









MANAGEMENT DISCUSSION AND ANALYSIS FOR THE SECOND QUARTER OF 2020 PESQUERA EXALMAR S.A.A. (hereinafter referred to as "the Company")

1. Indirect Human Consumption (IHC):

1.1. First Season of 2020 in the North Central Zone:

- Starting on May 13th, by means of Ministerial Resolution No. 147-2020-PRODUCE, the first anchovy fishing season of 2020 was authorized in the North Central zone.
- The season is now underway and the sector is 97.1% ahead of the allocated quota, while Exalmar has reached a processing quota share of 17.3%, the highest one in the company's history.
- The fishing quota allocated for the season was 2'413,000 metric tons, following IMARPE's recommendations included in its report "Situación del stock norte-centro de la anchoveta peruana (Engraulis Ringens) al mes de mayo del 2020 y perspectivas de explotación para la primera temporada de pesca del año" ("Situation of the North-Central Peruvian anchovy stock (Engraulis Ringens) as of May 2020 and exploitation perspectives for the first fishing season of the year", which observed a biomass equivalent to 10'110,000 metric tons, confirming an adequate resource management and commitment to sustainability.
- This season will end once the Total Allowable Catch for the North-Central zone (TAC North-Central) has been reached, or when IMARPE recommends it due to environmental or biological circumstances.

PROCESSING QUOTA SHARE		
Company	1 st season 2019	1 st season 2020 (*)
	23.2%	21.7%
	21.1%	21.5%
	14.9%	17.3%
	12.3%	11.7%
	11.1%	11.3%
	8.8%	7.1%
Others	8.6%	9.4%








Source: PRODUCE. Compiled by author. (*) As of July 15th, 2020.

1.2. Second Season of 2019 in the North Central Zone:

- The opening of the second anchovy fishing season of 2019 in the North - Central zone was authorized by means of Ministerial Resolution N° 483-2019-PRODUCE, starting on November 16th, 2019 and concluding earlier, on January 14th, 2020. The Total Allowable Catch (TAC) for that season was 2'786,000 metric tons.



- By the end of the second fishing season of 2019, the sector had fished 36.14% of the quota allocated by the Ministry of Production (PRODUCE). Exalmar had a processing quota share of 14.78%.

PROCESSING QUOTA SHARE		
Company	2nd season 2018	2nd season 2019
 TASA	21.0%	23.5%
 	22.3%	19.1%
	15.0%	14.8%
	10.2%	13.9%
	11.3%	9.4%
	8.8%	7.6%
Others	11.4%	11.7%

Source: PRODUCE. Compiled by author.

1.3. Southern Zone:

- The opening for the second fishing season of 2019 in the Southern Zone was authorized by means of Ministerial Resolution N° 324-2019-PRODUCE, with a TAC of 540 thousand metric tons. This season began on August 5th, 2019 and by the end of the year the sector had caught 0.5% of the authorized quota (3,000 MT), concentrating 85.0% of it in the port of Pacocha.
- No season has been authorized in the Southern Zone until June 30th, 2020.

1.4. Catch and processing:

- Considering that generally the annual financial statements include sales related to the production in the second season of the previous year and the first season of the current year, 2019 includes a total effective quota of 4,113 thousand MT, resulting in an effective quota of 2,059 thousand MT in the second season of 2018 and 2,055 thousand MT in the first season of 2019.

Thousand MT	2019		
	2 nd Season 2018	1 st Season 2019	Total
N-C Quota	2,100	2,100	4,200
Effective catch of the sector	2,059	2,055	4,113
Fishing quota progress	98.0%	97.8%	97.9%
Exalmar's Processing	309	306	615
Exalmar's Catch Quota	7.9% (*)	7.6% (**)	
Exalmar's Quota Share	15.0%	14.9%	15.0%
Season	15/11/18 - 16/01/19	04/05/19 - 31/07/19	

Source: PRODUCE. (*) 1.14% and (**) 0.82% correspond to the quota rent.

- By 2020, 997,000 metric tons of the catch obtained in the second of 2019 will be included in the financial statements, plus what will be processed in the first season of 2020. As of July 19th, the



total catch of the sector comes to 2,324 thousand metric tons (96.3% of the total authorized quota), while Exalmar has processed 405 thousand metric tons (32% more tons than the first season of 2019).

Thousand MT	2020		
	2 nd Season 2019	1 st Season 2020 (*)	Total (*)
N-C Quota	2,786	2,413	5,199
Effective catch of the sector	997	2,324	3,321
Fishing quota progress	35.8%	96.3%	63.9%
Exalmar's Processing	147	405	533
Exalmar's Catch Quota	6.1%		
Exalmar's Quota Share	14.8%		
Season	16/11/19 - 14/01/20	13/05/20- To be defined	

Source: PRODUCE. (*) As of July 19th, 2020.

- The catch and processing volumes correspond to January 2020 (balance of the second season of 2019) and the first season of 2020. Despite the low catch volumes in January 2020 due to an early season closure and the late opening of the first season of 2020, the volume processed by Exalmar has increased by 5% and the flour production by 8%.

