

**Pesquera Exalmar S.A.A.**

Financial statements as at March 31, 2020 and December 31, 2019

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**PESQUERA EXALMAR S.A.A.**

**ESTADO DE SITUACION FINANCIERA**

Al 31 de marzo de 2020 y del 31 de diciembre de 2019

**ACTIVO**

	<u>Nota</u>	<u>2020</u> <u>US\$000</u>	<u>2019</u> <u>US\$000</u>
<b>ACTIVO CORRIENTE</b>			
Efectivo y equivalente de efectivo	7	12,239	3,017
Cuentas por cobrar comerciales y diversas, neto	8	65,599	54,057
Inventarios, neto	9	51,142	61,118
Cuentas por cobrar a entidades relacionadas	25 (b)	4,404	4,595
Crédito fiscal por IGTV	26 (e)	6,742	6,357
Activo por impuesto a las ganancias corriente	26 (a)	9,914	4,649
Gastos pagados por anticipado		1,050	1,082
Total activo corriente		<u>151,090</u>	<u>134,875</u>
<b>ACTIVO NO CORRIENTE</b>			
Cuentas por cobrar comerciales y diversas, neto	8	3,216	3,216
Instrumentos financieros derivados	14 (d)	863	863
Inmuebles, embarcaciones, maquinaria y equipo, neto	10	224,831	229,542
Intangibles, neto	11 (a)	120,752	120,861
Crédito mercantil	11 (c)	113,342	113,342
Activos por derecho de uso	3 (r)	8,508	8,819
Otros activos		1,052	1,058
Total activo no corriente		<u>472,564</u>	<u>477,701</u>
<b>Total activo</b>		<u><u>623,654</u></u>	<u><u>612,576</u></u>

**PASIVO Y PATRIMONIO NETO**

	<u>Nota</u>	<u>2020</u> <u>US\$000</u>	<u>2019</u> <u>US\$000</u>
<b>PASIVO CORRIENTE</b>			
Préstamos bancarios a corto plazo	12	115,110	81,811
Cuentas por pagar comerciales y diversas	13	40,778	54,530
Cuentas por pagar a entidades relacionadas	25 (b)	33	32
Obligaciones financieras a largo plazo	14	19,960	20,020
Provisiones para contingencias	15	96	96
Total pasivo corriente		<u>175,977</u>	<u>156,489</u>
<b>PASIVO NO CORRIENTE</b>			
Obligaciones financieras a largo plazo	14	149,132	153,878
Cuentas por pagar comerciales y diversas	13	7,805	7,910
Pasivo neto por impuesto a la renta diferido	16	54,250	54,593
Total pasivo no corriente		<u>211,187</u>	<u>216,381</u>
Total pasivo		<u>387,164</u>	<u>372,870</u>
<b>PATRIMONIO</b>			
Capital emitido	17	89,772	89,772
Prima por emisión de acciones		69,721	69,721
Excedente de revaluación		38,831	38,831
Reserva legal		3,609	3,609
Resultados netos no realizados de instrumentos financieros derivados de cobertura	14 (d)	608	608
Resultados acumulados		33,949	37,165
Total patrimonio neto		<u>236,490</u>	<u>239,706</u>
<b>Total pasivo y patrimonio neto</b>		<u><u>623,654</u></u>	<u><u>612,576</u></u>

Las notas que se acompañan de la página 7 a la 62 forman parte de los estados financieros.

**PESQUERA EXALMAR S.A.A.**

**ESTADO DE RESULTADOS INTEGRALES**

Por los años terminados el 31 de marzo de 2020 y de 2019

	Nota	2020	2019
		US\$000	US\$000
Ingreso de actividades ordinarias	18	32,690	91,334
Costo de venta	19	(30,049)	(66,040)
Costos de distribución	20	<u>(2,871)</u>	<u>(5,498)</u>
<b>Utilidad bruta</b>		<u>(230)</u>	<u>19,796</u>
<b>Gastos operacionales</b>			
Gastos administrativos	21	(2,123)	(2,727)
Otros ingresos	23	199	537
Otros gastos	23	<u>(1,091)</u>	<u>(1,289)</u>
<b>Total gastos operacionales</b>		<u>(3,015)</u>	<u>(3,479)</u>
<b>Utilidad operativa</b>		<u>(3,245)</u>	<u>16,317</u>
<b>Otros ingresos (gastos)</b>			
Ingresos financieros	24	588	108
Costos financieros	24	(4,266)	(5,585)
Pérdida neta por diferencia en cambio	6	<u>(307)</u>	<u>(280)</u>
<b>Total otros gastos, neto</b>		<u>(3,985)</u>	<u>(5,757)</u>
<b>Utilidad (pérdida) antes de impuesto a las ganancias</b>		(7,230)	10,560
Impuesto a la renta	26	<u>4,014</u>	<u>(4,695)</u>
<b>Utilidad neta</b>		<u>(3,216)</u>	<u>5,865</u>
Utilidad (pérdida) básica y diluida por acción (en dólares estadounidenses)	27	(0.011)	0.020

Las notas que se acompañan de la página 7 a la 62 forman parte de los estados financieros.

**PESQUERA EXALMAR S.A.A.**

**ESTADO DE CAMBIOS EN EL PATRIMONIO NETO**

POR LOS PERIODOS TERMINADOS EL 31 DE MARZO DE 2020 Y DEL 31 DE DICIEMBRE DE 2019

Nota	Capital emitido	Prima por emisión de acciones	Reserva legal	Excedente de revaluación	Resultados netos no realizados de instrumentos financieros derivados de cobertura	Resultados acumulados	Total
	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000
Saldos al 1 de enero de 2019	89,772	69,721	3,609	39,031	-	50,815	252,948
Resultados integrales del año	-	-	-	-	-	5,865	5,865
Otros resultados integrales:							
- Excedente de revaluación	17	-	-	-	-	-	-
Saldos al 31 de marzo de 2019	89,772	69,721	3,609	39,031	-	56,680	258,813
Saldos al 1 de enero de 2020	89,772	69,721	3,609	38,831	608	37,165	239,706
Resultados integrales del año	-	-	-	-	-	(3,216)	(3,216)
Otros resultados integrales:							
- Excedente de revaluación				-			-
- Distribución de dividendos	17	-	-	-	-	-	-
Saldos al 31 de marzo de 2020	89,772	69,721	3,609	38,831	608	33,949	236,490

Las notas que se acompañan de la página 7 a la 62 forman parte de los estados financieros.

**PESQUERA EXALMAR S.A.A.**

**ESTADO DE FLUJOS DE EFECTIVO**

Por los periodos terminados el 31 de marzo de 2020 y de 2019

	<u>2020</u>	<u>2019</u>
	<u>US\$000</u>	<u>US\$000</u>
<b>ACTIVIDADES DE OPERACION</b>		
Cobranza por ventas a clientes	27,758	68,860
Otros cobros de efectivo relativos a la actividad	923	397
Pagos a proveedores	(24,030)	(37,050)
Pago al personal	(15,296)	(11,715)
Pagos de impuestos	(1,829)	(11,742)
Otros pagos de efectivo relativos a la actividad	(5,664)	(7,155)
Efectivo aplicado por las actividades de operación	<u>(18,138)</u>	<u>1,595</u>
<b>ACTIVIDADES DE INVERSION</b>		
Pagos a:		
Compra de inmuebles, maquinaria y equipo	(1,105)	(5,085)
Efectivo aplicado a las actividades de inversión	<u>(1,105)</u>	<u>(5,085)</u>
<b>ACTIVIDADES DE FINANCIAMIENTO</b>		
Disminucion (aumento) de obligaciones financieras	87,984	181,850
Pago de obligaciones financieras	(59,519)	(204,478)
Efectivo generados a las actividades de financiamiento	<u>28,465</u>	<u>(22,628)</u>
Aumento neto de efectivo y equivalente de efectivo	9,222	(26,118)
Saldo de efectivo y equivalente de efectivo al inicio del año	<u>3,017</u>	<u>33,096</u>
Saldo de efectivo y equivalente de efectivo al final del periodo	<u><u>12,239</u></u>	<u><u>6,978</u></u>

Las notas que se acompañan de la página 7 a la 62 forman parte de los estados financieros.

## **Pesquera Exalmar S.A.A.**

Notes to the financial statements

As at March 31, 2020 and 2019

### **1. Identification and economic activity of the Company**

(a) Identification –

Pesquera Exalmar S.A.A. (hereinafter “the Company”) is a subsidiary of Caleta de Oro Holding S.A. (main controlling entity), which has 66.58 percent of its issued capital. The Company was incorporated in the city of Lima on November 25, 1997.

As at March 31, 2020 and December 31, 2019, its legal domicile is located in Avenida Victor Andrés Belaunde 214, San Isidro-Lima, Peru.

(b) Economic activity –

The Company is engaged in the fishing activity, which includes the extraction of hydro-biological resources and their transformation into fishmeal, and fish oil and the direct sale of fresh and frozen fish; as well as the commercialization of these products both in the domestic market and abroad and the storage of frozen products. To this end, as at March 31, 2020 and December 31, 2019, it has a fleet of 24 purse-seine fishing vessels and 5 industrial fishmeal and fish oil plants. The fishmeal and fish oil industrial plants are located in Chicama, Chimbote, Huacho, Callao and Tambo de Mora. On the other hand, for the production of frozen fish, the Company has two plants located in Paita and Tambo de Mora.

(c) Approval of financial statements –

The Company Management has approved the Financial Statements as at March 31, 2020. The audited financial statements as at December 31, 2019 are pending of approval by the General Meeting of Shareholders.

(d) Regulatory framework–

The activities of the Company are regulated by Decree Law No. 25977, General Fishing Law, and its regulations, Supreme Decree No. 012-2001-PE. The administration and control of fishing activity at the national level is assumed by the Ministry of Production - PRODUCE, an entity that, besides monitoring fishing activities and their processing, organizes and centralizes the statistical and economic information of the fishing activity. In accordance with the aforementioned rules, on the basis of technical reports issued by the Peruvian Sea Institute - IMARPE, biological closed seasons of anchovy and sardines to preserve these resources are established. The closed seasons that affected the Company in March 31, 2020 were 76 days (74 days in 2019).

On June 28 and December 12, 2008, the Peruvian Government published Legislative Decree No. 1084 and Supreme Decrees No. 021-2008-PRODUCE and No. 009-2009-PRODUCE, which sets

the Maximum Catch Limits per Vessel Law (LMCE) and its regulations, respectively. Through these regulations, the Peruvian Government changed, since 2009, the fishing model of indirect human consumption, taken through annual maximum catch quotas for individual fishing quotas.

Likewise, in December 2015, the Company signed a guarantee contract remaining in the LMCE regime with the Ministry of Production for its fishing vessels, which has a validity of 10 years, a term that Management estimates will be renewed. By virtue of those contracts, the Company must respect the conditions, duties and obligations of the LMCE law, the General Fishing Law and its Regulations, and complementary regulations.

In Management and its legal advisors' opinion, as at March 31, 2020 and December 31, 2019, the Company has complied with the conditions of the abovementioned contracts.

The rule states a social contribution equivalent to US \$ 1.95 per MT of fish unloaded for a period of 10 years, to a fund intended to support retirement for workers who are affiliated to the current pension system applicable to industrial fishing crews.

The LMCE law also sets certain guidelines for the development of fishing activities. Among the main ones, the following can be mentioned:

- The calculation of the LMCE is made for each fishing season, according to the Maximum Percentage of Catch per Vessel (PMCE) assigned to each fishing vessel.
- The amounts not caught in execution of a LMCE assigned for a fishing season may not be transferred to any other season, extinguishing the Company's right over the balances not caught on the expiration date of the corresponding fishing season.
- The fishing license for a non-nominated fishing vessel; that is, a fishing vessel not selected to carry out fishing activities during a fishing season for being docked, will be temporarily prevented during such season. Thus, this vessel is prevented from carrying out catching activities during this period, and the quota (LMCE) of such ship will be fished within the Stock Exchange (global) quota of the Company.
- It is causal for recalculation of the PMCE, when the PMCE assigned to the Company is reduced by virtue of the fact that during four consecutive fishing seasons the unexecuted percentage of the assigned LMCE exceeds 20 percent in each period. The reduction will correspond to the average percentage not caught during the four consecutive fishing seasons, and must be prorated among the vessels belonging to the Company.
- As at March 31, 2020 and December 2019, the total PMCE of the fishing vessels of the Company in the north-central and south region was 6.77 and 4.64 percent, respectively, and has not suffered reductions since the effective date of the LMCE.

(e) Operations –

According to the information prepared by Management, the main operational data of the Company is presented below:



(i) Indirect human consumption -

	<u>2020</u>	<u>2019</u>
<u>Producción</u>		
Días de producción	3	16
Días de paralización	88	74
Costos incurridos en período de no producción imputados al costo del producto en US\$(000)	4,421	1,894
Anchoveta procesada en miles de TM	2	44
Anchoveta procesada con captura propia en miles de TM	0	35
Anchoveta procesada con compra de terceros en miles de TM	2	9
Harina producida en miles de TM	0	10
Aceite producido en miles de TM	0	2
Ventas al exterior en %	97	96
Ventas locales en %	3	4
<u>Zona norte-centro</u>		
Cuota asignada en %	6.77	6.77
Segunda temporada -		
Cuota país en miles de TM	2,786	2,100
Fecha de inicio	6/11/2019	15/11/2018
Fecha de fin	14/01/2020	4/04/2019
<u>Zona sur</u>		
Cuota asignada en %	4.64	4.64
Primera temporada -		
Cuota país en miles de TM		540
Fecha de inicio		8/01/2019
Fecha de fin		30/06/2019

(ii) Direct human consumption --

	<u>2019</u>	<u>2018</u>
<u>Captura propia en miles de TM</u>		
Jurel y caballa en miles de TM	17,678	7,942
<u>Ventas en %</u>		
Locales	10	35
Exterior	90	65

Environmental regulation -

The General Fishing Law requires an Environmental Impact Study (EIA for its Spanish acronym) to be conducted prior to the beginning of any fishing activity.

