have begun to fall this year. Conditions that have kept these prices high have been increases in the price of oils in feed, the Russian invasion of Ukraine, the El Niño current and inflation. These changes have a delayed impact on the Company's performance, as fish must be harvested and sold before their effect can be seen in the net income statement.

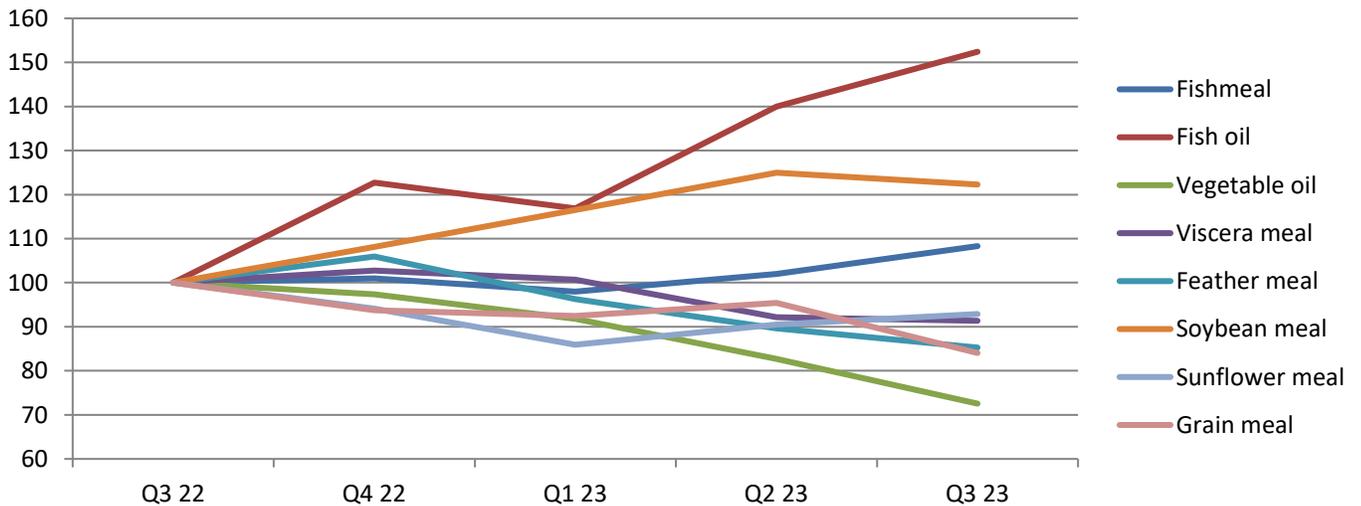
#### Fish feed prices for the marine grow-out stage (Salmones Camanchaca) USD/kg

Base 100 Q3 2022



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

#### Price of main ingredients USD/MT (Base 100: Q3 2022)



Source: Internal data, Salmones Camanchaca

## Subsequent Events

No subsequent events occurred after September 30, 2023, that materially affect Salmones Camanchaca's business or its financial results.

## Company's Outlook

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

. This situation has forced several countries to apply sanctions to the aggressor that restricted trade and the payment chain. However, these limitations are not affecting the medicines and food trades, so the Company hopes to sell food to Russia where possible, without involving expressly sanctioned counterparties and without breaking the law. This situation has also affected raw material markets, including vegetable feed and energy costs and indirectly marine feed costs, which principally puts pressure on farmed salmon costs.

### **Industry forecasts**

As of the date of this report, the world supply of Atlantic salmon may decrease by 1% in 2023 compared to 2022, according to forecasts from Kontali. This institution forecasts a 1% increase in Chilean production in 2023, composed of an increase in Q1 of 3% and Q2 of 7%, and a decrease in Q3 of 4% and Q4 of 2%.

Salmones Camanchaca estimates its 2023 harvest volumes based on the fish currently growing-out at sea. These are between 44,000 and 46,000 MT WFE for Atlantic salmon and between 10,000 and 12,000 MT for Coho salmon. Therefore, the total harvest volume is estimated to be between 54,000 and 58,000 MT WFE for both species.

