










MANAGEMENT DISCUSSION AND ANALYSIS FOR THE THIRD 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 and ending on August 14th, 2020, by means of Ministerial Resolution No. 147-2020-PRODUCE, the first anchovy fishing season of 2020 was authorized in the North Central zone.
- 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.
- At the end of the first fishing season in 2020, 99.9% of the quota allocated by the Ministry of Production (PRODUCE) was caught and Exalmar had a quota share of 18.1%. In the first season of 2019, the sector caught 97.8% of the quota set at 2'100,000 metric tons, where Exalmar had a 14.9% quota share.

PROCESSING QUOTA SHARE		
Company	1 st season 2019	1 st season 2020
 	23.2%	21.8%
	21.1%	20.9%
	14.9%	18.1%
	11.1%	11.8%
	2.3%	11.2%
	8.8%	7.3%
Others	8.6%	8.9%








Source: PRODUCE. Compiled by author.

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 caught 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%
 COPEINCA  CHINA FISHERY	22.3%	19.1%
 Pesquera EXALMAR S.A.A.	15.0%	14.8%
 HAYDUK	10.2%	13.9%
 PESQUERA DIAMANTE	11.3%	9.4%
 AUSTRAL	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).
- The opening of the first fishing season of 2020 in the Southern Zone was authorized by means of Ministerial Resolution N° 00249-2020-PRODUCE, published on July 27th, 2020, with a TAC of 435,000 MT. This season began on August 1st, and will end once the Total Allowable Catch of the Southern Zone (TAC-South) is reached, or otherwise, it may not extend beyond December 31st, 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 included 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		Total
	2 nd Season 2018	1 st Season 2019	
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 effective catch obtained in the second season of 2019 plus 2,354 thousand metric tons caught in the first season of 2020 will be included in the financial statements (this represents a 15% increase in tonnage caught compared to the first season of the previous year).

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	2,354	3,350
Fishing quota progress	35.8%	97.6%	64.4%
Exalmar's Processing	147	426	574
Exalmar's Catch Quota	6.1%	8.3%	
Exalmar's Quota Share	14.8%	18.1%	17.1%
Season	16/11/19 – 14/01/20	13/05/20 – 31/07/2020	

Source: PRODUCE.

- The catch and processing volumes shown below 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 24% and the flour production by 27%. This increase is mainly due to the excellent management that Exalmar had this season with the shipowners, achieving an 11% quota share of third parties.

Thousand MT	For the 3 rd quarter of 2019	For the 3 rd quarter of 2020	Variation
Own catch	191.1	194.9	2%
	52%	45%	
Purchase to third parties	165.2	233.4	41%
	48%	55%	
Fish sold	12.2	0.3	-98%
Total processed	344.1	428.1	24%
Fishmeal produced	80.5	102.6	27%
Fish oil produced	13.4	12.6	-6%
Fishmeal factor	4.27	4.17	-2%
Fish oil factor	3.90	2.94%	-25%

1.5. Inventories:

- As of September 30th, 2020, the initial inventory of fishmeal plus the one produced up to the aforementioned date, generated an available-for-sale volume of 139.5 thousand MT (139.0 thousand MT the previous year), of which 127.8 thousand MT have been sold, remaining an inventory of 11.7 thousand MT to be shipped during the fourth quarter of 2020 (28.2 thousand MT the previous year).
- Initial inventory in 2020 was 21.3 thousand MT less than in 2019, and fishmeal production in the third quarter of 2020 was 27% more than in the same period of the previous year. Available-for-sale volume in the third quarter is similar to last year's, but at the end of September 2020, 15% more was sold compared to last year.



Fishmeal (thousand MT)	For the 3Q19	For the 3Q20	Variation
Initial Inventory	57.7	36.4	-37%
Production	80.5	102.6	27%
Reprocessing	0.8	0.5	
Sales	110.7	127.8	15%
Final Inventory	28.2	11.7	-58%

- By the end of the third quarter of 2020, fish oil sales were 14.3 thousand MT, remaining an inventory of 3.4 thousand MT.