Thousand MT	For the 2 nd quarter of 2019	For the 2 nd quarter of 2020	Variation
Own catch	157.0	135.2	-14%
	51%	42%	
Purchase to third parties	151.5	188.6	24%
	49%	58%	
Fish sold	0.8	0.0	-100%
Total processed	307.8	323.8	5%
Fishmeal produced	71.9	77.7	8%
Fish oil produced	12.2	10.2	-16%
Fishmeal factor	4.28	4.17	-3%
Fish oil factor	3.96%	3.17%	-20%

1.5. Inventories:

- As of June 30th, 2020, the initial inventory of fishmeal plus the one produced up to the aforementioned date, generated an available-for-sale volume of 114.3 thousand MT (130.1 thousand MT the previous year), of which 44.2 thousand MT have been sold, remaining an inventory of 70.1 thousand MT to be shipped during the third quarter of 2020 (51.5 thousand MT the previous year).
- In 2020, the initial inventory was 21.3 thousand MT less than in 2019, and fishmeal production in the second quarter of 2020 increased by 8%. The reduction in sales volumes is mainly due to the early closing of the second season in 2019 and the late opening of the first season of the year.

Fishmeal (thousand MT)	For the 2Q19	For the 2Q20	Variation
Initial Inventory	57.7	36.4	-37%
Production	71.9	77.7	8%



Sales	78.6	44.2	-44%
Reprocessing	0.6	0.2	
Final Inventory	51.5	70.1	36%

- By the end of the second quarter of 2020, fish oil sales were 5.4 thousand MT, remaining an inventory of 10.2 thousand MT.

Fish oil (thousand MT)	For the 2Q19	For the 2Q20	Variation
Initial Inventory	7.8	5.3	-32%
Production	12.2	10.2	-16%
Sales	9.6	5.4	-44%
Reprocessing	-0.1	0.0	
Final Inventory	10.3	10.2	-1%

2. Direct Human Consumption (DHC):

- By means of Ministerial Resolution No. 025-2020-PRODUCE, published on January 17th, 2020, the catch limit for jack mackerel was set at 100,000 MT and mackerel at 94,000 MT, applicable to extractive activities for Direct Human Consumption for the period corresponding to 2020.
- By the end of the first quarter, the sector caught 100% of the allocated quota for jack mackerel. Overall, the sector caught 58.1% of the allocated quota for jack mackerel and mackerel, while Exalmar reached a quota share of around 16.7%, managing to process 18,808 MT, being this level of processing the highest reached in the last seven years.

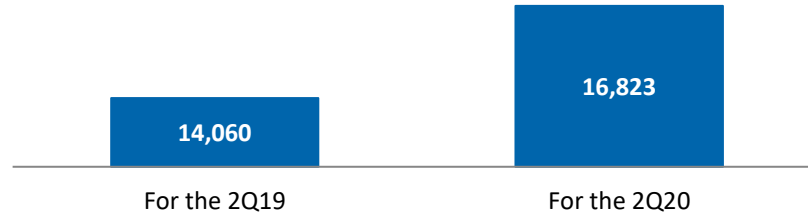
MT	Jack mackerel and mackerel			
	2017	2018	2019	2Q 2020
Jack mackerel and mackerel quota	210,000	185,000	273,000	194,000
Effective Catch of the Sector	76,790	80,598	130,982	112,772
Fishing quota progress	36.6%	43.6%	48.0%	58.1%
Exalmar's Processing	8,646	7,438	16,672	18,808
Exalmar's Quota Share	11.3%	9.2%	12.7%	16.7%

The effective catch for 2017, 2018 and 2019 corresponds basically to the mackerel species. Compiled by author.

- By the end of the second quarter of 2020, the production in the plant of Tambo de Mora was 16,823 MT, which represented a 20% increase over the previous year, due to higher availability of mackerel.



Production in the plant of Tambo de Mora DHC (MT)



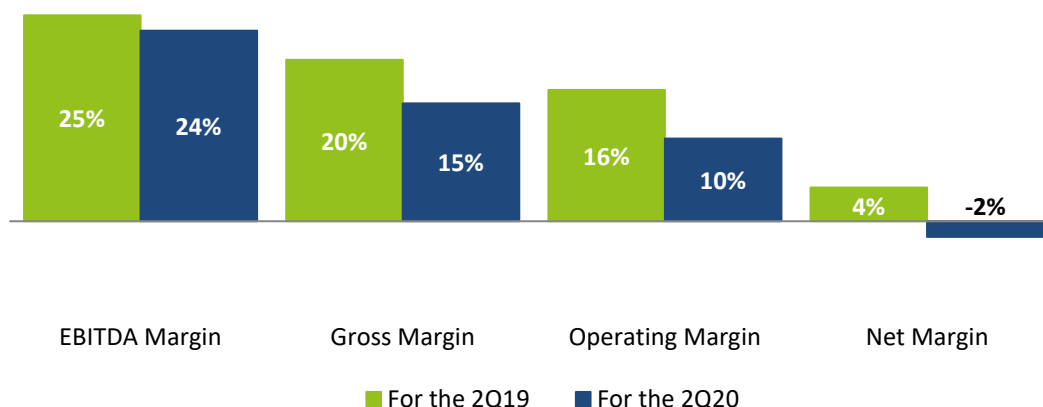
- By the end of the second quarter of 2020, there is an inventory of 2,475 MT (47% jack mackerel, 43% mackerel and the balance of others), compared to 3,712 MT at the same period of 2019.
- As of June 30th, 2020, USD 0.9 MM were invoiced for DHC services in the plants of Paita and Tambo de Mora, which implies a 68% reduction compared to the 2019 invoicing as of the same date (USD 2.9 MM), this due to the low demand for these services as a result of the COVID 19 pandemic. This sector represents about 7% of total DHC sales.