Atlantic salmon harvest volumes for 2024 are expected to be between 47,000 and 50,000 MT WFE, and for Coho salmon between 6,000 and 8,000 MT WFE. Therefore, the total harvest volume is expected to be between 53,000 and 58,000 MT WFE for both species.

## Main Risks and Uncertainties

External variables might materially impact the Company's annual performance. The main variable affecting revenue is the price of Atlantic salmon, while the main variable affecting costs is the sanitary and environmental status of farming sites and fish feed prices.

Salmon farming is exposed to various risks that Salmenes Camanchaca manages using a risk matrix that guides the Company in order to: i) review and update the critical risk inventory and generate a map that helps manage risks; ii) assess these risks on the basis of impact and probability parameters that indicate priorities; iii) implement an internal control plan based on the risk map that focuses resources on the most vulnerable areas; iv) generate strategies to reduce their probability and impact, including insurance wherever this is feasible and financially attractive. These risk maps guide management to continuously mitigate each risk and establish the corresponding responsibilities, as well as review the frequency and severity of internal controls to validate the effectiveness of its mitigating measures.

### a. Phytosanitary Risks

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

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

### b. Natural Risks

The Company is exposed to natural hazards that may affect its business, such as pronounced oxygen deficiency events or harmful algae blooms, such as those seen in the Reñihue and Comau fjords between the end of Q4 2020 and the beginning of Q2 2021. It is also exposed to volcanic eruptions such as the Calbuco volcano in 2015, storm surges, tsunamis, earthquakes, natural predators, water pollution and other factors that can threaten the biomass and production infrastructure, such as the severe currents produced by heavy rains in May 2020 that affected the Punta Islotes site. Furthermore, it is exposed to external risks that affect people working in aquaculture, such as highly contagious diseases that limit normal production, intermediate or final logistic chains that can limit production and sales, such those imposed by the COVID-19 pandemic.

The Company is constantly monitoring these variables and seeking the best available sites, the latest risk prevention technologies and tools available in Chile, developing contingency plans, and negotiating appropriate insurance coverage for these risks, where available.

### c. Fire Risks

Salmenes Camanchaca's industrial facilities, processing plants and hatcheries are exposed to the risk of fires caused internally, for example working with heat, handling flammable products, short circuits, etc. or caused by nature, for example earthquakes, volcanic eruptions, tsunamis or adjacent forest fires. Salmenes Camanchaca has introduced preventive measures to protect itself from this risk, which include teams of experts responsible for these risks at each location, updated maintenance plans for equipment and facilities that keep incandescent sources of heat near

its plants under control, a water network with water storage tanks where the risk is greater and other measures. The Company has insurance policies to cover these risks, together with additional coverage for compensation due to stoppages at the locations where it is possible.

The value-added plant operated by Salmones Camanchaca in Tomé, Bio Bio region, was exposed to an imminent fire during the first few days of February 2023, due to multiple catastrophic fires in the Maule, Bio Bio and Araucanía regions. No-one was harmed, there was no damage to the plant and it is currently operating normally, due to the preventive measures taken by the Company. These included its significant investment in 2022 in water networks constructed to NFPA (National Fire Protection Association) standards, together with a responsible response from the risk managers.

#### **d. Product Sale Price Risks**

The Company exports its products to numerous markets and evaluates the prices it obtains using a broad commercial network. The Company adjusts the speed of its sales in accordance with production and market conditions, which are constantly in flux. However, it does not accumulate inventory in order to gain from sale prices fluctuations in the future.

Prices are highly dependent on supplies from Norway and Chile and on fluctuations in exchange rates used by the Company's major trading partners, which affects demand in these markets. Demand may also fall for external reasons, such as in the restaurant and hotel segment in 2020 due to the COVID-19 pandemic. Salmones Camanchaca has sought to safeguard against this risk through diversifying its commercial network and flexing its range of products to enable its raw material to be sent to any market.