Fish oil (thousand MT)	For the 3Q19	For the 3Q20	Variation
Initial Inventory	7.8	5.3	-32%
Production	13.4	12.6	-6%
Sales	16.6	14.3	-14%
Reprocessing	-0.5	-0.2	
Final Inventory	4.2	3.4	-19%

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 corresponding period of 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, and 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.
- By means of Ministerial Resolution No. 297-2020-PRODUCE, published on September 3rd, 2020, an exploratory fishing was authorized starting on September 16th for a 10-day term or when the catch limit established in Ministerial Resolution No. 025-2020-PRODUCE is reached.

Jack mackerel and mackerel				
MT	2017	2018	2019	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	146,631
Fishing quota progress	36.6%	43.6%	48.0%	75.6%
Exalmar's Processing	8,646	7,438	16,672	25,718
Exalmar's Quota Share	11.3%	9.2%	12.7%	17.5%

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

(*) Information as of October 7th. At the end of the third quarter, 22,890 MT were processed.

Compiled by author.



- By the end of the third quarter of 2020, the production in the plant of Tambo de Mora was 20,346 MT, which represented a 45% increase over the previous year, due to higher availability of mackerel. At the end of the season, 22,232 MT were processed.

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



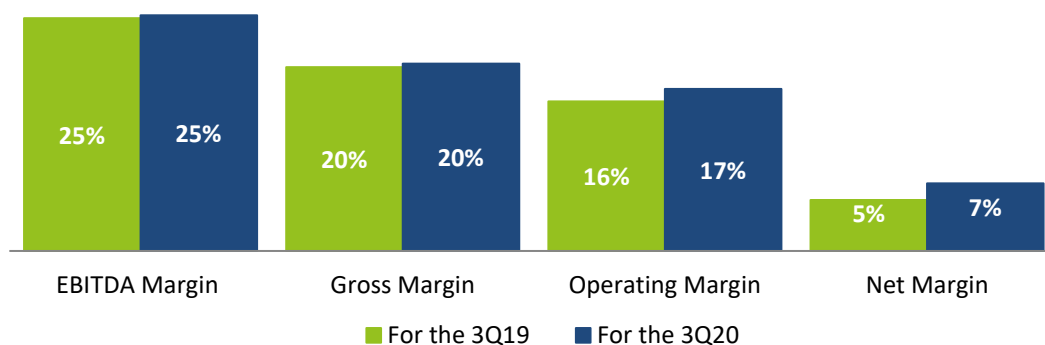
- By the end of the third quarter of 2020, there is an inventory of 3,927 MT (71% jack mackerel, 24% mackerel and the balance of others), compared to 1,016 MT at the same period in 2019.
- As of September 30th, 2020, USD 3.9 MM were invoiced for DHC services in the plants of Paita and Tambo de Mora, which implies a 30% reduction compared to the 2019 invoicing as of the same date (USD 5.6 MM), this due to the low demand for these services as a result of the COVID 19 pandemic. This sector represents about 21% of total DHC sales.

3. Financial information:

- As of September 30th, 2020, sales show an increase of 7% mainly due to Exalmar's increased quota share of processing during the first season of 2020 (18.1% compared to 14.9% in the first season of 2019), resulting in an available-for-sale volume similar to 2019.
- Despite additional costs as a result of the COVID 19 pandemic, margins have improved compared to the same period in 2019, due to improvements in efficiencies and adequate cost control.