3. Financial information:

- As of June 30th, 2020, sales show a 37% reduction as a result of lower processing volumes in the second season of 2019, due to an early closure of that season, as well as a late opening of the first season of 2020. In addition, restrictions on port services due to government regulations regarding COVID 19 prevented shipments from being attended to in an adequate manner. By the end of June, 70,000 MT of fishmeal will be available for shipment in the third quarter of the year (36% more than the same period in 2019), which is estimated to be shipped in the usual manner as government restrictions shall be repealed.

USD MM	2Q19	2Q20	For the 2Q19	For the 2Q20	Variation
Sales	54.8	60.1	146.2	92.8	-37%
Gross Profit	9.3	13.7	29.1	13.5	-54%
Operating Income (*)	6.6	11.8	23.7	9.5	-60%
Profit before Tax	1.9	5.2	12.4	-2.0	-116%
Net Profit	0.2	1.4	6.1	-1.8	-130%
EBITDA (**)	12.9	18.0	37.2	21.8	-41%

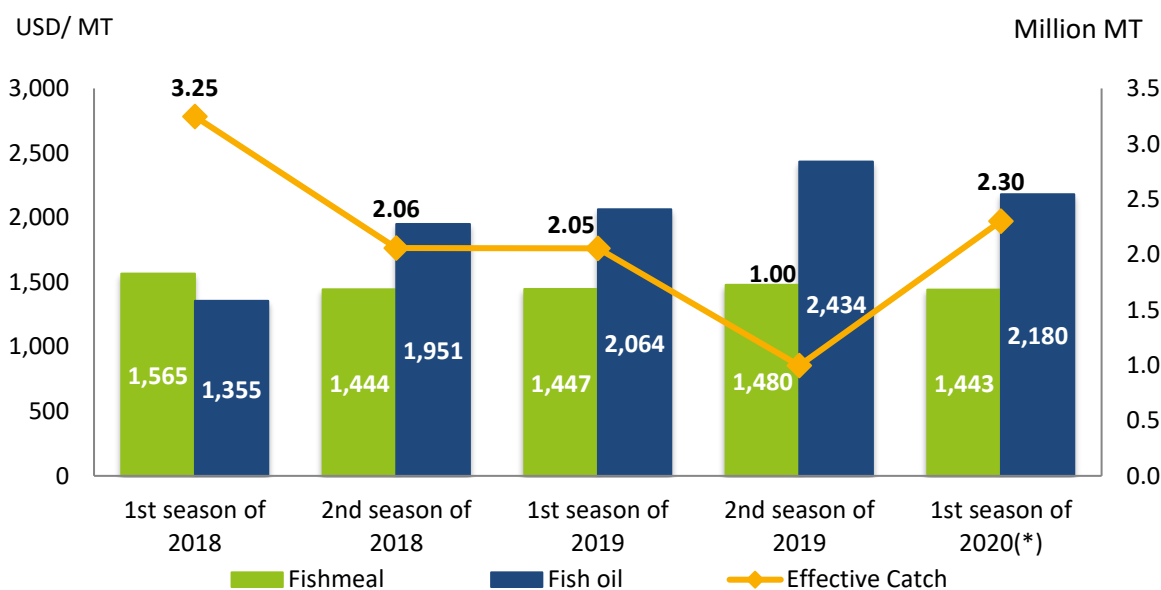
(*) The operating income does not consider the other income/expenses. (**) EBITDA does not consider other income/expenses as these are non-recurring items, or employee profit sharing.



3.1 Sales:

- By the end of the second quarter of 2020, 38.7% of the annual production has been sold. The early closure of the second season of 2019, which only allowed the sector to catch 997 thousand tons (35.8% of the allocated quota), and the late opening of the first season of 2020 caused a 40% reduction in the sales value during this period, compared to 2019. A 14.3% higher quota for the first season of the year compared to 2019 and a good progress of it, has allowed us to end the quarter with a final inventory of 70 thousand MT, 36% more than the inventory as of June 30th, 2019.

Average selling prices and effective catch



(*) Estimated selling prices of fishmeal and fish oil for what remains in the inventory of the first season of 2020.



- The fish processed by Exalmar for the first season of 2020 (as of June 30th) increased by 22.1% over the one processed in the first season of 2019 for the same period, while the selling price of fishmeal according to our estimates would decrease by 0.3% and the fish oil one would increase by 5.6%.
- By the end of the second quarter of 2020, 38.7% of the available fishmeal volume has been sold, remaining 70.1 thousand MT in inventory to be sold in the third quarter of the year (36% more than the same period in 2019).
- As of June 30th, 2020, 34.7% of the fish oil volume available for sale has been sold, remaining 10.2 thousand MT in inventory.