Under Decree Law No. 25977 - General Fishing Law and its Regulations, according to Supreme Decree No. 01-94-PE, fishing entities should adopt the necessary measures for the protection and preservation of the environment in order to prevent and minimize pollution damage and risks of marine, land, atmospheric environments.

The operations of the Company are carried out protecting public health and the environment, and in comply with all applicable regulations.

As at March 31, 2020, the Company has executed works in its different locations related to the protection of the environment for an amount of US \$ 32,000 (US \$ 2,922,000 in 2019), such as the installation of a natural gas network system, a system of water treatment and solids recovery, rooms for the physical treatment of pumped water, acquisition of ovens, pumps and steam dryers. These disbursements are recognized as part of the Property, vessels, machinery and equipment, net, since they are necessary to comply with the operational and production objectives, as well as the standards required for the protection of the environment.

As at March 31, 2020 and 2019, there are no liabilities or environmental or obligations.

## **2. Basis of preparation and presentation**

### *Compliance Statement -*

The financial statements have been prepared in accordance with the International Financial Reporting Standards (hereinafter "IFRS"), as issued by the International Accounting Standards Board (hereinafter "IASB") and in force as at March 31, 2020 and December 31, 2019, respectively.

### *Measurement Basis -*

The financial statements have been prepared on the basis of historical cost, from the accounting records kept by the Company, except for the lands and derivative financial instruments which are estimated at fair value. The accompanying financial statements are presented in US dollars (functional and presentation currency), and all values are rounded to thousands, except when otherwise indicated.

The accounting policies adopted are consistent with those applied in previous years, except for the new IFRS and IASs revised, which are mandatory for the periods beginning on or after January 1, 2020. The nature and effect of these changes are indicated below:

#### IFRS 16 "Leases" –

IFRS 16 sets the principles for the recognition, measurement, presentation and disclosure of leases and requires that all lease to be accounted for under a model similar to the accounting for finance leases under IAS 17 "Leases". The rule includes two exceptions to recognition for lessees: short-term leases and those in which the underlying asset has low value.

On the starting date of a contract, the lessee will recognize a liability for the present value of the payments for the lease that have not been paid on that date and an asset for the right to use the asset during the lease term. Lessees must recognize the interest expense on the liability for the lease and the depreciation expense for the right to use the asset.

Lessees will also be required to reevaluate the lease liability when certain events occur (for example, a change in the lease term, a change in future lease payments resulting from a change in the index or the rate used to determine those payments). The lessee will recognize the amount of this valuation of the liability as an adjustment in the corresponding right to use the asset.

Accounting for lessors under IFRS 16 is not substantially modified from current accounting under IAS 17. Lessors will continue to classify all leases by using the same classification principle indicated in IAS 17 and distinguish two types of leases: operating and financial

IFRS 16 also requires lessees and lessors do greater disclosures than those ones required by IAS 17.

The lessee may choose to apply the standard by using a full or modified retrospective approach. The transitory provisions of the standard allow certain facilities. The effect of these changes is explained in note 3(r).

Interpretation of IFRIC 23 "Uncertainty about the treatment of income tax" -

The Interpretation deals with the recording of income taxes when the tax treatments involve uncertainties that affect the application of IAS "12 Income Tax". It does not apply to taxes or liens out the scope of IAS 12, nor does it specifically include requirements related to interests and penalties associated with uncertain tax treatments. The interpretation specifically addresses the following:

- If an entity considers uncertain tax treatments separately.
- The assumptions an entity considers for the examination of tax treatments by tax authorities.
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits, and tax rates.
- How an entity considers changes in facts and circumstances.

The Company determines whether to consider each uncertain tax treatment separately or together with one or more uncertain tax treatments and uses the approach that best predicts the resolution of the uncertainty.

The Company applies significant judgment when identifying uncertainties regarding income tax treatments.

The effect of this change has not been significant and it has not required a reviewing of the financial statements of previous years.

The Company has not early adopted other standards, interpretations or modifications that have been issued, but are not effective.

### **3. Summary of significant accounting policies**

- (a) Cash and cash equivalents -  
Cash and cash equivalents presented in the statement of financial position correspond to balances in current accounts and fixed-term deposits with maturity of less than three months.
- (b) Financial instruments: initial recognition and subsequent measurement –

(b.1) Financial assets –  
Initial recognition and measurement –

Financial assets are classified based on the business model and the characteristics of contractual flows, measured by:

- Amortized cost.
- Fair value through other comprehensive income (FVOCI for its acronym in English).
- Fair value through profit or loss (FVPL for its acronym in English).

The Company determines the classification of financial assets at the time of their initial recognition.

All financial assets are initially recognized at their fair value plus, in the case of financial assets that are not recorded at fair value through profit or loss, directly attributable costs.

Purchases or sales of financial assets which require the delivery of assets within a period established by a regulation or condition of the market (conventional trade) are recognized on the date of the trade; that is, the date when the Company agrees to buy or sell the asset

As at March 31, 2020 and 2019, the Company held in this category cash and cash equivalents, trade accounts receivables, other receivables and from related parties.

Subsequent measurement -

As at March 31, 2020 and 2019, the Company just held assets measured at amortized cost.

The Company measures cash and cash equivalents and trade accounts receivable, other receivables and from related entities at the amortized cost if the following two conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to obtain contractual cash flows.
- Contractual terms of the financial asset give rise, on specific dates, to cash flows that are solely payments of principal and interest (SPPI) on the outstanding.

Derecognition -

A financial asset (or, where applicable, part of a financial asset or a group of similar financial assets) is derecognized when:

- (i) The rights to receive the cash flows generated by the asset have expired; or
- (ii) Contractual rights over the cash flows generated by the asset have been transferred, or, through a pass-through arrangement, an obligation to pay all of those cash flow without significant delay to a third party has been assumed; and
- (a) substantially all the risks and rewards of the asset have been transferred; or

(b) substantially all the risks and rewards of the asset have neither been transferred nor retained, but control over it has been transferred

The Company will continue to recognize the asset when it has transferred its rights to receive the cash flows generated by the asset, or has entered into an agreement of mediation, but has neither transferred nor retained substantially all the risks and rewards of the asset, nor has transferred control over it. In this case, the Company will recognize the transferred asset based on its continuing involvement on the asset and will also recognize the related liability. The transferred asset and related liability are measured on a basis that reflects the rights and obligations retained by the Company.

(b.2) Impairment of financial assets -

The Company evaluates the expected credit losses (ECL) associated with its debt instruments recorded at amortized cost and at fair value through other comprehensive incomes, taking into account prospective information.

The allocation of the expected loss is based on the credit losses expected to arise during the asset life, unless there has not been a significant increase in credit risk since the initial date of the financial instrument, in which case, the provision is based on the credit loss expected by 12 months.

The credit losses expected by 12 months are the part of the credit losses expected during the asset lifetime resulting from non-compliance events on a financial instrument, which are possible within 12 months after the presentation date.

Both the credit losses expected by 12 months and the credit losses expected during the asset lifetime are individually or collectively calculated, according to the portfolio nature.

(b.3) Financial liabilities -

Initial recognition and measurement -

Financial liabilities are classified as financial liabilities at fair value through profit or loss, loans and payables or as derivatives designated, as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of financial liabilities at the time of their initial recognition.

All financial liabilities are initially recognized at their fair value plus, in the case of loans and payables recorded at amortized cost, directly attributable transaction costs.

As at March 31, 2020 and 2019, the Company maintains within this category short-term bank loans, long-term financial liabilities, trade and other payables to related parties, and derivative financial instruments.

Subsequent measurement -

The subsequent measurement of financial liabilities depends on their classification. As at March 31, 2020 and December 31, 2019, the Company only maintains loans and payable, whose recording is as follows:

After the initial recognition, financial liabilities, loans and accounts payable are measured at amortized cost by using the effective interest rate method. Gains and losses are recognized in the income statements when liabilities are derecognized, as well as through the amortization process according to the EIR method.

The amortized cost is calculated taking into account any discount or premium on the acquisition and the commissions or costs that are an integral part of the effective interest rate. Amortization in accordance with the method of effective interest rate is recognized as financial cost in the income statements.

Derecognition –

A financial liability is derecognized when the obligation specified in the corresponding contract has been paid or canceled, or has expired.

When an existing financial liability is replaced by another liability from the same lender under substantially different conditions, or if the conditions of an existing liability are substantially modified, such exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference among the respective carrying amounts is recognized in the income statement.

(b.4) Offsetting of financial instruments--

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position, only if there is a currently enforceable legal right to offset the recognized amounts, and there is intention to settle them on a net basis, or to realize the assets and settle the liabilities simultaneously.

(b.5) Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of an asset or liability is measured by using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which they have sufficient information available to measure at fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair values are determined or disclosed in the financial statements are classified within the fair value hierarchy described below, based on the lowest level of input that is significant to measure at the fair value as a whole:

- (i) Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- (ii) Level 2 - Valuation techniques for which the lowest level of input that is significant to measure at the fair value is directly or indirectly observable.
- (iii) Level 3 - Valuation techniques for which the lowest level of input that is significant to measure at the fair value is unobservable.

For assets and liabilities that are recognized at fair value in the financial statements on a recurring basis, the Company determines whether transfers occurred among the different levels in the hierarchy by re-assessing the categorization at the end of each reporting period.

For purposes of fair value disclosures, the Company has determined the classes of assets and liabilities based on their nature, characteristics and risks and the level of the fair value hierarchy as explained above.

(a) Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement -

The Company uses derivative financial instruments (interest rate swaps) to manage their risk associated with fluctuations in the interest rate. Those financial instruments are initially recognized at fair value and by the date of each statement of financial position. Derivatives are presented as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gain or loss arising from changes in fair value is directly recorded in the income statement, except for the effective portion of cash flow hedges, which is recognized in other comprehensive income.

At the beginning of the hedge, the Company formally designates and documents the hedge relation, as well as the risk management objective and the strategy to carry out the hedge. Documents includes identification of the hedging instrument, the hedging asset or

transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the fair value of the hedging instrument to offset the exposure to changes in cash flows attributed to the hedged risk. Such hedges are expected to be highly effective in offsetting changes in cash flows and are continuously evaluated to determine that they have been highly effective throughout the reporting periods.

The Company uses hedging operations that fully qualify as cash flow hedges.

In cash flow hedges, the effective portion of the gain or loss on the hedging instrument is directly recognized in other comprehensive incomes, while the ineffective portion is immediately recognized in the income statement as financial costs.

The amounts recognized as other comprehensive income are transferred to the income statement when the hedged transaction affects gain and losses, for example, when the financial income or financial cost is recognized.

Current and non-current classification -

Derivative instruments designated as effective hedging instruments are separated into current and non-current portion consistently with the classification of the underlying hedged item.

(d) Segment reporting -

For management purposes, the Company is organized into business units based on its products and has two operating segments on which it reports, which are:

- The segment of indirect human consumption that produces and sells fishmeal and fish oil.
- The segment of direct human consumption that sells fresh and frozen fish.

No operating segment has been added to determine the segments described above.

The Deputy General Manager is the highest operational decision-making of the Company and supervises the operating profits of its business units separately with the purpose of making decisions on the allocation of resources and the evaluation of performance. Segment performance is evaluated on the basis of the operating profit and is consistently valued with the financial statements. However, Company's financing (including financial income and expenses) and income taxes are managed at the Company level and are not allocated to operating segments.

The following are the main captions of the statement of financial position of the Company and the statement of income by operating segments:



	<b>Consumo Humano Indirecto US\$000</b>	<b>Consumo Humano Directo US\$000</b>	<b>Total US\$000</b>
<b>Al 31 de marzo, 2020</b>			
Total activos	579,568	44,086	623,654
Inmueble, embarcaciones, maquinaria y equipo, neto	183,685	41,146	224,831
Intangibles, neto	120,752		120,752
Credito mercantil	113,342		113,342
Activos por derecho de uso	8,448	60	8,508
Inventarios, neto	48,516	2,626	51,142
Total pasivos	387,164		387,164
Préstamos bancarios a corto plazo	115,110		115,110
Obligaciones financieras a largo plazo	168,838	254	169,092

<b>Al 31 de marzo, 2020</b>			
Ventas locales	666	915	1,581
Ventas al exterior	23,243	7,866	31,109
<b>Total ventas</b>	<b>23,909</b>	<b>8,781</b>	<b>32,690</b>
Costo de venta	(25,355)	(4,694)	(30,049)
Costos de distribución	(1,502)	(1,369)	(2,871)
<b>Utilidad bruta</b>	<b>(2,948)</b>	<b>2,718</b>	<b>(230)</b>
Gastos administrativos	(1,997)	(126)	(2,123)
Otros ingresos	199	-	199
Otros gastos	(1,091)	-	(1,091)
<b>Utilidad (pérdida) de operaciones</b>	<b>(5,837)</b>	<b>2,592</b>	<b>(3,245)</b>

	<b>Consumo Humano Indirecto US\$000</b>	<b>Consumo Humano Directo US\$000</b>	<b>Total US\$000</b>
<b>Al 31 de diciembre, 2019</b>			
Total activos	568,563	44,013	612,576
Inmueble, embarcaciones, maquinaria y equipo, neto	187,751	41,791	229,542
Intangibles, neto	120,861		120,861
Credito mercantil	113,342		113,342
Activos por derecho de uso	8,759	60	8,819
Inventarios, neto	60,586	532	61,118
Total pasivos	372,870		372,870
Préstamos bancarios a corto plazo	81,811		81,811
Obligaciones financieras a largo plazo	173,561	337	173,898

<b>Al 31 de marzo, 2019</b>			
Ventas locales	669	2,673	3,342
Ventas del exterior	82,962	5,030	87,992
<b>Total ventas</b>	<b>83,631</b>	<b>7,703</b>	<b>91,334</b>
Costo de ventas	(62,083)	(3,957)	(66,040)
Costos de distribución	(4,442)	(1,056)	(5,498)
<b>Utilidad bruta</b>	<b>17,106</b>	<b>2,690</b>	<b>19,796</b>
Gastos administrativos	(2,645)	(82)	(2,727)
Otros ingresos	537	-	537
Otros gastos	(1,289)	-	(1,289)
<b>Utilidad (pérdida) operativa</b>	<b>13,709</b>	<b>2,608</b>	<b>16,317</b>

**Segmentos por área geográfica**

	<b>2020</b>		<b>2019</b>	
	<b>Consumo Humano Indirecto US\$000</b>	<b>Consumo Humano Directo US\$000</b>	<b>Consumo Humano Indirecto US\$000</b>	<b>Consumo Humano Directo US\$000</b>
Ingresos:				
Asia	17,032	41	64,094	-
Europa	2,433	2,336	7,300	2,465
América	3,367	1,363	11,973	3,317
Oceanía	1,077	-	157	-
Africa	-	5,041	107	1,921
	<b>23,909</b>	<b>8,781</b>	<b>83,631</b>	<b>7,703</b>

(e) Foreign currency transactions -

The Company's financial statements are presented in US dollars, which is its functional and presentation currency.