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

#### **e. Purchase Price Risks**

The Company is exposed to changes in the price of salmon feed, which represent about half its farming costs. Salmones Camanchaca ensures its diets achieve a balance between feed cost and nutritional quality at each fish development stage. The Company aims to produce a final product that contains the same amount of Omega 3 as wild salmon, as well as keeping the marine sourced feed compared to farmed fish (the fish in-fish out ratio) to less than 1:1. The Company has feed contracts with prices adjusted quarterly, on an ingredient cost plus defined margin basis. During the last few years, the prices of the main consumables used in production have remained stable, but raw material prices and global inflation began to rise during the second half of 2021.

#### **f. Regulatory Risks**

Aquaculture is strictly regulated by laws and regulations, so significant changes could have an impact on the Company's results. These regulations are mainly established by the General Law on Fisheries and Aquaculture, and its associated regulations that assign concessions, manage the biomass and set preventive sanitary standards. The Company is constantly monitoring changes in regulations in order to anticipate and mitigate any potential impact.

The regulations governing salmon farming densities were changed with effect from Q4 2016, and a smolt stocking reduction program was introduced (SRP) as an alternative to the general density regime. This program requires stocking and farming densities to be reduced when sanitary performance has fallen, or when smolt stockings are expected to grow in the area. The SRP mechanism gives producers the option to replace a reduction in density,

when appropriate, with a smolt stocking plan that considers growth containment with respect to the previous cycle, so maintaining densities at maximum permitted levels.

Since the Company's policy has been to use its assets to provide services to third parties/producers, it has routinely leased out several farming sites. Regulations attribute the history of concession use to the concession owner, enabling the Company to increase its smolt stocking and harvesting as it recovers farming sites leased to third parties, without affecting optimum density or smolt stocking in these areas. Therefore, as leased concession contracts expire, the Company expects Atlantic salmon harvests to grow to potentially 55,000 to 60,000 MT WFE at its own farming sites, plus another 15,000 to 20,000 MT WFE of other species.

Most of the concessions held by Salmenes Camanchaca for farming fish are of indefinite duration. However, in order to retain the concession, the current regulation requires a minimum amount of use to avoid their expiry. This has led the Company to operate some of its sites under risk of expiration at minimum capacity, which results in unproductive expenditure and generates a contradiction between the regulations requiring concessions to be used and regulations that restrict smolt stocking growth to retain favorable sanitary conditions.

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

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

**g. Social and Political Risks**

Specific social or political situations, such as riots or violence, may result in the Company's facilities being attacked and temporary operational and logistical interruptions, which may affect operational or commercial continuity. This may affect farming sites, processing plants, logistics using roads or ports, access to public services such as customs or health authorities, labor availability, or security at onshore facilities if there are strikes or protests. These situations can affect and delay harvests and export shipments. For example, the social unrest during the second half of 2019 and sabotage at the Maqui beach farming site in 2020.

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.

**h. Criminal Liability of Legal Entities**

Since the enactment of Law 20,393 and its subsequent amendments, the Company is liable for specific crimes committed by people working for it or providing significant services. A conviction could damage its reputation, result in fines, or in extreme cases the legal entity could be terminated. The Company has mitigated these risks by implementing a Crime Prevention Model under Law 20,393 ("CPM"), which describes the organization, administration and supervision required to prevent these crimes, such as the crime of water pollution. This model has been certified uninterruptedly since 2015 and it has gradually incorporated the amendments to Law 20,393, which attest to its diligence in fulfilling its management and supervisory duties.

The new law on financial crimes has required the Company to adapt its CPM to cover a broader spectrum of situations and strengthen its preventive measures, which reduce the risks associated with this legislation.

### **i. Liquidity Risks**

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

Salmones Camanchaca conservatively and prudently manages this risk by preparing cash flow forecasts that meet the expected conditions and maintain sufficient liquidity with access to third-party financing facilities, while carefully ensuring that it complies with all its financial obligations. Accordingly, it restructured its debt in 2013, 2017, 2020 and 2021.

### **j. Interest Rate Risks**

The Company is exposed to interest rate risk since its long-term financing includes a variable interest rate component, which is adjusted every six months and aligned with market conditions. The Company evaluates its hedging options, but has not used them during recent years. Exposure to this risk has increased as a result of increased rates worldwide and increased borrowing.