Net Sales – Indirect Human Consumption					
	2Q19	2Q20	For the 2Q19	For the 2Q20	Variation
Fishmeal					
MT	27,644	28,864	78,581	44,240	-44%
USD/MT	1,481	1,583	1,457	1,503	3%
Total Fishmeal Sales (thousand USD)	40,936	45,698	114,510	66,487	-42%
% of Total Sales	75%	76%	78%	72%	
Fish oil					
MT	4,284	3,986	9,604	5,410	-44%
USD/MT	1,821	2,278	1,856	2,255	21%
Total Fish Oil Sales (thousand USD)	7,801	9,080	17,826	12,200	-32%
% of Total Sales	14%	15%	12%	13%	
Anchovy					
MT	754	-	754	-	-
USD/MT	278	-	278	-	-
Total Anchovy (thousand USD)	210	-	210	-	-
% of Total Sales	0%	-	0%	.	
Quota rent (thousand USD)	-	768	33	768	2,248%
% of Total Sales	-	1%	0%	1%	
TOTAL INDIRECT HUMAN CONSUMPTION	48,947	55,546	132,578	79,455	-40%
% of Total Sales	89%	92%	91%	86%	

Net Sales – Direct Human Consumption					
	2Q19	2Q20	For the 2Q19	For the 2Q20	Variation
Fresh Fish					
Total Fresh Fish (thousand USD)	-	-	107	69	-36%
% of Total Sales	-	-	0%	0%	
Services – DHC					
Total Services (thousand USD)	1,394	359	2,908	920	-68%
% of Total Sales	3%	1%	2%	1%	
Frozen Products					
MT	5,318	5,031	12,433	15,209	22%



USD/MT	820	825	830	808	-3%
Total Frozen Products (thousand USD) (*)	4,361	4,153	10,318	12,293	19%
% of Total Sales	8%	7%	7%	13%	
Others (thousand USD)	124	14	249	26	-90%
% of Total Sales	0%	0%	0	0%	
TOTAL DIRECT HUMAN CONSUMPTION	5,878	4,526	13,581	13,307	-2%
% of Total Sales	11%	8%	9%	14%	
TOTAL	54,825	60,072	146,159	92,762	-37%

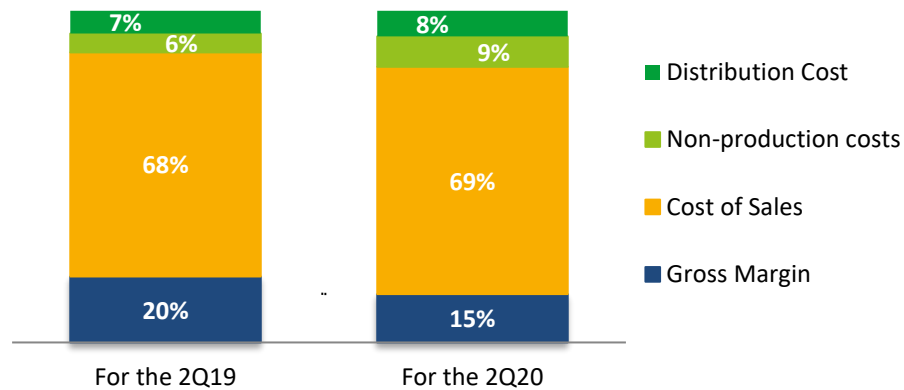
(*) Jack mackerel and mackerel are mainly included.

3.2 Gross Profit:

USD MM	2Q19	2Q20	For the 2Q19	For the 2Q20	Variation
Sales	54.8	60.1	146.2	92.8	-37%
Cost of Sales	36.0	39.2	98.8	63.6	-36%
Non-production costs	5.0	2.9	8.3	8.6	3%
Distribution Cost (*)	4.4	4.2	9.9	7.1	-29%
Gross Profit	9.3	13.7	29.1	13.5	-54%
% of Sales					
Gross Margin	17%	23%	20%	15%	
Cost of Sales	66%	65%	68%	69%	
Non-production costs	9%	5%	6%	9%	
Distribution Cost	8%	7%	7%	8%	

(*) Selling expenses based on accounting standards (IFRS 15) are now recorded as Distribution Costs on a Gross Profit level.

- By the end of the second quarter of 2020, sales decreased by 37% and the gross margin was reduced from 20% to 15%, compared to the same period of the previous year, as a result of a higher fishing effort during the second season of 2019 due to resource dispersion. The large presence of juvenile fish caused continuous closed seasons. Therefore, the Ministry of Production decided an early closure of the fishing season, which caused the sector to catch 36% of the allocated quota. These cost overruns had a significant impact on non-production costs in 2020.
- Restrictions on port services due to government regulations regarding COVID 19 prevented shipments from being attended to in an adequate manner. These shipment delays in addition to the low inventory level at the beginning of the year and the late opening of the season caused IHC sales to decrease by 40%. By the end of the second quarter, there is a fishmeal inventory of 70.1 thousand tons, 36% more than in the same period of 2019, estimating that most of these inventories will be sold during the third quarter of 2020.