*Transactions and balances -*

Transactions in foreign currency (currencies other than the US dollar) are initially recorded by the Company at the exchange rates in force on the transaction date. Monetary assets and liabilities denominated in foreign currency are translated at the exchange rate in force on the date of their settlement in the statement of financial position and the resulting exchange differences are recorded in the statement of income.

Non-monetary items are translated by using the exchange rates in force on the date of the original transactions.

(f) Inventories –

Inventories are valued at the net realizable value or cost, whichever is lower.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

The costs incurred to bring inventories to their current location and condition are accounted for as follows:

Finished products -

At the cost of raw materials, supplies, direct workforce, other direct costs, general manufacturing expenses, and a proportion of fixed and variable manufacturing costs based on the normal operating capacity; excluding financing costs. Subsequently, the method of daily weighted average cost is applied.

Normal capacity is defined as the extraction and production capacity in each of the two fishing seasons defined in the year, based on the anchovy-fishing quota assigned to the Company by the regulatory agency (PRODUCE).

Raw materials and various supplies -

They are recorded at the acquisition cost, following the method of daily weighted average cost.

The allowance for impairment is determined according to an analysis performed on the conditions and inventory rotation. The estimate is recognized through the incomes of the year in which it is determined.

(g) Property, vessels, machinery and equipment -

The item "Property estate, vessels, machinery and equipment", except land, is presented at acquisition cost, net of accumulated depreciation and / or accumulated impairment losses, if any. The initial cost of an asset includes its purchase price or its manufacturing cost, including import duties and non-refundable purchase taxes and any necessary costs to make it operating assets, the initial estimate of the restoring obligation, and financing costs for long-term building projects to the extent requirements for recognition are met.

When significant components of property, vessels, machinery and equipment require replacement, the Company derecognizes the replaced component and recognizes the new component with its corresponding useful life and depreciation. Likewise, when a major inspection is performed, its cost is recognized as a replacement as long as the requirements for its recognition are met. All other routine repair and maintenance costs are recognized as expense in the statement of income as incurred.

Land is measured under the revaluation method, that is, at fair value less impairment losses recognized after the revaluation date. Revaluations are carried out at the end of each year to ensure that the fair value of a revalued asset does not significantly differ from its carrying amount.

Any revaluation increase is recognized in other comprehensive income and accumulated in net equity under "Revaluation surplus", except to the extent that such increase reverses a revaluation decrease of the same asset previously recognized in the income statement, in which case this increase is recognized in the income statements, except to the extent that such decrease offsets a revaluation increase of the same asset previously recognized in the reserve due to the revaluation of assets.

An item of property, vessels, machinery and equipment or significant component is retired at the moment of its disposal or when it is not expected to obtain economic benefits through its use or subsequent disposal. Any profit or loss from the disposal of property, vessels, machinery and equipment (calculated as the difference between revenues for sale and the carrying amount of the asset) is included in the income statements when it occurs.

Residual value, useful life and depreciation methods are periodically reviewed and adjusted, when it is appropriate.

Work in progress includes payments for assets construction, financing costs, and other direct costs attributable to such works, accrued during the construction phase. Work in progress is capitalized when completed and their depreciation is calculated since they are available for use.

Depreciation is calculated by using the straight-line method, taking into consideration the following useful lives:

<b>Descripción</b>	<b>Años</b>
Edificios y construcciones	33
Embarcaciones pesqueras	Entre 2 y 29
Maquinaria y equipo	Entre 2 y 35
Unidades de transporte	5
Muebles y enseres	Entre 2 y 10
Equipos diversos y de cómputo	Entre 2 y 10

(h) Leases--

As a lessee -

At the beginning of a contract, the Company assesses whether a contract is or contains a lease. A contract is or contains a lease if this grants the right to control the use of an identified asset for a period in exchange for a remuneration. In order to know whether a contract grants the right to control the use of an asset identified, the Company assesses if:

- (i) The contract involves the use of an identified asset, the same that can be specified explicitly or implicitly, and must be physically different or substantially represent the entire capacity of a physically different asset. If the supplier has a practical right of substitution, then the asset is not identified;
- (ii) The Company has the right to substantially obtain all of the economic benefits of use of the asset during the entire period of use; and
- (iii) The Company has the right to manage the use of the asset. The Company has this right when it has the decision-making rights that are more relevant to change how and for what purpose the asset is used. In rare cases, where all decisions about how and for what purpose the asset is used are predetermined, the Company has the right to manage the use of the asset if:
  - The Company has the right to operate the asset; or
  - The Company has designed the asset in a way that predetermines the way and for what purpose it will be used.

In its role as a lessee, the Company recognizes a right-of-use asset and a leasing liability on the starting date of the lease.

The Company rents assets such as property (buildings) and equipment and machinery, for periods between 1 to 10 years. The lease terms are negotiated individually and has different terms and conditions.

*Right-of-use asset –*

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made on or before the beginning date, in addition to the initial direct costs incurred and an estimate of decommissioning costs of

the underlying asset or to restore the underlying asset or the place where it is located, less any incentive received for leasing. Subsequently, it is depreciated linearly over the useful life of the contract.

The right-of-use asset is subsequently depreciated by using the straight-line method from the beginning date to the end of the useful life of the right-of-use asset or the end of the lease term, whichever is shorter considering that, if there is a the purchase option, the estimated useful life of the underlying assets will always be chosen.

In addition, the right-of-use asset is periodically reduced for impairment losses, if any, and is adjusted for new measurements of the leasing liability.

#### *Lease liability–*

The leasing liability is initially measured at the present value of the lease payments that are not paid at the beginning date, discounting, by using the interest rate implicit in the lease or, in case the rate cannot be easily determined, the incremental debt rate will be applied. The Company uses the incremental debt rate as the discount rate, see note 3(r).

Lease payments include: fixed payments or, in essence, they are fixed, variables depending on an index or a rate, initially measured by using the index or rate on the beginning date, among other items. Likewise, non-lease components referred to disbursements related to other concepts can be identified in the contracts. In this context, IFRS 16 allows adopting as an accounting policy not to separate the leasing and non-leasing components of this type of contracts with the consequence that they will take part of the measurement of the leasing liability.

The leasing liability is measured at amortized cost by using the effective interest method. The subsequent measurement of liability is made if there is a change in future lease payments derived from a change in an index or rate, if there is a change in the estimate of the amount expected to be paid for a guarantee of the Company's residual value, or if the Company changes its revaluation of whether it will exercise a purchase, expansion or termination option. When the leasing liability is redeemed, an adjustment is recognized in the carrying value of the right-of-use asset, or, in the incomes, if the right-of-use asset does not present an accounting balance.

Financing costs are charged to the incomes of the period based on the lease term at the constantly periodic interest rate of the financial liability remaining in each period.

Termination and extension options are included in the right-of-use liabilities. In determining the lease term, the Management considers all factors and circumstances resulting in the evaluation of economic and operating incentives to exercise an extension option or not to exercise a termination option.

#### *Exceptions to recognition–*

The Company does not recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of twelve months or less and leases of low-value assets, including computer equipment and 1m<sup>2</sup> of space for a server. The Company recognizes the lease payments associated with these leases as a straight-line expense during the term of the lease.

The Company has adopted as accounting policy that the reference amount to be considered is US \$ 9,000, regarding the low-value exception indicated by the standard.

*As lessor–*

When the Company acts as a lessor, it determines, at the beginning of the lease, whether each lease is a finance lease or an operating lease.

To classify each lease, the Company conducts an assessment of whether the leasing transfers to the lessee are substantially all the risks and rewards inherent in the ownership of the underlying asset. If this is the case, then the lease is a finance lease; otherwise, it is operating lease. As part of this evaluation, the Company considers certain indicators, such as, whether the lease covers most of the economic life of the asset.

The Company sub-leases an asset, it presents its role in the contract of main lease and the sub-lease separately, when subleasing an asset. The classification of a sublease is evaluated with reference to the right-of-use asset arising from the main lease, not with reference to the underlying asset. If a main lease is a short-term lease, for the Company to apply the exemption described above, then the sublease is classified as an operating lease.

If a contract contains leasing and non-leasing components, the Company applies IFRS 15 to distribute the compensation in the contract among the different components.

(i) Intangibles –

Intangible assets acquired separately are measured at cost on the initial recognition. The cost of intangible assets acquired in a business combination is their fair value at the acquisition date. After the initial recognition, intangible assets are held at cost less accumulated amortization and / or accumulated impairment losses, if any.

The useful life of intangible assets is considered as either finite or indefinite.

Intangible assets with finite useful lives are amortized over their economic useful lives and impairment is assessed when there is an indication that the intangible asset has lost value. The amortization period for an intangible asset with finite useful life is reviewed at least once at the end of each reporting period.

Changes in the expected useful life or in the expected pattern of consumption of future economic benefits linked to the asset are accounted for as changes in the period or method of amortization, as appropriate, and are treated as changes in accounting estimates. The

amortization expense of intangible assets with finite useful lives is recognized in the income statement in the expense category consistent with the function of intangible assets.

Intangible assets with indefinite useful lives are not amortized, but the impairment loss is annually evaluated at the cash-generating unit level.

The indefinite life assessment is annually reviewed to determine if indefinite life continues to be sustainable. Otherwise, the change in useful life from indefinite to finite is done prospectively.

Gains or losses arising from the retirement of an intangible asset are measured as the difference between the net disposal income and the carrying amount of the asset and are recognized in the income statements when the asset is removed.

Fishing licenses and production licenses –

Fishing licenses and production licenses represent the right to fish in the Peruvian coast for each of the fishing vessels and to process fishmeal and fish oil for each of the fishing plants. These assets have no maturity. For this, they are considered as intangible assets with indefinite useful lives and are not amortized. However, it is annually evaluated if there is an impairment. See paragraph (j) below.

Fishing licences and production licenses are initially measured at cost. The cost of fishing licences and production licenses acquired in a business combination is their fair value at the date of acquisition.

Goodwill –

Goodwill is initially measured at cost, and corresponds to the excess of the amount of the remuneration transferred and the amount recognized for the non-controlling interest, with respect to the identifiable assets acquired and the liabilities assumed in a business combination.

After initial recognition, goodwill is measured at cost less any accumulated impairment loss. In order to carry out the impairment test, goodwill acquired in a business combination is assigned, from the acquisition date, to each of the Company's cash-generating units that are expected to benefit from the combination.

When goodwill takes part in a cash-generating unit and part of the operation of a unit is disposed, the goodwill associated with the disposed operation is included in the carrying amount when determining the gain or loss on the operation.

Software -

It corresponds to licenses and costs directly related to the implementation of an information processing system. These assets are presented at acquisition cost and are amortized over ten years.

(j) Impairment of non-financial assets -

At each close of reporting period, the Company assesses whether there is any indication that an asset could be impaired in value. The Company estimates the recoverable amount of an asset when there is such an indication, or when an annual impairment test of its value is required. The recoverable amount of an asset is the highest value between the fair value less costs of sale, either of an asset or a cash-generating unit, and its value in use, and is determined for an individual asset, except the asset does not generate cash flows that are substantially independent from other assets or groups of assets.

When the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount, the asset is considered impaired and its value is reduced to its recoverable amount.

When evaluating the value in use of an asset, the estimated cash flows are discounted to their present value by means of a pre-tax discount rate that reflects current market evaluations of the time value of money and the specific risks of the asset. When determining the fair value less costs of disposal, recent market transactions, if any, are taken into account. If there are no recent market transactions, an appropriate evaluation model is used.

Impairment losses corresponding to continuing operations, including impairment of inventories, are recognized in the income statements in those expense categories that correspond to the function of the impaired asset.

For fishing licenses, production licenses and goodwill, an impairment test is carried out at least every year (as at December 31). For other assets in general, at each closing date of the reporting period, an assessment of whether there is any indication that previously recognized impairment losses no longer exist or have decreased is made. If there is such an indication, the Company makes an estimate of the recoverable amount of the asset or the cash-generating unit.

A previously recognized impairment loss is reversed only if there was a change in the assumptions used to determine the recoverable amount of the asset since the last time an impairment loss was recognized for that asset. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor does it exceed the carrying amount that would have been determined, net of accumulated depreciation, if no impairment loss had been recognized for that asset in previous years. Such reversal is recognized in the income statements.

Impairment losses related to fishing licenses, production licenses and goodwill cannot be reversed in future periods.