### **k. Foreign Exchange Risks**

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

Corporate policy is to agree income, cost and expenses in US dollars whenever possible. The Company does not habitually hedge against local currency appreciation to cover Chilean peso expenses paid from export proceeds.

The Company borrows from financial institutions in U.S. dollars.

### **l. Credit Risks**

#### **1. Surplus cash investment risk**

The Company has a highly conservative policy for investing its cash surpluses. This policy covers the quality of both financial institutions and their financial products. Its policy has been to reduce the use of credit when it has cash surpluses.

#### **2. Sales Risks**

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

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

### **m. Business Continuity Risks**

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

the Company is subject to attacks that may affect its data security leading to the potential risk of operational interruption, which could have financial consequences.

**n. Products for Human Consumption Risks**

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

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

# Financial Statements

## Net Income Statement

Consolidated (ThUSD)	Q3 2023	Q3 2022	9m 2023	9m 2022
Operating revenue	82,053	95,940	259,267	274,332
Costs of sales	(77,716)	(70,339)	(222,947)	(218,879)
<b>Gross margin</b>	<b>4,337</b>	<b>25,601</b>	<b>36,320</b>	<b>55,453</b>
Administrative expenses	(2,680)	(2,247)	(8,094)	(6,999)
Distribution costs	(3,509)	(2,327)	(9,488)	(6,615)
<b>Sales and administrative expenses</b>	<b>(6,189)</b>	<b>(4,574)</b>	<b>(17,582)</b>	<b>(13,614)</b>
<b>EBIT* before fair value adjustments</b>	<b>(1,852)</b>	<b>21,027</b>	<b>18,738</b>	<b>41,839</b>
Depreciation	4,775	4,531	13,862	13,138
<b>EBITDA** before fair value adjustments</b>	<b>2,923</b>	<b>25,558</b>	<b>32,600</b>	<b>54,977</b>
Net fair value adjustments to biological assets	(1,583)	5,111	(7,760)	13,239
<b>EBIT after fair value adjustments</b>	<b>(3,435)</b>	<b>26,138</b>	<b>10,978</b>	<b>55,078</b>
<b>EBITDA after fair value adjustments</b>	<b>1,340</b>	<b>30,669</b>	<b>24,840</b>	<b>68,216</b>
Financial costs	(2,875)	(1,566)	(7,644)	(4,901)
Share of net income at associates	98	538	546	914
Exchange differences	683	(72)	73	(192)
Other gains (losses)	(2,042)	100	(3,361)	(456)
Financial income	9	112	36	291
<b>Total non-operating expenses</b>	<b>(4,127)</b>	<b>(888)</b>	<b>(10,350)</b>	<b>(4,344)</b>
<b>Net income (loss) before taxes</b>	<b>(7,562)</b>	<b>25,250</b>	<b>628</b>	<b>50,734</b>
Income taxes	2,068	(6,701)	(95)	(13,703)
<b>Net income (loss) for the period attributable to owners of the parent company</b>	<b>(5,494)</b>	<b>18,549</b>	<b>533</b>	<b>37,031</b>