USD MM	3Q19	3Q20	For the 3Q19	For the 3Q20	Variation
Sales	73.5	142.9	219.7	235.6	7%
Gross Profit	13.9	33.5	43.0	47.0	9%
Operating Income (*)	11.3	31.2	34.9	40.7	16%
Profit before Tax	5.6	26.2	18.1	24.2	34%
Net Profit	5.8	18.8	11.9	17.0	43%
EBITDA (**)	17.3	37.2	54.4	59.1	9%

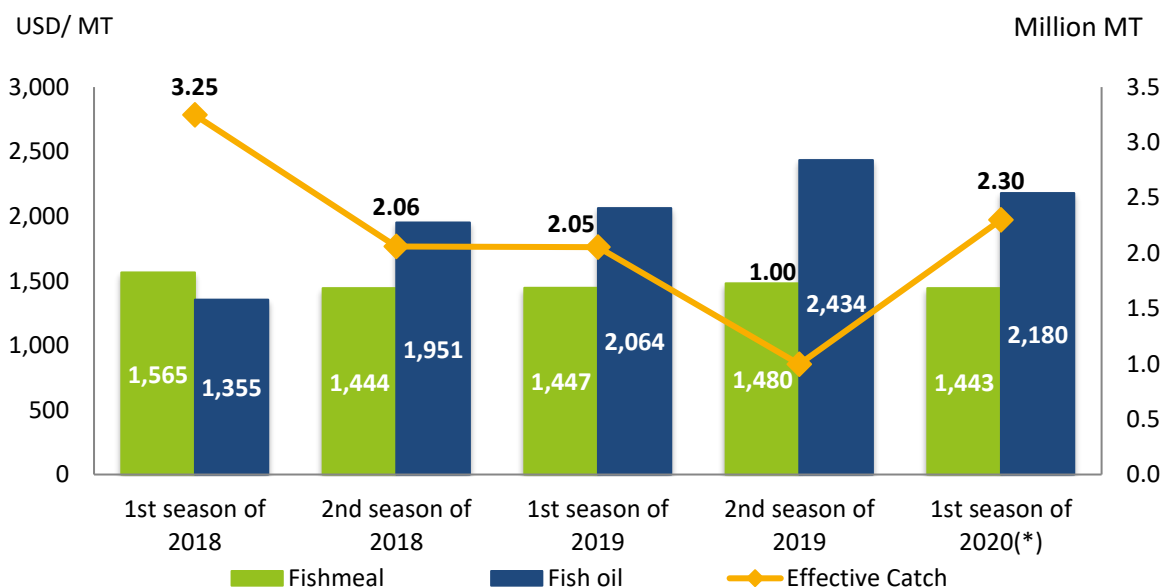
(*) The operating income does not consider the other income/expenses. (**) EBITDA does not consider other income/expenses as these are non-recurring items, or employee profit sharing.



3.1 Sales:

- Total sales increased by 7% compared to the previous year. IHC's sales increased by 8%, selling more fishmeal tonnage compared to the same period one year ago (17 thousand tons more than in September 2019). Frozen sales (mainly jack mackerel and mackerel) have achieved a 14% increase compared to the same period one year ago, due to the higher catch obtained this season.

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.

- By the end of the third quarter of 2020, 91.6% of the available fishmeal volume has been sold, remaining 11.7 thousand MT in inventory to be sold by the end of the year.
- As of September 30th, 2020, 80.8% of the fish oil volume available for sale has been sold, remaining 3.4 thousand MT in inventory.



Net Sales – Indirect Human Consumption					
	3Q19	3Q20	For the 3Q19	For the 3Q20	Variation
Fishmeal					
MT	32,145	83,526	110,725	127,765	15%
USD/MT	1,494	1,410	1,468	1,442	-2%
Total Fishmeal Sales (thousand USD)	48,013	117,788	162,523	184,275	13%
% of Total Sales	65%	82%	74%	78%	
Fish oil					
MT	7,032	8,860	16,636	14,270	-14%
USD/MT	1,936	2,117	1,890	2,170	15%
Total Fish Oil Sales (thousand USD)	13,614	18,759	31,440	30,960	-2%
% of Total Sales	19%	13%	14%	13%	
Anchovy					
MT	11,441	285	12,195	285	-98%
USD/MT	291	260	290	260	-10%
Total Anchovy (thousand USD)	3,329	74	3,539	74	-98%
% of Total Sales	5%	0%	2%	0%	
Quota rent (thousand USD)	3,323	1,126	3,356	1,894	-44%
% of Total Sales	5%	1%	2%	1%	
TOTAL INDIRECT HUMAN CONSUMPTION	68,279	137,747	200,857	217,202	8%
% of Total Sales	93%	96%	91%	92%	