(k) Provisions -



Provisions are recognized when the Company has a present obligation (legal or implicit) as a result of a past event. An outflow of resources to settle the obligation may be necessary and a reliable estimate of the amount of the obligation can be made. When the Company expects provisions to be totally or partially reimbursed, for example under an insurance contract, the reimbursement is recognized as an asset but only when this reimbursement is virtually certain. The expense related to any provision is presented in the income statements, net of any related reimbursement.

If the effect of the time value of money is significant, provisions are discounted by using a current pre-tax market rate that reflects, where appropriate, the specific risks of the liability. When the discount is recognized, the increase in the provision over time is recognized as a financing cost in the income statements.

(l) Contingencies –

Contingent liabilities are not recognized in the financial statements. These are disclosed in notes to the financial statements, unless the possibility of disbursing an economic flow is probable.

Contingent assets are not recognized in the financial statements, but are disclosed when their degree of contingency is probable.

(m) Revenue recognition –

The Company's incomes mainly correspond to:

Sale of goods -

Incomes are recognized to the extent that a performance obligation is satisfied by transferring the promised goods and services to the customer. An asset is transferred when the customer gains control over that asset.

Incomes will be recognized based on the transaction price that is assigned to that performance obligation, to which the Company expects to be entitled in exchange for transferring the goods and services promised to the customer, excluding the amounts collected on behalf of third parties.

Interest incomes -

These incomes are recognized when interests are accrued by using the effective interest rate method. Interest incomes are included in financial incomes in the income statements.

The Company has concluded that it is the owner in its sale agreements because it controls the goods or services before transferring them to the customer.

IFRS 15 "Revenues from contracts with customers" establishes a five-step model that will be applied to revenues from ordinary activities from contracts with customers, which include:

- Identification of the contract with the customer
- Identification of performance obligations in the contract
- Determination of the transaction price
- Allocation of transaction price to performance obligations of the contract
- Recognition of revenues from ordinary activities when (or as) the entity meets performance obligations

The accounting principles set out in IFRS 15 provide a more structured approach to measure and recognize incomes.

(n) Financing costs -

Financing costs that are directly attributable to acquisition, building or production of an asset that necessarily requires a substantial period to get ready for its intended use or sale are included in the cost of the corresponding assets. All other financing costs are recognized when occurred. Financing costs include interest costs and other costs the Company incurs in connection with the loans obtained.

(o) Taxes –

Current income tax –

Assets and liabilities for current income tax are measured at the amounts expected to be recovered from or paid to the taxation authority. The tax rates and tax regulations used to compute such amounts are those that are in force at the closing date of the reporting period in Peru.

Current income tax related to items directly recognized in net equity, is also recognized in net equity and not in the statement of incomes. The Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation, and establishes provisions where appropriate.

Deferred income Tax –

Deferred income tax is recognized by using the liability method over temporary differences between the tax bases of assets and liabilities and their carrying amounts at the closing date of the reporting period.

Deferred income tax liabilities are recognized for all taxable temporary differences, except for taxable temporary differences related to investments in subsidiaries, when the opportunity of their reversal can be controlled, and it is probable that they will not be reversed in the near future.

Deferred income tax assets are recognized for all taxable temporary differences, and for the future compensation of unused tax credits and tax losses, to the extent that it is probable the existence of future available taxable profits against which such temporary differences can be compensated.

The carrying amount of deferred income tax assets is reviewed on each closing date of the reporting period and is reduced to the extent that the existence of sufficient future taxable incomes to allow those deferred income tax assets are used in whole or in part is no longer probable. Unrecognized deferred income tax assets are reviewed on each closing date of the reporting period and are recognized to the extent that it is probable the existence of future taxable profits that allow the recovery of such deferred income tax assets not previously recognized.

Deferred income tax assets and liabilities are measured at the tax rates expected to be applied in the year when the asset is realized or the liability is canceled, based on tax rates and tax regulations that were approved as at the closing date of the reporting period.

Deferred income tax is recognized in relation to the item that originates it, either in incomes or directly in net equity.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset income tax assets and liabilities, and if deferred income taxes are related to the same tax authority and the same tax jurisdiction.

#### *General Sales Tax –*

Revenues from ordinary activities, expenses and assets are recognized excluding the amount of the general sales tax, except:

- (i) When the general sales tax incurred in an acquisition of assets or in the provision of services is not recoverable by the Tax Authority, in which case that tax is recognized as part of the acquisition cost of the asset or as part of expenses, as appropriate;
- (ii) The accounts receivable and payable are already expressed including the amount of general sales tax.

The net amount of the general sales tax expected to be recovered from, or corresponding to be paid to, the Tax Authority is presented as an account receivable or an account payable in the statement of financial position, as appropriate.

#### (j) Employees' profit sharing –

In accordance with legal regulations, the employees' profit sharing is calculated over the same basis for calculating the current income tax, and is presented in the income

statements within the items: "Production cost", "Administrative Expenses" and "Cost of Distribution", as a part of personnel expenses.

(k) Employees' benefits –

The Company has short-term obligations for employees' benefits that include salaries, social contributions, bonuses, performance bonuses and profit sharing. These obligations are recorded every month, charged to the income statements, as they are accrued.

(l) Changes in accounting policies and disclosure –

In these financial statements, the Company has applied for the first time the effective IFRS 16 for periods beginning on or after January 1, 2019.

IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement Contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 establishes the principles for the recognition, measurement, presentation and disclosure of leases and requires that lessees account for most of leases in the statement of financial position.

The lessor's accounting under IFRS 16 is similar to that in IAS 17. Lessors will continue to classify leases as operating or financing by using the same principles as in IAS 17. Therefore, IFRS 16 has no impact on leases where the Company is the lessor.

Following the provisions of IFRS 16, the entities have two options of methods on the date of adoption to implement the new Standard:

- (a) the full retrospective method, which consists of applying IFRS 16 to each reporting period, as if the Standard had always been in force, following the provisions of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.
- (b) the modified retrospective method, which consists of applying IFRS 16 and recording the cumulative effect of its initial application as of January 1, 2019 as an adjustment to the opening balance in net equity. In other words, comparative information is not restructured.

The Company adopted IFRS 16 by using the modified retrospective method. As permitted by this method, the Company was not required to assess again whether a contract is, or contains, a lease on the date of initial application. Instead, the Company is allowed to:

- (a) apply this Standard to contracts that were previously identified as leases by applying IAS 17 Leases and IFRIC 4 Determining whether an Arrangement contains a Lease.
- (b) not to apply this Standard to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4.

The Company also chose to use the recognition exemptions for lease contracts that, on the start date, have a lease term ending within the 12 months following the initial application date and do not have a purchase option (short-term leases), and lease contracts for which the asset has low value, see note 3 (h).

After the adoption of IFRS 16, the Company applies a single recognition and measurement approach for all leases, with the exemption of short-term leases and low-value assets, see note 3(h) "Leases" for the accounting policy from January 1, 2019.

The Standard provides specific transition requirements and practical solutions, which have been applied by the Company and which are:

- A single discount rate is used for a lease portfolio with reasonably similar characteristics.
- The leases were assessed as being onerous immediately before the date of initial application.
- The short-term lease exemption was applied to those with a term of less than 12 months from the date of initial application.
- Initial direct costs were excluded from the measurement of the right-of-use asset on the date of initial application.
- Previously known past information was used to determine the term of the leases where the contract contained options to extend or terminate the lease.

*Leases previously classified as finance lease -*

The Company has not changed the initial carrying values of the assets and liabilities recognized on the initial date of the leases previously classified as finance leases (that is, right-of-use assets and leasing liabilities equal to the assets and liabilities recognized according to IAS 17). The requirements of IFRS 16 were applied to these contracts from January 1, 2019.

*Leases previously accounted for as operating leases -*

The Company recognized the right-of-use assets and the leasing liabilities for those previously classified as operating leases following IAS 17, with the exemption of short-term leases and low-value assets. Leasing liabilities were measured at the present value of the remaining lease payments, discounted by using the incremental rate on the date of initial application. In relation to the right of use, the Company measured this asset for an amount equal to the leasing liability, adjusted for the amount of any advance or accumulated lease payment related to that lease, recognized in the statement of financial position immediately before the date of initial application.

#### **4. Significant accounting judgments, estimates and assumptions**

The preparation of financial statements requires the Management to use judgments, estimates and assumptions that affect the reported amounts of incomes, expenses, assets and liabilities, and disclosures of contingent liabilities.

However, the uncertainties and professional judgment of these assumptions and estimates could result in amounts that require a material adjustment at the carrying value of assets and liabilities.

The main estimates considered by the Management in connection with the financial statements refer to:

- Estimate of inventory devaluation.
- Estimate of impairment of non-financial assets.
- Useful life and recoverable value of non-financial assets.
- Provision for contingencies.
- Income tax.
- Land revaluation.

The Management considers that the estimates included in the financial statements were made on the basis of its better knowledge of the relevant events and circumstances at the date of preparation thereof. However, the final results may differ from the estimates included in the financial statements.

#### **5. International Financial Reporting Standards not yet in force**

The Company decided not to early adopt the following standards and interpretations issued by IASB and that apply to the operations carried out by the Company, but which are not effective as of March 31, 2020:

IFRS 17 Insurance Contracts –

IFRS 17 Insurance Contracts establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts that are within the scope of the Standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that accurately represents those contracts. This information provides a basis for users of financial statements to assess the effect that insurance contracts have on the financial position, financial performance and cash flows of the entity.

This rule applies as of January 1, 2021.

#### **6. Foreign Currency Transactions**

Foreign currency operations are recorded into the exchange rates of free market published by the Superintendence of Banking, Insurance and Private Pension Fund Managers. As at March 31, 2020, free market exchange rates for transactions in soles, published by this institution, were US\$0.291 for purchase and US\$0.291 for sale (US\$0.302 for purchase and US\$0.301 for sale as at December 31, 2019).

As at March 31, 2020 and December 31, 2019, the Company held the following assets and liabilities in soles:

	<u>2020</u> S/.000	<u>2019</u> S/.000
<b>Activos:</b>		
Efectivo y equivalente al efectivo	2,929	1,657
Cuentas por cobrar comerciales y diversas	37,054	34,099
Cuentas por cobrar a entidades relacionadas	13,924	13,897
Credito Fiscal por IGV	23,133	21,048
Impuesto a la Renta	34,012	15,393
	<u>111,052</u>	<u>86,094</u>
<b>Pasivos:</b>		
Cuentas por pagar comerciales y diversas	66,386	102,030
Cuentas por pagar a entidades relacionadas	112	106
Provisiones para contingencias	-	319
	<u>66,498</u>	<u>102,455</u>
<b>Posicion activa, neta</b>	<u>44,554</u>	<u>(16,361)</u>

As at March 31, 2020, the Company had a net exchange loss of approximately US\$307 (US\$280 during 2018), shown in the statements of income.

The Management does not consider that the exchange rate risk could significantly affect the profit and loss of the Company. As at March 31, 2020 and December 31, 2019, the Company does not have financial instruments covering the exchange risk of its operations in soles.

## 7. Cash and cash equivalents

(a) This item is made up by:

	<u>2020</u> US\$000	<u>2019</u> US\$000
Cuentas corrientes (b )	12,229	3,007
Fondos fijos	10	10
	<u>12,239</u>	<u>3,017</u>
Total	<u>12,239</u>	<u>3,017</u>

(b) Current accounts are held in domestic banks. They are mainly denominated in US Dollars and soles, and are freely available and do not accrue interests.

## 8. Trade and other receivables, net

(a) This item is made up by:

	<b><u>2020</u></b> <b>US\$000</b>	<b><u>2019</u></b> <b>US\$000</b>
Anticipos y préstamos a armadores pesqueros (b)	38,134	34,022
Anticipos y préstamos de maquila (c)	9,763	8,733
Cuentas por cobrar comerciales ( d)	13,365	8,435
Cuentas por cobrar a accionistas	3,590	3,611
Cuentas por cobrar al personal	1,205	1,006
Reclamos a terceros	2,679	778
Otros	461	1,072
	<u>69,197</u>	<u>57,657</u>
Menos: Estimación para cuentas de cobranza dudosa (e)	<u>(382)</u>	<u>(384)</u>
Total	<u><u>68,815</u></u>	<u><u>57,273</u></u>
<b>Por vencimiento:</b>		
Corriente	65,599	54,057
No corriente	<u>3,216</u>	<u>3,216</u>
Total	<u><u>68,815</u></u>	<u><u>57,273</u></u>

(b) As at March 31, 2020 and December 31, 2019, it mainly corresponds to the advance granted to ship-owners for unloading fish in the Company's plants. Those balances are denominated in soles and US dollars, do not accrue interests and are supported by bills of exchange, and, in many cases, movable guarantees consisting of mortgages or trusts of vessels in favor of the Company have been granted. In opinion of the Management, the balance will be recovered in the short term.

(c) As at March 31, 2020 and December 31, 2019, it mainly corresponds to advances and loans granted for maquila services of fishmeal and fish oil. Those balances are denominated in US dollars, do not accrue interests and have current maturities. In opinion of the Management, the balance will be recovered in the short term.

(d) Trade accounts receivable mainly consist of domestic and foreign sales, whose collections are mostly made by means of credit letters. These trade accounts receivable are mainly denominated in US dollars, have current maturities and do not accrue interests.