## Statement of Financial Position

ThUSD	09/30/2023	12/31/2022	09/30/2022
Cash and cash equivalents	12,287	20,791	26,712
Other financial assets, current	52	54	47
Other non-financial assets, current	19,584	9,240	7,827
Trade and other receivables, current	17,818	14,684	11,848
Related party receivables, current	39,991	43,374	34,044
Inventories	76,751	57,985	53,648
Biological assets, current	158,050	136,071	136,630
Tax assets, current	1,757	1,777	900
<b>Total current assets</b>	<b>326,290</b>	<b>283,976</b>	<b>271,656</b>
Other financial assets, non-current	27	27	27
Other non-financial assets, non-current	112	112	112
Rights receivable, non-current	4,930	4,978	4,806
Equity method investments	3,274	2,854	3,654
Intangible assets other than goodwill	6,972	6,972	6,972
Property, plant, and equipment	121,685	121,592	122,218
Deferred tax assets	1,839	2,065	2,250
<b>Total non-current assets</b>	<b>138,839</b>	<b>138,600</b>	<b>140,039</b>
<b>Total assets</b>	<b>465,129</b>	<b>422,576</b>	<b>411,695</b>
Other financial liabilities, current	23,213	909	5,877
Operating lease liabilities, current	155	370	266
Trade and other payables, current	79,067	71,872	63,978
Related party payables, current	3,738	9,971	1,204
Other provisions, current	10,976	9,541	9,522
Tax liabilities, current	7	0	18
Employee benefit provisions, current	1,816	1,740	1,545
<b>Total current liabilities</b>	<b>118,972</b>	<b>94,403</b>	<b>82,410</b>
Other financial liabilities, non-current	125,179	94,956	95,805
Operating lease liabilities, non-current	316	405	40
Trade and other payables, non-current	0	157	0
Deferred tax liabilities	18,534	18,658	16,074
Employee benefit provisions, non-current	806	945	103
<b>Total non-current liabilities</b>	<b>144,835</b>	<b>115,121</b>	<b>112,022</b>
<b>Total Liabilities</b>	<b>263,807</b>	<b>209,524</b>	<b>194,432</b>
Share capital	139,814	139,814	139,814
Share premium	2,286	2,286	2,286
Retained earnings	37,267	48,889	53,371
Other reserves	21,955	22,063	21,792
<b>Total equity</b>	<b>201,322</b>	<b>213,052</b>	<b>217,263</b>
<b>Total equity and liabilities</b>	<b>465,129</b>	<b>422,576</b>	<b>411,695</b>

## Statement of Cash Flows

ThUSD	Q3 2023	Q3 2022	9m 2023	9m 2022
<b>CASH FLOW FROM (USED BY) OPERATING ACTIVITIES</b>				
<b>Proceeds</b>				
Proceeds from sales of goods and services	91,240	117,879	307,954	360,649
<b>Payments</b>				
Payments to suppliers for goods and services	(111,751)	(90,971)	(295,068)	(261,724)
Payments to and on behalf of employees	(8,143)	(6,954)	(26,658)	(21,097)
Dividends received	0	0	0	908
Interest paid	0	(279)	(3,846)	(3,847)
Interest received	9	22	36	22
Income taxes refunded (paid)	0	0	(32)	(2)
<b>Net cash flow from (used by) operating activities</b>	<b>(28,645)</b>	<b>19,697</b>	<b>(17,614)</b>	<b>74,909</b>
<b>CASH FLOW FROM (USED BY) INVESTING ACTIVITIES</b>				
Proceeds from sales of property, plant and equipment	0	176	6	196
Purchases of property, plant and equipment	(4,880)	(2,949)	(15,329)	(26,148)
<b>Net cash flows from (used by) investing activities</b>	<b>(4,880)</b>	<b>(2,773)</b>	<b>(15,323)</b>	<b>(25,952)</b>
<b>CASH FLOW FROM (USED BY) FINANCING ACTIVITIES</b>				
Proceeds from issuing shares	0	0	0	6
Proceeds from loans	39,000	0	49,000	0
Loan repayments	0	(23,000)	0	(53,000)
Dividends paid	0	0	(24,309)	0
<b>Net cash flows from (used by) financing activities</b>	<b>39,000</b>	<b>(23,000)</b>	<b>24,691</b>	<b>(52,994)</b>
Effects of exchange rate changes on cash and cash equivalents	(682)	(391)	(258)	(1,420)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,793	(6,467)	(8,504)	(5,457)
CASH AND CASH EQUIVALENTS AT THE START OF THE PERIOD	7,494	33,179	20,791	32,169
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>12,287</b>	<b>26,712</b>	<b>12,287</b>	<b>26,712</b>