Net Sales – Direct Human Consumption					
	3Q19	3Q20	For the 3Q19	For the 3Q20	Variation
Fresh Fish					
Total Fresh Fish (thousand USD)	-	54	107	123	15%
% of Total Sales	0%	0%	0%	0%	
Services – DHC					
Total Services (thousand USD)	2,742	3,043	5,650	3,963	-30%
% of Total Sales	4%	2%	3%	2%	
Frozen Products					
MT	3,778	2,262	16,211	17,471	8%
USD/MT	553	812	765	809	6%
Total Frozen Products (thousand USD) (*)	2,089	1,837	12,407	14,131	14%
% of Total Sales	3%	1%	6%	6%	
Others (thousand USD)	427	197	675	222	-67%
% of Total Sales	1%	0%	0%	0%	
TOTAL DIRECT HUMAN CONSUMPTION	5,258	5,131	18,840	18,439	-2%
% of Total Sales	7%	4%	9%	8%	
TOTAL	73,537	142,878	219,697	235,641	7%

(*) Jack mackerel and mackerel are mainly included.

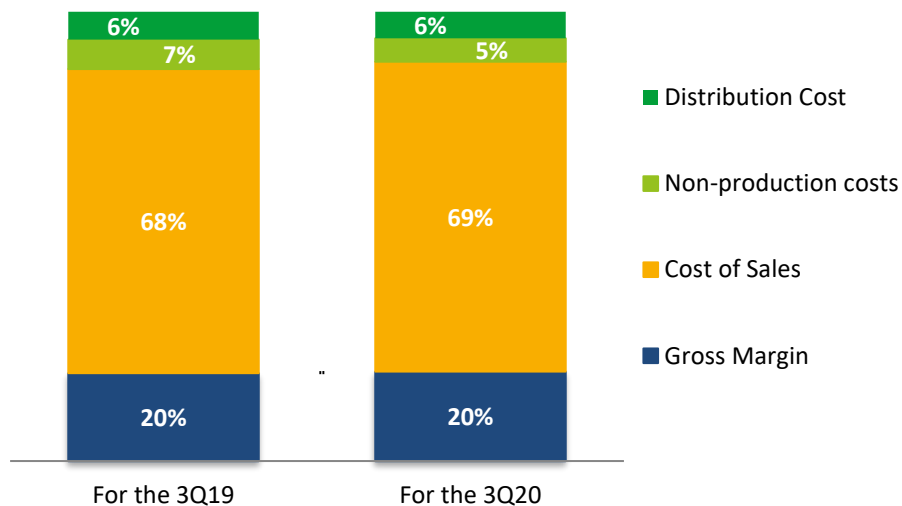


3.2 Gross Profit:

USD MM	3Q19	3Q20	For the 3Q19	For the 3Q20	Variation
Sales	73.5	142.9	219.7	235.6	7%
Cost of Sales	50.0	98.9	148.8	162.5	9%
Non-production costs	6.1	3.7	14.3	12.3	-14%
Distribution Cost (*)	3.7	6.8	13.6	13.9	2%
Gross Profit	13.9	33.5	43.0	47.0	9%
% of Sales					
Gross Margin	19%	23%	20%	20%	
Cost of Sales	68%	69%	68%	69%	
Non-production costs	8%	3%	7%	5%	
Distribution Cost	5%	5%	6%	6%	

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

- By the end of the third quarter of 2020, sales increased by 7% mainly due to the higher quota share of the first season of 2020 (18.1% compared to 14.9% in 2019), in addition to higher sales obtained in this last quarter. Despite the cost overruns caused by the COVID-19 pandemic, the gross margin remained similar to last year's due to improved efficiencies and adequate control of extraction and production costs.