(e) The movement of the estimate for doubtful accounts for the periods as at March 31, 2020 and December 31, 2019 was as follows:

	<b><u>2020</u></b> <b>US\$000</b>	<b><u>2019</u></b> <b>US\$000</b>
Saldo Inicial	384	320
Estimación del año	-	64
Recupero	<u>(2)</u>	<u>-</u>
Saldo Final	<u><u>382</u></u>	<u><u>384</u></u>

(f) As at March 31, 2020 and December 31, 2019, the aging analysis of trade receivables was as follows:



	<b><u>2020</u></b> <b>US\$000</b>	<b><u>2019</u></b> <b>US\$000</b>
No vencidas ni deterioradas	12,933	7,439
Hasta 60 días	13	626
De 61 y 180 días	179	128
Deterioradas	<u>240</u>	<u>242</u>
Total	<u><u>13,365</u></u>	<u><u>8,435</u></u>

## 9. Inventories, net

(a) This item is made up by:

	<b><u>2020</u></b> <b>US\$000</b>	<b><u>2019</u></b> <b>US\$000</b>
Productos terminados: (b)		
- Harina de pescado	25,849	43,851
- Aceite de pescado	7,170	9,752
- Congelado	<u>2,625</u>	<u>530</u>
	35,644	54,133
Suministros	5,464	5,934
Costos diferidos (c)	9,002	-
Envases y embalajes	1,388	1,475
Existencias por recibir	<u>234</u>	<u>166</u>
	51,732	61,708
Menos : Estimación por desvalorización de inventarios (d)	<u>(590)</u>	<u>(590)</u>
Total	<u><u>51,142</u></u>	<u><u>61,118</u></u>

(b) As at March 31, 2020, the Company kept 14,420 MT and 1,940 MT of fishmeal and fish oil as guarantee for short-term bank loans (as at December 31, 2019 the Company kept 18,140 MT and 3,690 MT of fishmeal and fish oil). See note 12(b).

(c) The deferred costs correspond to those incurred during the closed season in plants and vessels. These costs are allocated to the cost of the next production and based on the normal production capacity of plants and vessels. As at March 31, 2020, they correspond to the balance of accumulated fixed costs after the end of the second season every year, which were allocated to the cost of production of the first fishing season of the corresponding period.

(d) The inventory devaluation estimate is determined based on the assessment performed by the Company's operating areas, identifying obsolete materials and supplies.

As a result, the Company's Management considers that no additional provisions are required for the inventory devaluation estimate as at March 31, 2020 and December 31, 2019.

## 10. Property, vessels, machinery and equipment, net

(a) The movement and composition of this item is as follows:

	Terrenos	Edificios y construcciones	Embarcaciones pesqueras	Maquinaria y equipo	Unidades de transporte	Muebles y enseres	Equipos diversos y de cómputo	Trabajos en curso	Total
	US\$(000)	US\$(000)	US\$(000)	US\$(000)	US\$(000)	US\$(000)	US\$(000)	US\$(000)	US\$(000)
<b>Costo -</b>									
<b>Al 1 de enero de 2019</b>	64,692	36,345	149,827	184,704	2,014	1,050	4,006	1,205	443,843
Adiciones (b)	-	-	-	-	-	-	-	26,198	26,198
Desvalociones (c)	(284)	-	-	-	-	-	-	-	(284)
Transferencias	-	1,148	10,851	12,441	531	91	433	(25,495)	-
Retiros	-	-	(6,416)	(1,771)	(20)	(262)	(113)	-	(8,581)
<b>Al 31 de diciembre de 2019</b>	<u>64,408</u>	<u>37,493</u>	<u>154,263</u>	<u>195,375</u>	<u>2,525</u>	<u>879</u>	<u>4,326</u>	<u>1,908</u>	<u>461,176</u>
Adiciones (b)	-	-	-	-	-	-	-	1,105	1,105
<b>Al 31 de marzo de 2020</b>	<u>64,408</u>	<u>37,493</u>	<u>154,263</u>	<u>195,375</u>	<u>2,525</u>	<u>879</u>	<u>4,326</u>	<u>3,013</u>	<u>462,281</u>
<b>Depreciación acumulada -</b>									
<b>Al 1 de enero de 2019</b>	-	11,136	103,632	97,110	1,504	697	2,903	-	216,982
Adiciones (d)	-	1,214	8,794	11,562	168	98	402	-	22,238
Retiros	-	-	(5,853)	(1,351)	(20)	(260)	(102)	-	(7,586)
<b>Al 31 de diciembre de 2019</b>	<u>-</u>	<u>12,350</u>	<u>106,573</u>	<u>107,321</u>	<u>1,652</u>	<u>535</u>	<u>3,203</u>	<u>-</u>	<u>231,634</u>
Adiciones (d)	-	349	2,272	3,017	55	29	95	-	5,817
Retiros	-	-	-	-	-	-	-	-	-
<b>Al 31 de marzo de 2020</b>	<u>-</u>	<u>12,699</u>	<u>108,845</u>	<u>110,338</u>	<u>1,707</u>	<u>564</u>	<u>3,298</u>	<u>-</u>	<u>237,451</u>
<b>Valor neto en libros -</b>									
<b>Al 31 de marzo de 2020</b>	<u>64,408</u>	<u>24,794</u>	<u>45,418</u>	<u>85,037</u>	<u>818</u>	<u>315</u>	<u>1,028</u>	<u>3,013</u>	<u>224,831</u>
<b>Al 31 de diciembre de 2019</b>	<u>64,408</u>	<u>25,143</u>	<u>47,690</u>	<u>88,054</u>	<u>873</u>	<u>344</u>	<u>1,123</u>	<u>1,908</u>	<u>229,542</u>

(b) Additions of the year –

As at March 31, 2020 and December 31, 2019, the Company has made additions mainly in vessels and machineries for improvements in the catch and production of fishmeal and fish oil.

(c) Revaluations –

The Company uses the revaluation model to measure its land. For this purpose, the Company hires an independent appraiser, with experience in the valuation of similar assets to determine the fair value.

Fair values were determined by using the valuation technique based on the market approach. This means that valuations performed by the independent appraiser were based on quoted prices in active markets by the nature, location and condition of each land. The date of the last revaluation was in November 2019.

If the land had been measured by using the cost model, as at March 31, 2020 and December, 2019, the carrying amount would have been the historic cost amounting to US\$5,569,000. The cost attributed from the adoption of IFRS for the first time amounts to US\$9,329,000.

(d) Distribution of the current depreciation of tangible assets and right-of-use assets for the period –

As at March 31, 2020, the current depreciation of tangible assets and right-of-use assets amounts to US\$ 5,817 and US\$ 310, respectively.

The depreciation as at March 31, 2020 and March 31, 2019 has been distributed as follows:

	<b><u>2020</u></b> <b>US\$000</b>	<b><u>2019</u></b> <b>US\$000</b>
Gastos diferidos	4,344	3,090
Costo de venta, nota 19	417	1,377
Costos incurridos en periodos de no producción	905	658
Costos de distribución, nota 20	172	106
Gastos de administración, nota 21	289	151
Total	<u>6,127</u>	<u>5,382</u>

(e) Right-of-use Assets (Operating Lease) –

As at March 31, 2020, the cost and accumulated depreciation of right-of-use assets amount to US\$ 10,044,000 and US\$ 1,536,000, respectively, and are distributed as follows:

	<u>Costo</u> US\$000	<u>Depreciación</u> <u>Acumulada</u> US\$000	<u>Depreciación</u> <u>del periodo</u> US\$000
Edificios y otros construcciones	9,014	1,062	212
Unidades de transporte	<u>1,030</u>	<u>474</u>	<u>98</u>
	<u><u>10,044</u></u>	<u><u>1,536</u></u>	<u><u>310</u></u>

(f) Works in progress –

As at March 31, 2020 and 2019, it mainly corresponds to improvements in its processing plants for indirect human consumption and in its fishing vessels. In opinion of the Management, all the works in progress will be completed during 2020.

(g) Assets in financial leasing –

As at March 31, 2020 and 2019, the Company keeps fishing vessels, vehicles and machinery and equipment through financial leasing contracts. As at March 31, 2020, the cost and accumulated depreciation amount to approximately US\$54,597,000 and US\$38,253,000, respectively (as at December 31, 2019, the cost and accumulated depreciation amount to approximately US\$54,596,000 and US\$37,845,000, respectively).

(h) Guarantees granted –

As at March 31, 2020 and 2019, the Company has made guarantees on plants and vessels for approximately US\$82,853,000. These guarantees support syndicated loans, see note 14.

- (i) The Company keeps insurance policies to safeguard its main fixed assets against fire and all risks, as well as the possible claims that may arise due to its activity. In the Management's opinion, its insurance policies are consistent with the international practice applicable to the industry and the risk of eventual losses due to accidents considered in the insurance policy.

## 11. Intangibles, net and goodwill

(a) The movement and composition of this item is as follows:

	<b>Permisos de pesca (b) US\$(000)</b>	<b>Software US\$(000)</b>	<b>Total US\$(000)</b>
<b>Costo -</b>			
<b>Saldos al 1 de enero de 2019</b>	114,105	6,515	120,620
Adiciones	3,118	233	3,351
<b>Al 31 de diciembre de 2019</b>	<u>117,223</u>	<u>6,748</u>	<u>123,971</u>
Adiciones	-	-	-
<b>Al 31 de marzo de 2020</b>	<u>117,223</u>	<u>6,748</u>	<u>123,971</u>
<b>Amortización acumulada -</b>			
<b>Saldos al 1 de enero de 2019</b>	-	2,681	2,681
Adiciones	-	429	429
<b>Al 31 de diciembre de 2019</b>	<u>-</u>	<u>3,110</u>	<u>3,110</u>
Adiciones	-	109	109
<b>Al 31 de marzo de 2020</b>	<u>-</u>	<u>3,219</u>	<u>3,219</u>
<b>Valor neto en libros -</b>			
<b>Al 31 de marzo de 2020</b>	<u>117,223</u>	<u>3,529</u>	<u>120,752</u>
<b>Al 31 de diciembre de 2019</b>	<u>117,223</u>	<u>3,638</u>	<u>120,861</u>

(b) It corresponds to the fishing licenses that the Company holds for the development of its activities. By virtue of its nature, fishing licenses are considered intangible with indefinite useful lives, so they are not subject to amortization.

Fishing licenses have been acquired along with purse-seine fishing vessels, through purchase processes and mergers with other companies, and have been determined on the basis of their estimated market values obtained from independent appraisers as at the date of each transaction

In April 2019, the Company acquired the "María Mercedes" fishing vessel through financial leasing, whose cost amounted to US\$ 3,350,000, which included the value of the anchovy fishing license and the fishing vessel for approximately US\$ 3,118,000 and US \$ 232,000, respectively.

- (c) Between 2007 and 2012, the Company acquired 100 percent of the shares representing the issued capital of various companies. The acquisitions of these companies were recorded following the purchase method, so adjustments were incorporated into their financial statements to reflect the assets and liabilities acquired at their fair values on the acquisition date. As a result of these acquisitions, the Company recognized a goodwill of US\$113,342,000.

As at March 31, 2020 and December 31, 2019, goodwill has been generated by the acquisition of the following companies:

<b>Empresa</b>	<b>Año de adquisición</b>	<b>US\$ (000)</b>
Corporación del Mar S.A.A.	2009	39,396
Walda S.A.C.	2012	15,190
Inversiones Poas S.A.C.	2012	13,586
Pesquera del Sur S.C.R.LTDA	2012	10,366
Grupo Arrieta	2007	7,114
Grupo Queirolo	2007	6,533
Pesquera Ollanta S.A.C.	2011	4,656
Grupo Tassara	2007	3,292
Inversiones Pesquera Valentina S.A.C.	2012	3,252
Pesquera San Martin de Porras S.A.C.	2011	3,224
Empresas varias	2007	3,043
Pesquera Mar Adentro	2011	2,946
Grupo Cabo Peñas	2007	744
Total		<u>113,342</u>

- (d) Impairment test –

Intangible assets with indefinite useful life are analyzed for impairment by assigning them to three cash-generating units (hereinafter “CGU”), which include the following assets:

- Vessels (Fleet)
- Plants of Indirect Human Consumption (IHC)
- Plants of Direct Human Consumption (DHC)

The recoverable amount of the cash generating unit for the extraction and production of fishmeal and fish oil has been determined based on a calculation of the value in use, by using projections of cash flows derived from the financial budgets approved by the Management, and that cover a period of ten years.

Below, the main assumptions on which the Management has based the projections indicated above:

- (i) Price of fishmeal and fish oil: for its own fleet and third-party acquisitions, the model assumes 18 percent of the total value of fishmeal as raw material cost. For the plants, the model uses the average prices of fishmeal and fish oil of US\$1,450 and US\$1,892, per MT, respectively. The Management expects the prices to be stable and to increase consistently according to the market expectations and demand.

- (ii) Fishing quota: The Company has an anchovy fishing quota of 6.77 percent out of the total biomass determined by the Peruvian Sea Institute (IMARPE) based on the Law and Regulation on Maximum Catch Limits per Vessel (LMCE). To this quota it is added the participation of 7.50 percent from third parties, reaching a total of 14.27 percent of participation. The Company's total quota for 2019 (first and second fishing season) amounted to 4,890,000 MT.
- (iii) Discount rate: The discount rate before income tax applicable to cash flow projections was 10.21 percent, which is consistent with other rates used in the fishing sector.
- (iv) Costs: For vessels, extraction costs are considered, such as operating and maintenance costs. The costs incurred in periods of non-production are stable over time, updated only by inflation. Extraction costs are based on budgeted costs prepared by the Management. For plants, production costs are considered where the model assumes that the total of raw material comprises what the Company's vessels fished and is sold to the plants at market prices.

Sensitivity to changes of assumptions –

As at December 31, 2019, in order to generate impairment, the following assumptions should vary in the following way, keeping the rest constant:

- The discount rate should have been higher than 17.60 percent for CGU of fleet, 11.50 percent for CGU of IHC; and 41.80 percent for CGU of DHC.
- The total quota allocated should be 3,039,000 MT for CGU of fleet and 2,886,000 MT for CGU of IHC. For CGU of DHC, there should be a minimum quota for each type of product (horse mackerel, mackerel and giant squid) for a total of 26,900 MT.
- The minimum price should be US\$979 per MT for fishmeal and US\$1,216 per MT for fish oil for CGU of fleet; US\$1,413 per MT for fishmeal and US\$1,755 per MT for fish oil for CGU of IHC. For CGU of DHC, a minimum price has been calculated for each type of product: horse mackerel and mackerel for US\$ 528 per MT and giant squid for US\$ 617 per MT.