## Statement of Changes in Equity

ThUSD	Share capital	Share premium	Foreign currency translation reserves	Actuarial gains and losses on defined benefit plans reserve	Other reserves	Total other reserves	Retained earnings (accumulated losses)	Total equity
Opening balance as of January 1, 2022	139,810	2,284	-1,310		23,515	22,205	16,340	180,639
Capitalized share premium	4	2						6
<b>Changes in equity</b>								
Comprehensive income								
Net income for the period							37,031	37,031
Other comprehensive income			-413			-413		-413
<b>Closing balance as of September 30, 2022</b>	<b>139,814</b>	<b>2,286</b>	<b>-1,723</b>		<b>23,515</b>	<b>21,792</b>	<b>53,371</b>	<b>217,263</b>
Opening balance as of January 1, 2022	139,810	2,284	-1,310		23,515	22,205	16,340	180,639
Capitalized share premium	4	2						6
<b>Changes in equity</b>								
Dividends accrued							-12,155	-12,155
Comprehensive income								
Net income for the year							44,704	44,704
Other comprehensive income			-145	3		-142		-142
<b>Closing balance as of December 31, 2022</b>	<b>139,814</b>	<b>2,286</b>	<b>-1,455</b>	<b>3</b>	<b>23,515</b>	<b>22,063</b>	<b>48,889</b>	<b>213,052</b>
Opening balance as of January 1, 2023	139,814	2,286	-1,455	3	23,515	22,063	48,889	213,052
<b>Changes in equity</b>								
Dividends paid							-12,155	-12,155
Comprehensive income								
Net income for the period							533	533
Other comprehensive income			-126	18		-108		-108
<b>Closing balance as of September 30, 2023</b>	<b>139,814</b>	<b>2,286</b>	<b>-1,581</b>	<b>21</b>	<b>23,515</b>	<b>21,955</b>	<b>37,267</b>	<b>201,322</b>

## Additional information

### Analysis of Key Financial Indicators

This section compares the Company's key financial indicators based on its consolidated financial statements as of September 30, 2023, compared to December 31, 2022.

	09/30/2023	12/31/2022
<b>Liquidity Indicators</b>		
1) Current Liquidity	2.74	3.01
2) Acid Ratio	0.77	0.95
3) Working Capital (USD million)	207.3	189.6
<b>Debt Indicators</b>		
4) Net debt ratio	1.25	0.89
5) Current Liabilities / Total Liabilities	0.45	0.45
6) Non-Current Liabilities / Total Liabilities	0.55	0.55
<b>Profitability Indicators</b>	(Last 9 months)	(Last 12 months)
7) Return on Equity	0.3%	21.0%
8) Return on Assets	7.8%	18.7%

---

Notes:

1) Current liquidity: Current Assets / Current Liabilities

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

3) Working capital: Current Assets - Current Liabilities

4) Net debt ratio: Total Liabilities - Available Cash / Total Equity

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

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

---

The current liquidity ratio decreased by 8.8%, mainly due to a smaller increase in current assets (+15%) compared to the increase in current liabilities (+26%). These changes have already been explained in the financial position analysis. Consequently, working capital increased by 9.4% or USD 17.7 million.

The acid ratio decreased by 19.3% compared to year-end 2022 mainly due to the increase in current liabilities of USD 24.6 million being greater than the increase in current assets net of inventory and biological assets of USD 1.6 million. These changes have already been explained in the financial position analysis.

The net debt ratio increased to 1.25 from 0.89 as of December 2022, mainly due to the increase in liabilities net of cash of USD 62.8 million and the decrease in equity of USD 11.7 million. The long-term liabilities ratio remained at 0.55. These changes have already been explained in the financial position analysis.

Return on equity was 0.3% as of September 2023, mainly due to the financial performance for the period.

## Indicators for the first nine months

	09/30/2023	09/30/2022
a. Atlantic salmon sites harvested during the period	8	11
b. Atlantic salmon harvest volumes for the period (MT WFE) / Site	4,409	3,171
c. Atlantic salmon farming density (kg/m <sup>3</sup> )	9.3	8.4
d. Atlantic salmon marine group survival rate at harvest	91%	82%
e. Coho salmon sites harvested during the period	1	1
f. Coho salmon harvest volumes for the period (MT WFE) / Site	2,491	663
g. Coho salmon farming density (kg/m <sup>3</sup> )	6.17	6.56
h. Coho salmon marine group survival rate at harvest	90%	93%
i. Operational EBIT before fair value adjustments (USD million)	18.7	41.8
j. Atlantic salmon EBIT/kg WFE	0.67	1.24
k. Coho salmon EBIT/kg WFE	(0.32)	1.44

### Notes:

a and e. Atlantic and Coho salmon sites harvested during the period

b and f. Harvest volumes during the period (MT WFE) / Number of harvested sites, expressed in MT WFE / Site.