USD MM	2Q19	2Q20	For the 2Q19	For the 2Q20	Variation
Sales	54.8	60.1	146.2	92.8	-37%
IHC	48.9	55.5	132.6	79.5	-40%
DHC	5.9	4.5	13.6	13.3	-2%
Cost of Sales	36.0	39.2	98.8	63.6	-36%
IHC	33.9	37.4	84.1	58.6	-38%
DHC	2.1	1.8	4.7	5.0	6%
Non-production costs (*)	5.0	2.9	8.3	8.6	3%
IHC	3.2	1.0	5.1	5.2	2%
DHC	1.8	1.9	3.2	3.4	6%
Distribution Cost	4.4	4.2	9.9	7.1	-29%
IHC	3.5	3.4	7.9	4.9	-38%
DHC	1.0	0.8	2.0	2.2	8%
Gross Profit	9.3	13.7	29.1	13.5	-54%
IHC	8.3	13.7	25.4	10.8	-58%
DHC	1.0	0.0	3.7	2.8	-25%

% of Sales	2Q19	2Q20	For the 2Q19	For the 2Q20
Cost of Sales	66%	65%	68%	69%
IHC	69%	67%	71%	74%
DHC	36%	39%	35%	38%
Non-production costs (*)	9%	5%	6%	9%
IHC	7%	2%	4%	7%
DHC	31%	42%	23%	25%
Distribution Cost	8%	7%	7%	8%
IHC	7%	6%	6%	6%
DHC	16%	18%	15%	16%
Gross Margin	17%	23%	20%	15%
IHC	17%	25%	19%	14%
DHC	17%	1%	27%	21%



3.3 Cost of Sales:

- Cost of sales for IHC represented 74% of its sales, with a lower margin of 71% in 2019. The cost of sales per unit of fishmeal had an increase of 11% compared to last year, due to higher purchase volumes to third parties (37 thousand MT more than last year).

	Cost of sales for IHC		
	For the 2Q19	For the 2Q20	Variation
Initial Inventory	69,660	53,603	-23%
Total Cost of Production	90,859	85,512	-6%
Employees' Quota Share	1,563	-	-100%
Final Inventory for IHC	68,056	80,542	18%
Cost of fresh fish extraction	100	-	-100%
COST OF SALES FOR IHC	94,126	58,573	-38%

- The total cost of production is represented by the costs of extraction, purchase to third parties and processing costs.

1. Costs of Extraction

By the end of the second quarter of 2020, the cost of anchovy extraction per MT decreased by 8% compared to the previous year. The reduction in these costs is mainly due to the drop in international oil prices, the lower fishing effort associated with the proximity on fish biomass facilitating its catch, and reduced maintenance costs due to an early closure of the second season of 2019.

	Costs of own extraction		
	For the 2Q19	For the 2Q20	Variation
Own catch (MT)	156,995	135,232	-14%
Cost of own catch (thousand USD)	21,659	17,193	-21%
USD/MT	138.0	127.1	-8%
Depreciation	3,573	3,747	
Dep/ MT	22.8	27.7	22%
USD/MT (without depreciation)	115.2	99.4	-14%
Detail:			
Personnel	8,201	6,655	
Personnel /MT	52.2	49.2	-6%
Maintenance	3,899	2,523	
Maintenance /MT	24.8	18.7	-25%
Fuel	3,109	1,436	
Fuel /MT	19.8	10.6	-46%
Others	2,877	2,832	
Others /MT	18.3	20.9	14%



2. Purchase of Raw Material

By the end of the second quarter of 2020, the volume purchased to third parties represented 58% of the total volume processed. The cost per MT of purchase to third parties regarding the sales price of fishmeal for the second quarter represented 17.0% in comparison to 19.3% for the same period of 2019. The purchase cost of raw material per ton decreased by 9%.

	Costs of purchase to third parties		
	For the 2Q19	For the 2Q20	Variation
Purchase to third parties (MT)	151,516	188,576	24%
Cost of purchase to third parties (thousand USD)	42,658	48,308	13%
USD/MT	281.5	256.2	-9%
% of fishmeal processed volume	49%	58%	

3. Processing Costs

By the end of the second quarter of 2020, the processing cost per MT without depreciation or raw material cost decreased 33% compared to the previous year, as a result of higher levels of processing (5% more than the same period of the previous year). Fishmeal production levels for the second quarter increased 25.1% compared to 2019. In addition, a drop in oil prices helped reduce the extraordinary cost overruns due to COVID 19. As of July 19th, Exalmar's quota share is 17.4% in the sector, which represents the highest level of quota share achieved.

	Processing Costs		
	For the 2Q19	For the 2Q20	Variation
Fishmeal and Fish Oil Processing MT	84,076	87,963	5%
Processing cost (thousand USD)	26,542	20,010	-25%
USD/MT	315.7	227.5	-28%
Depreciation	3,313	3,817	15%
Dep/ MT	39	43	10%
USD/MT (without depreciation)	276.3	184.1	-33%
Detail:			
Personnel	3,332	3,093	
Personnel /MT	39.6	35.2	-11%
Maintenance	1,221	923	
Maintenance /MT	14.5	10.5	-28%
Fuel	5,473	4,802	
Fuel/MT	65.1	54.6	-16%
Inspections and analysis	1,267	1,134	
Inspections and analysis/MT	15.1	12.9	-14%
Direct Costs	1,872	1,637	
Direct Costs/MT	22.3	18.6	-16%
Basic services (*)	1,614	1,341	
Basic services/MT	19.2	15.2	-21%
Others	8,451	3,263	
Others/MT	100.5	37.1	-63%

(*) Electric power represents 50% of basic services.