Taking into account market conditions, the Management considers that the assumptions used as a basis for the analysis are reasonable and that the variations that would be required in them to generate impairment are not expected to occur. Consequently, it is not necessary to record impairment estimates as at March 31, 2020 and December 31, 2019.

## 12. Short-term bank loans

- (a) This item is made up by:

	<u>2020</u> US\$000	<u>2019</u> US\$000
Banco de Crédito del Perú S.A.A.	29,318	23,966
Banco Santander del Perú S.A.	27,000	14,000
BBVA Banco Continental S.A.	21,202	10,884
Banco Interamericano de Finanzas S.A.	20,000	15,000
Banco internacional del Perú S.A.A. - Interbank	13,590	14,750
Scotiabank Perú S.A.A.	2,000	3,211
Banco Pichincha	2,000	-
	<u>115,110</u>	<u>81,811</u>
<b>Total</b>	<u>115,110</u>	<u>81,811</u>

(b) Bank loans correspond to short-term financing for working capital, are denominated in US dollars, accrue interests at annual market rates, and can be guaranteed by warrants. See note 9(b).

(c) As at March 31, 2020, expenses for interests accrued by short-term bank loans amounted to US\$1,165,000 (US\$1,701,000 in 2019) and are presented in "Financing Costs" of the statements of income. See note 24.

### 13. Trade and other payables

(a) This item is made up by:

	<u>2020</u> US\$000	<u>2019</u> US\$000
Cuentas por pagar comerciales (b)	30,261	37,036
Pasivo por arrendamiento, nota 3 ( r)	8,787	8,892
Anticipos de clientes	115	3,427
Participaciones de los trabajadores	-	3,156
Intereses por pagar	2,203	3,314
Gastos devengados (c)	3,285	1,973
Cuentas por pagar al Ministerio de la Producción PRODUCE nota 15 (b)	1,520	1,616
Vacaciones por pagar	1,050	1,363
Tributos	155	442
Remuneraciones por pagar	457	257
Compensación por tiempo de servicios	404	245
Contribuciones sociales	154	312
Otros	192	407
	<u>48,583</u>	<u>62,440</u>
<b>Por vencimiento:</b>		
Corriente	40,778	54,530
No corriente	7,805	7,910
	<u>48,583</u>	<u>62,440</u>

(b) Trade payables arise from liabilities generated by services received from local suppliers, for production and export of finished products and the maintenance of equipment. These



liabilities are denominated in US dollars and soles, do not accrue interests and no guarantees have been provided for them.

- (c) Accrued expenses correspond to services received as at March 31, 2020, whose billings were not received by the Company. These expenses are mainly related to natural gas, surveillance, electric power, insurance, customs duty expenses and certificates.

#### 14. Long-term financial liabilities

- (a) This item is made up by:

	<u>2020</u> US\$000	<u>2019</u> US\$000
<b>Bonos corporativos (b)</b>	60,068	60,008
<b>Préstamo sindicado (c )</b>		
Cooperatieve Rabobank U.A.	34,610	36,027
DNB Bank ASA	25,950	27,020
Banco Santander del Perú S.A.	21,856	22,763
Banco de Crédito del Perú S.A.A.	11,949	12,446
Banco internacional del Perú S.A.A. - Interbank	9,435	9,826
	<u>103,800</u>	<u>108,082</u>
<b>Arrendamientos financieros (e )</b>		
BBVA Banco Continental S.A.	2,767	3,085
Banco de Crédito del Perú S.A.A.	2,237	2,281
Banco internacional del Perú S.A.A. - Interbank	220	438
Banco Santander del Perú S.A.	-	4
	<u>5,224</u>	<u>5,808</u>
	<u>169,092</u>	<u>173,898</u>
<b>Por vencimiento:</b>		
Corriente	19,960	20,020
No corriente	149,132	153,878
	<u>169,092</u>	<u>173,898</u>

- (b) Bonds –

In January 2013, the Company made an international placement of Corporate Bonds under the 144A REGS format for a principal amount of US \$ 200,000,000, for a period of 7 years, payable at maturity and with an annual fixed interest rate of 7,375 percent. Interests are paid every semester, maturing in 2020.

On August 31, 2016, the repurchase of US \$ 30,000,000 was made, by paying 76.5 percent of its nominal value and generating a net profit of US \$ 3,000,000, which was presented in the Company's income statements.

On February 6, 2018, it was made an exchange of bonds, changing US \$ 60,900,000 out of the bonds maturing in 2020 with others for the same amount maturing in 2025 and with an increase of the fixed annual interest rate up to 8 percent.

On February 15, 2019, the bonds were repurchased for an amount of US \$ 109,078,000, with the funds obtained through the acquisition of the syndicated loan for US \$ 110,000,000. See letter (c).

As at March 31, 2020, the principal is shown net of the costs directly related for US\$854,000 (US\$914,000 in 2019).

During the effective period of the contract in which (i) the Bonds have Investment Grade Rating from two well-known risk-rating agencies; and, (ii) no payment default or event of default have occurred that have not been corrected, the Company will not be subject to the following provisions (together with "Suspended Covenants") of the placement contract:

- Limitation on indebtedness and unqualified shares; limitation on restricted payments;
- Limitation on dividend restrictions and other payments affecting restricted subsidiaries;
- Limitation on transactions with affiliates;
- Limitation on sales of assets;
- Limitation on business activities;
- Limitation on consolidation, merger and sale of assets.

In the event that the Company has a grade below the Investment Grade, it will be subject to a number of restrictions included in the "Limitation of Indebtedness" section. All the debt that the Company incurs under this situation will be subject to a Debt Hedge Ratio (Total Debt / EBITDA) of the last twelve months not higher than 3.5x.

If the Debt Hedge is higher than 3.5x, the Company may incur in "Allowed Indebtedness," which contains a number of debt authorizations, among which we have: debt to cover the working capital needs for the higher value between US \$ 70,000,000 or 14.5 percent out of the total assets, and debt through financial leasing operations for a higher value between US \$ 20,000,000 or 4 percent out of the total assets.

As at March 31, 2020 and December 31, 2019, the Company has not breached any covenant and expects to comply with these requirements in the following 12 months.

**(c) Syndicated Loan –**

On January 15, 2019, the Company obtained a syndicated loan for a total of US\$ 110,000,000, which was mainly used for the repurchase of the bonds for US\$109,078,000 and for the payment of the previous syndicated loan for US \$ 19,000,000, in force as at December 31, 2018. The loan was disbursed in two tranches: one for US \$ 91,000,000

and the other for US \$ 19,000,000, for a term of 5 years at a Libor interest rate of 3 months plus an applicable margin calculated according to the following:

The loan has a quarterly payment period and a payment term of five years, with expiration date on January 15, 2024, and is guaranteed with plants and vessels of the Company, see note 10 (g).

As at March 31, 2020 and December 31, 2019, the principal of the syndicated loan is presented net of the directly related costs for US\$ 1,800,000 (US\$1,918,000 in 2019).

- Financial Debt Ratio / EBITDA  $\geq$  3.0 and  $<$ 3.5; interest rate: Libor of 3 months + 4.35%
- Financial Debt Ratio / EBITDA  $\geq$  2.25 and  $<$ 3.0; interest rate: Libor of 3 months + 3.85%
- Financial Debt Ratio / EBITDA  $<$  2.25; interest rate: Libor of 3 months + 3.70%

(d) Operating Leasing –

As at March 31, 2020, the liability for future payments for operating leasing amounts to US\$8,787,000 formed by Buildings and transportation units. (US\$ 8,892,000 in 2019).

(e) The minimum future payments for financial leasing and the current value of net minimum installments are as follows:

	<b>2020</b>		<b>2019</b>	
	<b>Pagos mínimos US\$000</b>	<b>Valor actual de los pagos US\$000</b>	<b>Pagos mínimos US\$000</b>	<b>Valor actual de los pagos US\$000</b>
Dentro de un año	2,541	2,460	2,628	2,418
Después de un año pero no más de cinco años	2,984	2,764	3,556	3,390
Total de pagos mínimos	5,525	5,224	6,184	5,808
Menos - Intereses	(301)	-	(376)	-
<b>Valor actual de los pagos mínimos</b>	<b>5,224</b>	<b>5,224</b>	<b>5,808</b>	<b>5,808</b>

(f) As at March 31, 2020 and December 31, 2019, the non-current part of long-term financial liabilities has the following maturities:

<b>Año de vencimiento</b>	<b>2020 US\$000</b>	<b>2019 US\$000</b>
2020	-	19,527
2021	18,885	18,885
2022	17,777	17,777
2023 en adelante	112,470	97,689
Total	149,132	153,878

- (g) As at March 31, 2020, expenses due to interests accrued by bonds, the syndicated loan and financial leasing amounted to US\$1,185,000, US\$1,868,000 and US\$48,000, respectively (US\$2,286,000, US\$1,570,000 and US\$28,000 as at March 31, 2019, respectively) and is presented in "Financial Costs" in the statements of income. See note 24.

#### 15. Provisions for contingencies

The movement and composition of this item is as follows:

	<b>Procesos laborales US\$000</b>	<b>Procesos administrativos US\$000</b>	<b>Total US\$000</b>
Al 1 de enero de 2019	56	2,327	2,383
Provisión	40		40
Pagos		(711)	(711)
Reclasificaciones	-	(1,616)	(1,616)
Al 31 de diciembre de 2019	<u>96</u>	<u>-</u>	<u>96</u>
Altas	-	-	-
Pagos	<u>-</u>	<u>-</u>	<u>-</u>
<b>Al 31 de marzo de 2020</b>	<b><u>96</u></b>	<b><u>-</u></b>	<b><u>96</u></b>

## 16. Net deferred income tax liability

(a) The movement and composition of the caption, according to the items that originated it, is:

	<b>Saldo inicial US\$000</b>	<b>... Adiciones (deducciones)...</b>		<b>Saldo final US\$000</b>
		<b>Resultado del Ejercicio US\$000</b>	<b>Otros cambios US\$000</b>	
<b>Al 31 de marzo de 2020:</b>				
Activo:				
Provisión para vacaciones por pagar	402	(60)		342
Deterioro de activo fijo	485	-	-	485
Desvalorización de inversiones	535	(20)	-	515
Desvalorización de suministros	245	-	-	245
Otras provisiones	1,474	(35)	-	1,439
	<u>3,141</u>	<u>(115)</u>	<u>-</u>	<u>3,026</u>
Pasivo:				
Revaluación de terrenos	(16,248)	-	-	(16,248)
Mayor valor por costo atribuido y diferencias en tasas de depreciación y ajuste por traslación	(11,943)	203	-	(11,740)
Valorización de instrumentos financieros derivados de cobertura	(255)	-	-	-
Otros activos principalmente intangible y ajuste por traslación	(25,365)	-	-	(25,365)
Costo de contratación del Bono	(3,923)	-	-	(3,923)
	<u>(57,734)</u>	<u>203</u>	<u>-</u>	<u>(57,276)</u>
<b>Pasivo diferido, neto</b>	<u>(54,593)</u>	<u>88</u>	<u>-</u>	<u>(54,250)</u>
<b>Al 31 de diciembre de 2019:</b>				
Activo:				
Provisión para vacaciones por pagar	423	(21)		402
Deterioro de activo fijo	496	(11)	-	485
Desvalorización de inversiones	525	10	-	535
Desvalorización de suministros	(187)	432	-	245
Otros	573	901	-	1,474
	<u>1,830</u>	<u>1,311</u>	<u>-</u>	<u>3,141</u>
Pasivo:				
Revaluación de terrenos	(16,332)	-	84	(16,248)
Mayor valor por costo atribuido y diferencias en tasas de depreciación y ajuste por traducción	(14,026)	2,083	-	(11,943)
Valorización de instrumentos financieros derivados de cobertura	-	-	(255)	(255)
Otros activos principalmente intangible y ajuste por traslación	(25,515)	150	-	(25,365)
Costo de contratación del Bono	(485)	(3,438)	-	(3,923)
	<u>(56,358)</u>	<u>(1,205)</u>	<u>(171)</u>	<u>(57,734)</u>
<b>Pasivo diferido, neto</b>	<u>(54,528)</u>	<u>106</u>	<u>(171)</u>	<u>(54,593)</u>

(b) The benefit (expense) by income tax showed in the statement of income during March 31, 2020 and 2019 is as follows:

	<b>2020 US\$000</b>	<b>2019 US\$000</b>
Impuesto a la renta:		
Corriente	(3,926)	4,570
Diferidos	(88)	125
Total	<u>(4,014)</u>	<u>4,695</u>

(c) The reconciliation of the effective income tax rate as at March 31, 2020 and 2019 is as follows:

	<u>2020</u> US\$000	%	<u>2019</u> US\$000	%
Utilidad (pérdida) antes de impuesto a la renta	(7,230)	100.00	10,560	100.00
Impuesto a la renta teórico	2,133	(29.50)	(3,115)	(29.50)
Impacto tributario de las partidas permanentes	(222)	3.07	(268)	(2.54)
Efecto por traslación	2,103	(29.09)	(1,312)	(12.42)
<b>Beneficio por impuesto a la renta</b>	<b><u>4,014</u></b>	<b><u>(55.52)</u></b>	<b><u>(4,695)</u></b>	<b><u>(44.46)</u></b>

## 17. Net Equity

### (a) Issued capital –

As at March 31, 2020 and December 31, 2019, the issued capital is represented by 295,536,144 common shares of S / 1.00 par value, each one duly authorized, issued and paid. These ones belong to both legal entities, domiciled and not domiciled, in Peru.