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

d and h. Survival rate for harvested fish groups compared to smolt stocking. A harvest group is fish of a similar origin and strain.

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

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

## Biomass Fair Value

### For the period ended September 30, 2023 (ThUSD)

	Gain (loss) on fair value of biological assets		Cost of biological assets harvested and sold	
	As of 09-30-2023	As of 09-30-2022	As of 09-30-2023	As of 09-30-2022
Salmonids	11,796	45,576	(19,556)	(32,337)

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

- “Gain (loss) on fair value of biological assets” records the estimated gain or loss for the period from valuing the biomass of live and harvested fish at the end of each month that will be sold in future periods. It can be positive or negative based on changes in the biomass, its cost, the quality of concessions and the market price. A gain of USD 11.8 million was recorded for the fair value adjustment of the live and harvested biomass as of September 30, 2023, compared to a gain of USD 45.6 million as of the same date last year.
- “Cost of biological assets harvested and sold” records the realized gain or loss on the live biomass, and the biomass harvested in current and prior periods that was sold in the current period. This account reverses the estimated gain or loss for the current and prior periods and the result of the transaction is recorded in operating revenue and cost of sales. The net effect on the biomass sold as of September 30, 2023 was a negative margin of USD 19.6 million, after reversing the positive margin forecast in prior periods, compared to a negative margin of USD 32.3 million as of September 30, 2022.

The net effect of the fair value adjustments for the salmon biomass for the period ended September 30, 2023 is negative USD 7.7 million, as opposed to the positive USD 13.2 million for the period ended September 2022.

### Differences between the market and book values of principal assets

Biological assets include the following.

Biological assets include groups of breeders, eggs, smolts and fish at marine grow-out sites. They are evaluated at initial recognition and through-out their growth.

Live fish inventories at all their freshwater stages, which are breeders, eggs, fry and smolts. These are valued at accumulated cost as of the reporting date.

The fair value valuation criteria for fish at marine grow-out sites includes the value of the concession as a component of the farming risk, in accordance with the definition in IAS 41. Therefore, a valuation model has been adopted that calculates the Fair Value Adjustment (FVA) by applying a risk factor to the expected biomass margin at each marine grow-out site.

The estimated fair value of fish biomass is based on the volume of fish biomass, average biomass weights, cumulative biomass costs for each site, estimated remaining costs and estimated sales prices.

## Volume of fish biomass

The volume of fish biomass is an estimate based on the number of smolts in the sea, an estimate of their growth, identified mortality in the period, average weights, and other factors. Uncertainty with respect to the volume of biomass is normally lower in the absence of bulk mortality events during the cycle, or if the fish catch acute diseases.

The biomass is the weight when it is calculated for each farming site. The target harvest weight depends on each site.

## Cumulative Costs

Cumulative costs for farming sites at the date of the fair value calculation are obtained from the Company's accounts.

## Remaining Costs

Estimated remaining costs are based on the forecast direct and indirect costs that will affect the biomass at each site through to final harvest.

This estimate is refined at each calculation, and uncertainty reduces as the harvest approaches.

## Operating revenue

Operating revenue is calculated using several sales prices forecast by the Company for each month based on future price information from public sources, adjusted to historical price behavior from the main destination market for our fish. This is reduced by the costs of harvesting, processing, packaging, distribution and sale.

A fair value adjustment is applied to all fish at marine grow-out sites, under the current model. Changes in the fair value of biological assets are recorded in the statement of net income for the period. All biological assets are classified as current biological assets, as they form part of the normal farming cycle that concludes with harvesting the fish.

The gain or loss on the sale of these assets may vary in comparison to their calculated fair value at the reporting date.

The Company uses the following method.

Stage	Asset	Valuation
Fresh water	Eggs, fry, smolts and breeders	Direct and indirect cumulative costs at their various stages.
Sea water	Salmon	Fair value includes prices, costs and volumes that are estimated by the Company.