3.4 Non-production costs:

- "Non-production costs" refer to expenses incurred during non-production/operation times, both in plants and on vessels, during fishing seasons.
- Non-production costs increased by 3% compared to the previous year, due to more days of stoppage during the first semester of the year.

USD MM	For the 2Q19	For the 2Q20	Variation
Fleet non-production cost	0.7	0.8	8%
Plant non-production cost	3.2	3.0	-8%
Non-production cost for DHC	4.3	4.8	12%
Non-production costs	8.3	8.6	3%

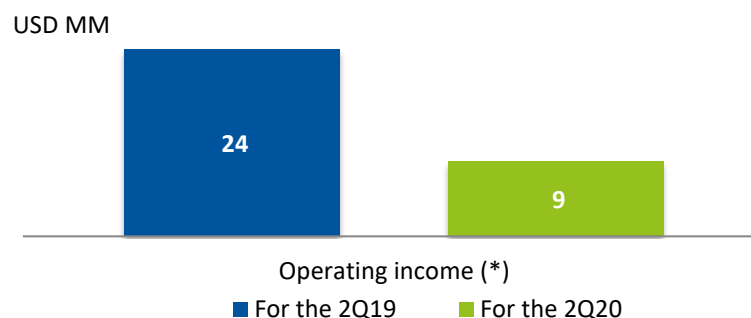
3.5 Administrative Expenses:

- By the end of the second quarter of 2020, administrative expenses decreased by 25% compared to the previous year, mainly due to extraordinary expenses in the first semester of 2019 that were not repeated as of June 30th, 2020.

USD MM	2Q19	2Q20	For the 2Q19	For the 2Q20	Variation
Administrative Expenses	2.7	1.9	5.4	4.0	-25%

3.6 Operating Income (*):

- By the end of the second quarter of 2020, operating income had decreased by 60% compared to the previous year (10% of sales compared to 16% in 2019), as a result of lower sales volumes. As of June 30th, the final inventory of fishmeal was 70,000 MT, being sold in the third quarter of the year (52,000 MT in the same period of 2019). As of July 19th, 2020, Exalmar has managed to process more than 17% of the effective catch of the sector, being the highest quota share achieved.



(*) Operating income does not include other income/expenses.



3.7 Financial Expenses:

- By the end of the second quarter of 2020, net financial expenses decreased 18% due to reduced long-term financial expenses from bond refinancing and rate reduction.

USD MM	2Q19	2Q20	For the 2Q19	For the 2Q20	Variation
Financial Income	0.0	0.1	0.1	0.7	374%
Financial Expenses	4.3	4.3	9.8	8.6	-13%
Net Financial Expenses	-4.2	-4.2	-9.7	-7.9	-18%
% of Sales	8%	7%	7%	9%	

3.8 Net Profit:

- By the end of the second quarter of 2020, net profit was USD -1.8 MM, 130% lower than in the same period of the previous year, while the net margin decreased from 4% to -2%.

3.9 Indebtedness:

- By the end of the second quarter of 2020, net debt amounted to USD 279.4 MM, 1% higher compared to the previous year (USD 276.4 MM as of June 30th, 2019). By the second quarter of 2020, the increase in debt (USD 30.0 MM of short-term debt matures in March 2021) was caused by higher working capital requirements due to an early suspension in the second season of 2019 with only a 36% advance in the quota. In addition, conditions in the fishmeal market and difficulties in shipping caused by government restrictions on movement due to COVID 19 extended our financial cycle. By the end of the second quarter, Exalmar obtained an inventory valued in USD 124.3 MM, 28% higher than the previous year (USD 96.9 MM as of June 30th, 2019), which will be sold in the third quarter of the year.



Debt Position			
USD MM	For the 2Q19	For the 2Q20	%
Short-term debt	110.9	124.3	12%
	39%	43%	
Long-term debt	170.1	164.3	-3%
Current portion	2.5	19.7	684%
Non-current portion	167.6	144.6	-14%
Total Debt	281.0	288.6	3%
Cash	4.6	9.2	102%
NET DEBT	276.4	279.4	1%

USD MM	For the 2Q19	For the 2Q20
Short-Term Debt (Capital de Trabajo)	110.0	124.3
Cash	4.6	9.2
Credit balance to Exporter	3.4	5.2
Net Trade Accounts Receivable	22.9	22.6
Valued Inventory (USD)	96.9	124.3
Fishmeal Stock (thousand MT)	51.5	70.1
Fish Oil Stock (thousand MT)	10.3	10.2
DHC Stock (thousand MT)	3.7	2.5
Fishmeal Valued Inventory (*)	74.6	101.1
Fish Oil Valued Inventory (*)	21.2	22.2
DHC Inventory (**)	1.1	1.0
Accounts receivable + Inventory + Cash + Credit balance to Exporter	127.8	161.3
Short-term debt coverage	115%	130%

(*) Valued according to the average selling prices of closed contracts. (**) Valued according to inventory costs.