The share structure of the Company, as at March 31, 2020 and December 31, 2019, is as follows:

<u>Accionistas</u>	<u>2020</u> <u>Acciones</u>	<u>Porcentaje</u>
Caleta de Oro Holding S.A.	196,775	66.58%
Inversiones Odisea Limitada	27,156	9.19%
Caleta de Oro Holding del Perú S.A.C.	25,000	8.46%
Diversos	46,605	15.77%
	<b><u>295,536</u></b>	<b><u>100.00%</u></b>

### (b) Share Premium –

In General Shareholders' Meeting held on October 4, 2010, it was approved the increase of the Company's capital through the local and international offer of up to 57,500,000 class "A" shares of S/1.00 par value.

The placement of 57,500,000 shares in the local and international market were incorporated in the Company's equity at a market value of S/ 4.75 each one, which represented an increase in the issued capital of US \$ 20,584,000 and the recognition of a share premium of US \$ 69,721,000, net of costs related to the issuance for US \$ 7,467,000.

### (c) Legal reserve –

In accordance with the Corporations Act, the legal reserve is incorporated by transferring at least 10 percent of the net income each year, after deducting accumulated losses, until it reaches an amount equivalent to one fifth of the capital. In the absence of earnings not distributed or freely available reserves, the legal reserve must be applied to offset losses, but it must be replaced when there are earnings. The legal reserve may be capitalized, but it must also be replaced.

(d) Distribution of profits –

In General Shareholders' Meeting held on March 26, 2019, it was approved the distribution of dividends for US\$20 million (US\$0.068 per share), which was paid in cash in May 2019.

(e) Revaluation surplus –

It includes the revaluation of lands at amounts that have been determined by technical valuations performed by independent appraisers. The revaluation surplus, recorded net of its effect on the deferred income tax, is transferred to accumulated earnings when the underlying asset is withdrawn or sold.

## 18. Net sales

(a) This item is made up by:

	<b>2020</b> <b>US\$000</b>	<b>2019</b> <b>US\$000</b>
Harina de pescado	20,789	73,573
Aceite de pescado	3,120	10,025
Pescado congelado	8,140	5,957
Otros	641	1,779
	<u>32,690</u>	<u>91,334</u>

(b) As at March 31, 2020, approximately 15,376 MT and 1,424 MT of fishmeal and fish oil, respectively, were sold (50,937 MT and 5,320 MT of fishmeal and fish oil, respectively, during 2019).

(c) As at March 31, 2019, 95 percent out of the total sales of the Company went abroad (96 percent in 2019). See note 3 (d).

	<b>2020</b> <b>US\$000</b>	<b>2019</b> <b>US\$000</b>
Exportaciones:		
Asia	17,073	64,094
Europa	4,769	9,765
América	3,149	11,948
Oceania	1,077	157
Africa	5,041	2,028
	<u>31,109</u>	<u>87,992</u>
Ventas locales y otros	1,581	3,342
Total	<u>32,690</u>	<u>91,334</u>

## 19. Cost of sales

This item is made up by:

	<u>2020</u> US\$000	<u>2019</u> US\$000
Saldo inicial de productos terminados, nota 9	54,134	70,288
Costo de producción:		
- Materias primas, insumos y suministros utilizados	2,759	9,197
- Gastos de personal, nota 22 (b)	1,309	4,751
- Gastos de fabricación	1,407	4,022
- Depreciación, nota 10 (d)	417	1,377
Saldo final de productos terminados, nota 9	<u>(35,644)</u>	<u>(26,841)</u>
	24,382	62,794
Costos incurridos en periodos de no producción	<u>5,667</u>	<u>3,246</u>
	<u>30,049</u>	<u>66,040</u>

## 20. Cost of distribution

This item is made up by:

	<u>2020</u> US\$000	<u>2019</u> US\$000
Servicios de exportación	741	1,994
Transporte de productos terminados	461	1,414
Gastos de personal, nota 22 (b)	250	367
Inspección y análisis	130	338
Seguridad y vigilancia	127	296
Comisiones por venta de productos terminados	470	199
Almacenamiento de productos terminados	231	166
Depreciación, nota 10 (d)	172	106
Estiba y embalaje	4	72
Gasto por alquiler	13	4
Otros	<u>272</u>	<u>542</u>
	<u>2,871</u>	<u>5,498</u>

## 21. Administrative expenses

This item is made up by:



	<u>2020</u>	<u>2019</u>
	US\$000	US\$000
Gastos de personal, nota 22 (b)	1,023	1,400
Honorarios profesionales	292	245
Gastos de alquiler	6	165
Depreciación, nota 10 (d)	289	151
Seguridad y vigilancia	135	135
Comunicaciones	43	69
Mantenimiento y reparaciones	15	10
Gastos de seguros	6	5
Tributos	57	5
Otros	257	542
	<u>2,123</u>	<u>2,727</u>

## 22. Personnel expenses

(a) The composition of personnel expenses is as follows:

	<u>2020</u>	<u>2019</u>
	US\$000	US\$000
Participación de pesca	606	1,541
Remuneración de empleados	1,470	1,477
Participación de trabajadores	49	1,721
Remuneración de obreros	893	928
Gratificaciones	517	705
Seguridad, previsión social y otros	485	639
Bonificaciones	286	369
Compensación por tiempo de servicios	291	389
Vacaciones	62	387
Otros	149	275
	<u>4,808</u>	<u>8,431</u>

As at March 31, the Company had an average of 1,189 workers (1,132 in 2019).

(b) As at March 31, personal expenses have been recorded as follows:

	<u>2020</u>	<u>2019</u>
	US\$000	US\$000
Costo de producción, nota 19	1,309	4,751
Gastos administrativos, nota 21	1,023	1,400
Costos de distribución, nota 20	250	367
Costos incurridos en periodos de no producción	570	927
Costos diferidos	1,656	986
	<u>4,808</u>	<u>8,431</u>

## 23. Other incomes and expenses

(a) This item is made up by:

	<u>2020</u> US\$000	<u>2019</u> US\$000
<b>Ingresos:</b>		
Reversión de provisiones de ejercicios anteriores	29	89
Indemnización de seguros	120	322
Otros	50	126
	<u>199</u>	<u>537</u>
	<u>2020</u> US\$000	<u>2019</u> US\$000
<b>Gastos:</b>		
Multas de PRODUCE y otros	198	322
Mermas, Desmedros - Inceneracion	-	149
Otros	893	818
	<u>1,091</u>	<u>1,289</u>

#### 24. Incomes and financial costs

This item is made up by:

	<u>2020</u> US\$000	<u>2019</u> US\$000
<b>Ingresos financieros:</b>		
Intereses de depósitos a corto plazo	588	108
	<u>588</u>	<u>108</u>
<b>Costos financieros:</b>		
Intereses de bonos, nota 14 (g )	1,185	2,286
Intereses de préstamos bancarios a corto plazo, nota 12 (c )	1,165	1,701
Intereses de préstamo sindicado, nota 14 (g )	1,868	1,570
Intereses de arrendamientos financieros, nota 14 (g )	48	28
	<u>4,266</u>	<u>5,585</u>

#### 25. Transactions with related entities

(a) As at March 31, 2020 and December 31, 2019, the Company has made the following transactions with related parties:

	<u>2020</u> US\$(000)	<u>2019</u> US\$(000)
Préstamos otorgados	33	122
Refacturación de servicios de red y otros	0	61
Gasto por alquiler de oficinas y otros	-2	-2

(b) As a result of these and other minor transactions, as at March 31, 2020 and December 31, 2019, the Company kept the following balances with related entities:

	2020		2019	
	Cuentas por cobrar US\$000	Cuentas por pagar US\$000	Cuentas por cobrar US\$000	Cuentas por pagar US\$000
<b>Cuentas por cobrar:</b>				
Comercializadora Global S.A.	2,183	-	2,248	-
Compañía Hotelera El Sausal S.A.	695	3	720	2
Complejo Agroindustrial Beta S.A.	594	16	607	17
Corporación del Mar S.A.	371	-	407	-
Corporación Exalmar S.A.	230	-	227	-
Caleta de Oro Holding del Peru	196	-	203	-
Caleta de Oro Holding SAC	55	-	46	-
Inmobiliaria Seville S.A.	39	-	40	-
C.M.V. Servicios Ejecutivos S.A.	32	14	88	13
Torres del Rio SAC	5	-	5	-
Silk Holding Mangement Ltd.	4	-	4	-
	<u>4,404</u>	<u>33</u>	<u>4,595</u>	<u>32</u>

- (c) Transactions carried out with related parties have been done under normal market conditions. Taxes generated by these transactions, as well as the calculation basis for determining these ones, are the usual ones in the industry and are settled according to current tax regulations. These balances do not accrue interests and have no specific guarantees.
- (d) Expenses for participations, remunerations, and other items granted to the members of the Board of Directors and the Company's key Management as at March 31, 2020 and December 31, 2019 amounted to US\$631,000 y US\$2,236,000, respectively, and are included in "Administrative expenses" in the statements of income.

## 26. Tax situation

- (a) The Company is subject to Peruvian taxation. As at March 31, 2020 and December 31, 2019 the income tax rate is 29.50 percent on the taxable income, after deducting the employees' profit sharing which is calculated with a rate of 10 percent on the taxable income.

Legal entities not domiciled in Peru and natural persons are subject to the withholding of an additional tax on the dividends received. According to Legislative Decree No. 1261, the additional tax on dividends for the profits generated will be 5 percent.

- (b) The Tax Authority is entitled to audit and, if applicable, to amend the income tax determined by the Company during the four years following the year of filing the tax return.

The audit periods for the income tax include the years 2016 to 2019 and for the general sales tax include the years 2015 to 2019.

- (c) Due to the possible interpretations by the Taxation Authority on current legal regulations, it is not possible to determine whether the reviews to be conducted will result or not in additional liabilities for the Company. Therefore, any higher taxes, default interests and penalties that might result from these audits will be charged to the profit and loss in the year when they are settled. However, in opinion of the Management and its legal advisors,

any additional tax settlement would not be significant to the financial statements of the Company as at March 31, 2020 and December 31, 2019.

For determining the income tax and General Sales Tax, transfer prices of transactions with their related parties and with companies resident in territories or countries with low or no taxation must be supported with documentation and information on the valuation methods used and the criteria considered for their determination. Based on the analysis of the Company's operations, the Management and its legal advisors believe that, as a consequence of the application of these standards, no significant contingencies will arise for the Company as at March 31, 2020 and December 31, 2019.

- (d) In 2018, the Tax Authority audited the income tax of 2015, without significant observations. During 2016 and 2019 are subject of inspection. The Management estimates that no significant liabilities will arise as a result of this review.
- (e) The Company has the benefit to exporters for the General Sales Tax related to the exports. In this sense, the balance in favor of this benefit resulting from the payments of the aforementioned tax in purchase operations of the Company can be offset against the tax resulting from sales in the country, income tax or other taxes, or their return through non-negotiable checks can be requested.

The balances of General Sales Taxes to be recovered as at March 31, 2020 and December 31, 2019 amount to approximately US\$6,742,000 and US\$6,357,000, respectively, and are presented in "Tax credit for VAT" in the statements of financial position.

As at March 2020, the Company has recovered approximately US\$1,749,000 for this concept (US\$21,129,000 during 2019); which was recorded with charge on "Cash and cash equivalents" and installment to "Tax credit for VAT" in the statements of financial position.

The Company pays custom duties on its imports, for which it is entitled to request the recovery of the drawback in relation to the exports of canned and frozen products. The recoveries related to this operation are recorded as incomes for the period in which it is carried out in the Company's income statements.

## **27. Basic and diluted earnings per share**

- (a) Basic –

Basic earnings per share are calculated by dividing the net income attributable to the shareholders of the Company by the weighted average number of outstanding common shares and those to be issued during the period:

	<u>2020</u>	<u>2019</u>
Utilidad (pérdida) atribuible a los accionistas de la compañía (expresado en miles)	(3,216)	5,865
Promedio ponderado de acciones comunes en circulación (expresado en miles)	295,536	295,536
Utilidad (pérdida) básica por acción (S/. por acción)	(0.011)	0.020

(b) Diluted –

The diluted earnings per share are equivalent to the basic loss per share. In 2019 and 2018, no diluted earnings per common share have been calculated because there are no potentially dilutive shares; that is, financial instruments or other contracts that give right to obtain common shares.

## 28. Commitments and contingencies

(a) Guarantees granted –

As at March 31, 2020, the Company has the following letters of guaranty:

- Guarantees granted issued by Banco Continental:
  - For US\$604,000 in favor of a judgement with third parties.
- Guarantees granted issued by Banco de Crédito del Perú:
  - For S/3,000,000 in favor of SUNAT as a guarantee for the return of the export benefit balance during January 2020
  - For S/3,500,000 in favor of SUNAT as a guarantee for the return of the export benefit balance during February 2020
- Guarantees granted issued by Banco Interbank:
  - For US\$126,000 in favor of Gas Natural de Lima y Callao S.A. in compliance with the contract signed for the gas supply.
  - For S/217,000 in favor of 2nd Mixed Labor Court, file 081-2011 in compliance with demand for labor obligations.
- Guarantees granted issued by Banco Santander for S/500,000 in favor of Universidad Nacional San Luis Gonzaga in Ica (Project Works for Taxes).

(b) Contingency for legal demands –

In the normal course of its operations, the Company has been subject to various regulatory, legal (labor and administrative) and tax measures, which are recorded and disclosed in accordance with the International Financial Reporting Standard. As at March 31, 2020 and December 31, 2019, the Company has recorded the necessary provisions. In addition, the possible contingencies amount to approximately US\$3,678,000 as at March 31, 2020.