USD MM	3Q19	3Q20	For the 3Q19	For the 3Q20	Variation
Sales	73.5	142.9	219.7	235.6	7%
IHC	68.3	137.7	200.9	217.2	8%
DHC	5.3	5.1	18.8	18.4	-2%
Cost of Sales	50.0	98.9	148.8	162.5	9%
IHC	48.1	97.0	142.3	155.5	9%
DHC	1.8	1.9	6.5	6.9	6%
Non-production costs	6.1	3.7	14.3	12.3	-14%
IHC	4.5	2.0	9.6	7.2	-25%
DHC	1.6	1.7	4.7	5.0	6%
Distribution Cost	3.7	6.8	13.6	13.9	2%
IHC	3.2	6.4	11.1	11.3	2%
DHC	0.5	0.4	2.5	2.6	3%
Gross Profit	13.9	33.5	43.0	47.0	9%
IHC	12.5	32.4	37.9	43.1	14%
DHC	1.4	1.1	5.1	3.9	-24%

% of Sales	3Q19	3Q20	For the 3Q19	For the 3Q20
Cost of Sales	68%	69%	68%	69%
IHC	71%	70%	71%	72%
DHC	34%	38%	35%	38%
Non-production costs	8%	3%	7%	5%
IHC	7%	1%	5%	3%
DHC	30%	32%	25%	27%
Distribution Cost	5%	5%	6%	6%
IHC	5%	5%	6%	5%
DHC	9%	8%	13%	14%
Gross Margin	19%	23%	20%	20%
IHC	18%	23%	19%	20%
DHC	27%	22%	27%	21%



3.3 Cost of Sales:

- Cost of sales for IHC represented 72% of its sales, with a slightly lower margin of 71% in 2019. The cost of sales per unit of fishmeal were 11% lower than last year. 22,059 tonnes more were produced compared to the same period in 2019, as a result of higher efficiency in the fishmeal production factor (4.17 in 2020 compared to 4.27 in 2019) and higher processing quota share.

	Cost of sales for IHC		
	For the 3Q19	For the 3Q20	Variation
Initial Inventory	69,660	53,603	-23%
Total Cost of Production	104,512	117,755	13%
Employees' Quota Share	1,595	1,083	-32%
Final Inventory for IHC	35,480	17,861	-50%
Cost of fresh fish extraction	1,975	2,027	3%
COST OF SALES FOR IHC	142,262	156,607	10%

- 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 third quarter of 2020, the cost of anchovy extraction per MT decreased by 17% compared to the previous year. The reduction is mainly due to better fishing efficiency, the drop in international oil prices, and reduced maintenance costs.

	Costs of own extraction		
	For the 3Q19	For the 3Q20	Variation
Own catch (MT)	191,055	194,916	2%
Cost of own catch (thousand USD)	28,462	24,189	-15%
USD/MT	149.0	124.1	-17%
Depreciation	5,038	4,923	
Dep/ MT	26.4	25.3	-4%
USD/MT (without depreciation)	122.6	98.8	-19%
Detail:			
Personnel	10,207	9,807	
Personnel /MT	53.4	50.3	-6%
Maintenance	5,276	3,288	
Maintenance /MT	27.6	16.9	-39%
Fuel	4,080	2,318	
Fuel /MT	21.4	11.9	-44%
Others	3,861	3,853	
Others /MT	20.2	19.8	-2%



2. Purchase of Raw Material

By the end of the third quarter of 2020, the volume of anchovy processed from third parties represented 63% of the total volume processed. The cost per MT of purchase to third parties compared to the selling price of fishmeal as of September represented 18.7%, while in the same period in 2019, it represented 19.0%. The cost of raw material purchases per ton decreased by 3%. Due to the important quota share of third parties, this season Exalmar broke its historical record of processing quota share.