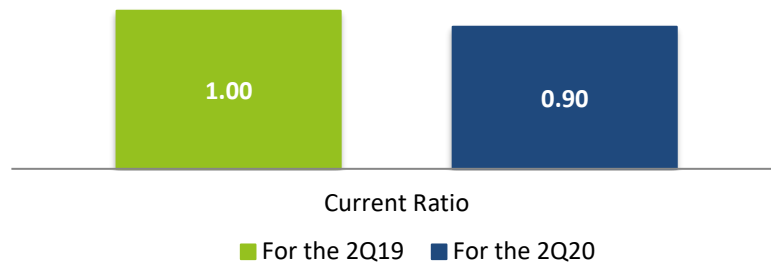
- By the end of the second quarter of 2020, our current assets receivable amount to approximately USD 161.3 MM, of which 6% is cash, 14% corresponds to trade accounts receivable and 77% to inventory. The higher working capital requirements are being covered with the production of the first season of 2020.
- As of June 30th, 2020, 45% of the short-term debt (USD 56.0 MM) is self-liquidating, as it is secured by fishmeal warrants or export letters of credit. Anticipating fishmeal market conditions and shipping difficulties resulting from the restrictions on movement dictated by the government due to COVID 19, which extended our financial cycle, and thanks to an excellent bank relationship, we have been able to extend the short-term debt maturity, which is not backed by warrants. 12% of this unsecured debt has a maturity period set for the last quarter of this year, while 44% matures by the end of the first quarter of 2021. Additionally, we have enough credit lines to mitigate possible refinancing risks.
- By the end of the second quarter of 2020, we managed to reduce the debt without a warrant by over USD 14.0 MM compared to the position in the first quarter, as a result of achieving a 17% share quota in the effective catch, showing that we can end up covering the short-term debt balances with the production of the second season of 2020.



3.10 Financial indicators:

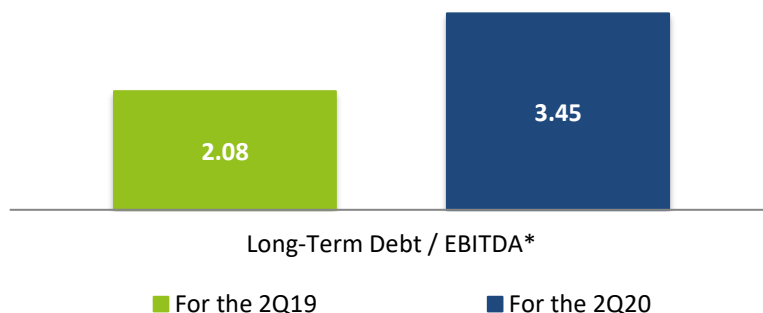
- Liquidity:**

The current ratio (current assets / current liabilities) decreased by 10% compared to 1.00x in the previous year, as a result of a 29% increase in current liabilities, mainly due to an increase in short-term debt related to higher working capital requirements, explained by the processing record share of more than 17%. By June 2020, purchasing of raw materials to third parties has increased by 31.2%, compared to the first season of 2019. 44% of short-term debt without a warrant matures by the end of the first quarter of 2021.



- Long-Term Debt/ LTM EBITDA:**

EBITDA levels for the first semester of the year were affected by the low production and sales volume (EBITDA for the first semester of 2019 was USD 37.0 MM while for the same period of 2020 it decreased by USD 21.8 MM) due to an early suspension in the second season of 2019 with only a 36% catch. As a consequence, the ratio for the second quarter of 2020 increased by 65% compared to the same period last year, mainly due to a 42% decrease in EBITDA for the last twelve months. Long-term debt was reduced by 3% compared to 2019, mainly due to the debt refinancing and scheduled amortizations.

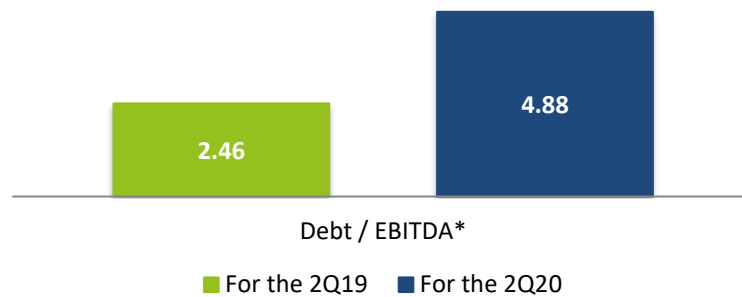


(*) EBITDA is considered for the last 12 months.