## 29. Objectives and policies of financial risk management

Due to the nature of its activities, the Company is exposed to market, credit, liquidity and capital management risks, which are managed by the Senior Management through a process of continuous identification, measurement and monitoring, subject to limits of risk and other controls. This risk management process is critical to the Company's continued profitability and each person within the Company is responsible for risk exposures related to their responsibilities. The independent process of risk control does not include business risks, such as changes in the environment, technology and industry. These are monitored through the Company's strategic planning process.

#### Credit risk -

Credit risk is the risk that a counterparty does not comply with its obligations stated in a financial instrument or contract, causing loss. The Management considers that the Company does not have significant credit risk on the trade receivables from third parties, trade receivables from fishing ship owners and related parties since no significant difficulties of collection have arisen. Regarding to the other receivables from grants to ship owners, the Management evaluates their condition, case by case, and obtains guarantees over vessels, properties and other assets, if necessary, to secure receivables.

The Company places its excess of liquidity in prestigious financial institutions, establishes conservative credit policies and constantly evaluates the existing conditions in the market in which it operates. Consequently, the Management does not expect the Company to have significant material losses due to the performance of its counterparties.

#### Market Risk –

Market risk is the risk of loss in balance sheet positions arising from movements in market prices. These prices include three types of risk: (i) exchange rate, (ii) interest rates, and (iii) prices and others. The Company's financial instruments are affected by exchange rate and interest rate risks.

Sensitivity analyses included in the following sections are related to the financial situation of the Company as at March 31, 2020 and December 31, 2019. These sensitivity analyses were prepared on the assumption that the amount of net debt, the proportion of fixed interest to the floating and the debt, remain constant as at March 31, 2020 and December 31, 2019.

#### (i) Exchange Rate Risk –

The exchange rate risk is the risk that the fair value or future cash flows of a financial instrument fluctuate due to changes in the exchange rates of currencies allocated to the functional currency.

The Company's exposure to exchange rate risk is mainly related to the Company's operating activities (when incomes or expenses are denominated in a currency other than the functional currency).

(ii) Risk of interest rate -

The risk of interest rate is the risk that the fair value or future cash flows of a financial instrument fluctuate due to changes in market interest rates. The Company is exposed to the risk of changes in the market interest rates mainly related to its financial obligations at variable rates.

The Company manages its interest rate risk based on the experience of the Management, balancing the active and passive interest rates. In addition, when necessary, the Company enters into contracts of interest rate swaps to exchange variable interest rates by fixed rates. These contracts of interest rate swaps are designated as hedges of related debts.

Information about financial instruments with fixed and variable interest rates is presented below:

	2020			
	Tasa variable US\$(000)	Tasa fija US\$(000)	Sin interés US\$(000)	Total US\$(000)
<b>Activos financieros</b>				
Efectivo y equivalentes de efectivo	-	-	12,239	12,239
Cuentas por cobrar comerciales y diversas, neto	-	-	68,815	68,815
Cuentas por cobrar a entidades relacionadas	-	-	4,404	4,404
<b>Pasivos financieros</b>				
Préstamos bancarios a corto plazo	-	115,110	-	115,110
Cuentas por pagar comerciales y diversas	-	-	40,623	40,623
Obligaciones financieras a largo plazo	103,800	65,292	-	169,092
Cuentas por pagar a entidades relacionadas	-	-	33	33
<b>2019</b>				
	Tasa variable US\$(000)	Tasa fija US\$(000)	Sin interés US\$(000)	Total US\$(000)
<b>Activos financieros</b>				
Efectivo y equivalentes de efectivo	-	-	3,017	3,017
Cuentas por cobrar comerciales y diversas, neto	-	-	57,273	57,273
Cuentas por cobrar a entidades relacionadas	-	-	4,595	4,595
<b>Pasivos financieros</b>				
Préstamos bancarios a corto plazo	-	81,811	-	81,811
Cuentas por pagar comerciales y diversas (*)	-	-	54,088	54,088
Obligaciones financieras a largo plazo	108,082	65,816	-	173,898
Cuentas por pagar a entidades relacionadas	-	-	32	32

(\*) It does not include taxes payable, see note 13.

As at March 31, 2020 and December 31, 2019, the only variable interest rate debt corresponds to the syndicated loan in force at each date, executed with local and foreign banks. As at March 31, 2020, the debt of the syndicated loan is hedged by the interest rate swaps subscribed by the Company in 2019, see note 14(d).

As indicated in the paragraph above, as at March 31, 2020 and December 31, 2019, the Company is not exposed to a significant risk due to the variation in interest rates.

(iii) Price risks -

The Company is not exposed to price risk because it does not have any financial instrument fluctuating as a consequence of variations in market prices.

#### Capital management –

The objectives of the Company in managing capital are to safeguard its ability to continue as a running business in order to generate returns to its shareholders, benefits for other stakeholders and to maintain an optimal capital structure. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce the debt. The Finance Management considers that the cost of capital and the risk related to each type of capital are appropriate as at March 31, 2020 and December 31, 2019.

#### Liquidity risk –

Liquidity is controlled by matching the maturities of assets and liabilities, obtaining credit lines and/or maintaining liquidity surplus as investments, which allows the Company to develop its activities normally.

The management of liquidity risk implies maintaining sufficient cash and availability of financing, through an adequate amount of credit sources and the ability to settle debt transactions mainly. In this regard, the Company's Management focuses its efforts on maintaining sources of financing through the availability of credit lines. However, such lines may be unilaterally cancelled by the bank. According to the information of banks, the Management has estimated that, as at March 31, 2020 and 2019, valid credit lines amount to US\$193,000,000.

As at March 31, 2020, the Company has a negative working capital of US US\$24,887,000 (US\$21,614,000 in 2019). However, in Management's opinion, this situation does not represent a risk in its operations because it has negotiation mechanisms with creditors and, if necessary, with the financial entities with which it works.

The following table shows the maturity of obligations assumed by the Company as at the date of the statement of financial position and the amounts to be disbursed at maturity, based on the undiscounted payments to be made:



<b>Al 31 de marzo de 2020</b>					
	<b>1 año</b>	<b>Entre 1 y 2 años</b>	<b>Entre 2 y 3 años</b>	<b>Entre 3 y 6 años</b>	<b>Total</b>
	US\$(000)	US\$(000)	US\$(000)	US\$(000)	US\$(000)
Préstamos bancarios a corto plazo	115,110	-	-	-	115,110
Cuentas por pagar comerciales y diversas (*)	40,623	1,285	985	4,000	46,893
Cuentas por pagar a entidades relacionadas	33	-	-	-	33
Obligaciones financieras a largo plazo:					
Amortización del capital	19,960	19,460	18,597	111,075	169,092
Flujo por pago de intereses	10,898	9,873	8,866	13,064	42,701
	<u>186,624</u>	<u>30,618</u>	<u>28,448</u>	<u>128,139</u>	<u>373,829</u>

<b>Al 31 de diciembre de 2019</b>					
	<b>1 año</b>	<b>Entre 1 y 2 años</b>	<b>Entre 2 y 3 años</b>	<b>Entre 3 y 6 años</b>	<b>Total</b>
	US\$(000)	US\$(000)	US\$(000)	US\$(000)	US\$(000)
Préstamos bancarios a corto plazo	81,811	-	-	-	81,811
Cuentas por pagar comerciales y diversas (*)	54,088	1,640	1,285	4,985	61,998
Cuentas por pagar a entidades relacionadas	32	-	-	-	32
Obligaciones financieras a largo plazo:					
Amortización del capital	20,020	19,527	18,885	115,466	173,898
Flujo por pago de intereses	11,108	9,998	8,906	15,504	45,516
	<u>167,059</u>	<u>31,165</u>	<u>29,076</u>	<u>135,955</u>	<u>363,255</u>

(\*) It does not include taxes payable. See note 13.

Changes in liabilities coming from financing activities as at March 31, 2020 and December 31, 2019 are the following:

	<b>Saldo al 1 de enero de 2020</b>	<b>Obtención</b>	<b>Dividendos</b>	<b>Pagos</b>	<b>Saldo al 31 de marzo de 2020</b>
	US\$(000)	US\$(000)	US\$(000)	US\$(000)	US\$(000)
Préstamos bancarios a corto plazo	81,811	87,984	0	-54,685	115,110
Obligaciones financieras a largo plazo	173,898	0	0	-4,806	169,092
Pago de pasivos por arrendamientos	8,892			-105	8,787
	<u>264,601</u>	<u>87,984</u>	<u>0</u>	<u>-59,596</u>	<u>292,989</u>

	<b>Saldo al 1 de enero de 2019</b>	<b>Obtención</b>	<b>Dividendos</b>	<b>Pagos</b>	<b>Saldo al 31 de diciembre de 2019</b>
	US\$(000)	US\$(000)	US\$(000)	US\$(000)	US\$(000)
Préstamos bancarios a corto plazo	70,000	275,211		-263,400	81,811
Obligaciones financieras a largo plazo	189,422	115,354		-130,878	173,898
Pago de pasivos por arrendamientos	9,609	435		-1,152	8,892
Dividendos por pagar			20,000	-20,000	0
	<u>269,031</u>	<u>391,000</u>	<u>20,000</u>	<u>-415,430</u>	<u>264,601</u>

### 30. Financial instruments by category

(a) Financial instruments category –

The Company's financial assets and liabilities are as follows:

	<u>2020</u> US\$000	<u>2019</u> US\$000
<b>Activos financieros:</b>		
Al costo amortizado:		
Efectivo y equivalente al efectivo	12,239	3,017
Cuentas por cobrar comerciales y diversas, neto	68,815	57,273
Cuentas por cobrar a entidades relacionadas	4,404	4,595
Total	<u>85,458</u>	<u>64,885</u>
<b>Pasivos financieros:</b>		
Al costo amortizado:		
Préstamos bancarios a corto plazo	115,110	81,811
Obligaciones financieras a largo plazo	149,228	153,974
Cuentas por pagar comerciales y diversas (*)	40,623	54,088
Cuentas por pagar a entidades relacionadas	33	32
	<u>304,994</u>	<u>289,905</u>

(\*) It does not include taxes payable. See note 13.

(b) Credit quality of financial assets –

The credit quality of financial assets that are not expired or impaired can be evaluated on the external risk indexes (if available) or the historical information that reflects compliance rates.

The credit quality of financial assets is as follows:

	<u>2020</u> US\$000	<u>2019</u> US\$000
Efectivo y equivalente al efectivo:		
Banco Santander - Perú (A+)	7,954	145
Banco de Crédito del Perú (A+)	2,065	1,410
Banco BBVA Perú (A+)	1,481	512
Banco Internacional del Perú - Interbank (A)	378	185
Banco Scotiabank (A+)	91	402
Otros	270	363
	<u>12,239</u>	<u>3,017</u>

The indices in table "A and AAA" represent high-quality credit rates. For the banks located in Peru, the ratings were derived from the risk rating agencies authorized by the banking regulator, "The Superintendency of Banking, Insurance and Private Pension Fund Administrators (SBS)".

The credit quality of customers is evaluated in two categories (internal classification):

	<u>2020</u> US\$000	<u>2019</u> US\$000
Cuentas por cobrar comerciales (Nota 8)		
Contrapartes sin calificación de riesgo externo		
A	12,885	7,951
B	<u>240</u>	<u>242</u>
	<u>13,125</u>	<u>8,193</u>
Cuentas por cobrar comerciales a entidades relacionadas (Nota 25)		
B	<u>4,404</u>	<u>4,595</u>
	<u>4,404</u>	<u>4,595</u>
Otras cuentas por cobrar (Nota 8) (*)		
A	<u>38,134</u>	<u>34,022</u>
	<u>38,134</u>	<u>34,022</u>

(\*) Only corresponds to accounts receivable from fishing owners.

A : Existing customers / related parties (with more than 6 months of business relationship) with no history of prior default; and

B: Existing customers / related parties (with more than 6 months of business relationship) with previous history of default.

### 31. Fair value of financial instruments

The Company carries only fair derivative financial instruments at fair value, as explained in note 14 (d); therefore, they are considered in Level 2 of the fair value hierarchy.

The financial instruments are carried at amortized cost and their estimated fair value for disclosure in this note, as well as the level in the fair value hierarchy is described below:

Land is measured at the revalued value resulting from the technical valuations carried out by independent appraisers, which are based on current values in the market as at the date of the financial statements (Level 2). For technical valuations, independent appraisers used the price per meter square. The prices were obtained from lands observed in similar locations to measure the fair value of the land.

Level 1 –

- Cash and cash equivalents do not represent a significant credit risk or interest rate risk; therefore, their carrying amounts approximate their fair values.
- Because trade receivables, other receivables and receivables from related parties are net of the allowance for impairment of receivables and, mainly, have maturities of less than three months, the Management has considered that its fair value is not significantly different from the carrying amount.

- Because the trade payables, other payables and payables to related parties have current maturities, the Management estimates that their carrying amounts approximate their fair values.

Level 2 –

- For other financial liabilities, fair values were determined by comparing the market interest rates at the time of their initial recognition with current market rates related to similar financial instruments. Below there is a comparison between the carrying amounts and fair values of these financial instruments:

	2020		2019	
	Valor en libros US\$000	Valor razonable US\$000	Valor en libros US\$000	Valor razonable US\$000
Bonos	60,068	56,041	60,008	62,900
Préstamos bancarios a largo Plazo	103,800	102,402	108,082	105,745
Arrendamientos financieros	5,224	5,362	5,808	5,878
Total	<u>169,092</u>	<u>163,805</u>	<u>173,898</u>	<u>174,523</u>

### 32. Subsequent events

As at March 31, 2020, no subsequent events have occurred that may affect the reasonableness of the financial statements issued and / or that require disclosure in notes.