- **Financial Debt (Without Warrant) /LTM EBITDA:**

The Financial Debt/LTM EBITDA ratio excludes short-term debt financed with a warrant as measured by the syndicated loan. By the end of the second quarter of 2020, the indicator was 4.88x while for the same period in 2019 it was 2.46x, as a result of a reduction in EBITDA for the last twelve months from USD 81.7 MM to USD 47.7 MM (-42%). EBITDA levels for the first semester of the year were affected by the low production and sales volume (EBITDA for the first semester of 2019 was USD 37.0 MM while for the same period in 2020 it decreased by USD 21.8 MM) due to an early suspension in the second season of 2019 with only 36% catch.



(*) EBITDA is considered for the last 12 months.

- **Profitability:**

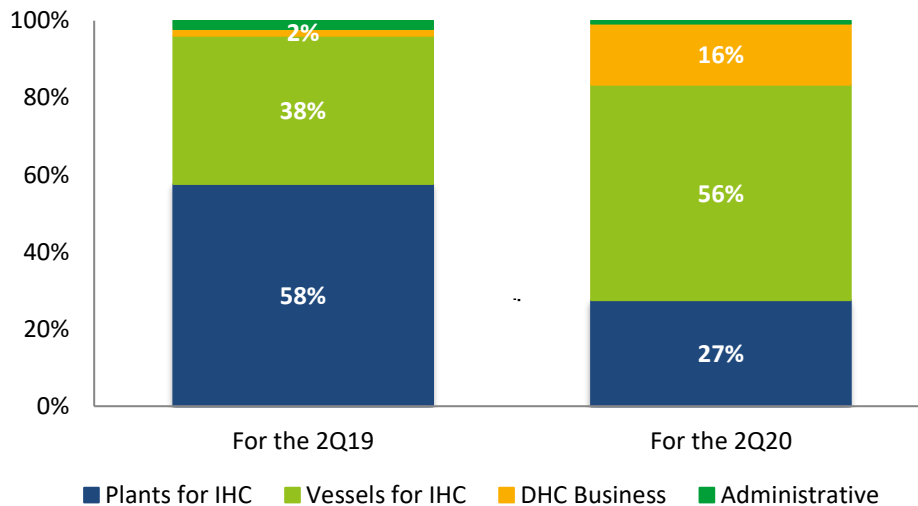
By the end of the second quarter of 2020, profitability ratios were lower than those of the same period in 2019, mainly due to a 108% decrease in net profit over the last twelve months.

Profitability Position (LTM)		
	For the 2Q19	For the 2Q20
ROE	8.4%	-0.7%
ROA	4.3%	-0.3%
Net Profit Margin	7.6%	-0.7%



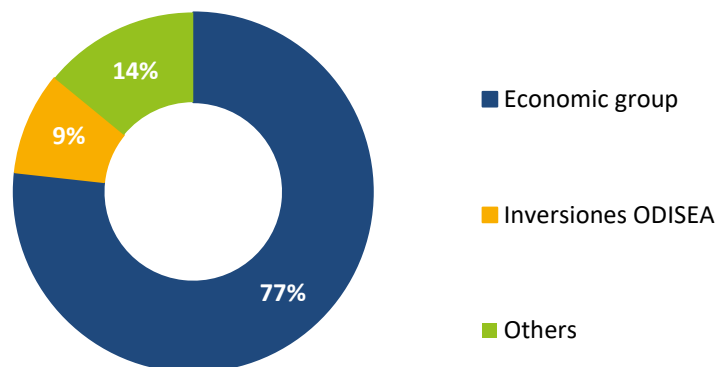
3.11 CAPEX:

- Regarding CAPEX, by the end of the second quarter of 2020, investments of USD 2.3 MM (USD 16.1 MM as of June 30th, 2019) have been made, mainly in plants and vessels for IHC.



4. Share capital, shareholder structure and share price development:

- As of June 30th, 2020, the Company's fully subscribed and paid-up capital amounted to S/295'536,144, divided into 295'536,144 voting common shares with a nominal value of S/ 1.00 each. All shares confer on their owners the same rights and obligations.
- The company's shares are listed on the Bolsa de Valores de Lima (Lima Stock Exchange). As of June 30th, 2020, the market value of the 295'536,144 shares was S/ 1.29 per share, while as of December 31st, 2019 it was S/ 1.29.





5. Other Relevant Facts:

- On July 15th, the report issued by Standard & Poor's was published, which modifies the rating of Pesquera Exalmar S.A.A.'s corporate bonds from "B-" to "CCC+", with a "negative" perspective.
- On July 20th, the call to the Non-Presential Annual Shareholders Meeting, held on July 31st, 2020, at 10:00 a.m., was published on first call, addressing the following topics:
 - Approval of Pesquera Exalmar S.A.A.'s Financial Statements and Annual Report 2019.
 - Application of profits.
 - Appointment of External Auditors for fiscal year 2020 or delegation of their appointment to the Board of Directors.
 - Appointment of the Board of Directors for 2020 and setting of their remuneration.
 - Granting of powers for formalizing agreements.
- The fishing season is now underway and the sector is 97.1% ahead of the allocated quota, while Exalmar has reached a processing quota share of 17.3%, the highest one in the company's history.
- Exalmar and the fishing sector adapted quickly and efficiently to the COVID-19 protocols established by the Government for the reopening of the fishing season, having strictly complied with these protocols throughout the season, thus achieving an operation with satisfactory results, being close to the end of the first fishing season of the year.