	Costs of purchase to third parties		
	For the 3Q19	For the 3Q20	Variation
Purchase to third parties (MT)	165,235	233,447	41%
Cost of purchase to third parties (thousand USD)	46,002	63,079	37%
USD/MT	278.4	270.2	-3%
% over the volume of fishmeal processed	48%	55%	

3. Processing Costs

The processing cost per MT without depreciation or raw material cost at the end of the third quarter of 2020 decreased by 21% compared to the previous year, as a consequence of higher processing levels (23% more than the same period a year ago). In the first season of 2020, 18.1% of the sector's effective quota was processed. Fishmeal production levels in the third quarter increased by 27% compared to 2019, mainly due to higher processing and efficiency in the production factor.

	Processing Costs		
	For the 3Q19	For the 3Q20	Variation
Fishmeal and Fish Oil Processing MT	93,976	115,177	23%
Processing cost (thousand USD)	30,048	30,487	1%
USD/MT	319.7	264.7	-17%
Depreciation	3,679	4,995	36%
Dep/ MT	39	43	11%
USD/MT (without depreciation)	280.6	221.3	-21%
Detail:			
Personnel	3,729	4,088	
Personnel /MT	39.7	35.5	-11%
Maintenance	1,323	1,196	
Maintenance /MT	14.1	10.4	-26%
Fuel	6,396	6,755	
Fuel/MT	68.1	58.6	-14%
Inspections and analysis	1,345	1,302	
Inspections and analysis/MT	14.3	11.3	-21%
Direct Costs	2,149	2,322	
Direct Costs/MT	22.9	20.2	-12%
Basic services (*)	1,811	1,692	
Basic services/MT	19.3	14.7	-24%
Others	9,616	8,137	
Others/MT	102.3	70.6	-31%

(*) 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 decreased by 14% compared to the previous year, due to higher efficiency and better distribution of resources. This is mainly explained by low levels of juvenile fish, which allowed a season without stoppages and, therefore, continuous fishing until the end of the season.

USD MM	For the 3Q19	For the 3Q20	Variation
Fleet non-production cost	1.1	1.2	6%
Plant non-production cost	6.8	4.1	-40%
Non-production costs for DHC	6.4	7.0	9%
Non-production costs	14.3	12.3	-14%

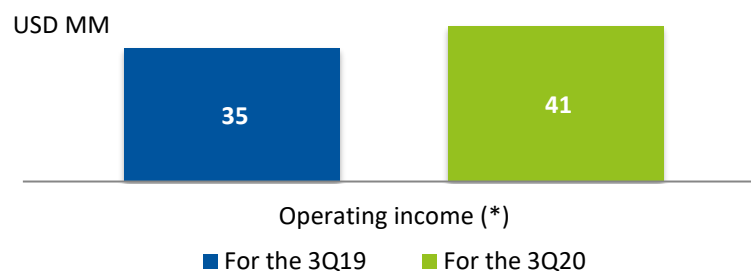
3.5 Administrative Expenses:

- By the end of the third quarter of 2020, administrative expenses decreased by 17% compared to the previous year, mainly due to extraordinary expenses in the first semester of 2019 that were not generated as of September 30th, 2020.

USD MM	3Q19	3Q20	For the 3Q19	For the 3Q20	Variation
Administrative Expenses	2.6	2.6	8.0	6.7	-17%

3.6 Operating Income (*):

- By the end of the third quarter of 2020, operating income increased by 16% compared to the previous year as a result of higher volumes of fishmeal sold (more than 17 thousand MT of fishmeal), mainly due to the fact that 18.1% of the sector's effective share was caught in the first season in 2020 (14.9% in the first season in 2019) and, additionally, the fishmeal production factor was improved, decreasing by 2%.



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



3.7 Financial Expenses:

- By the end of the third quarter of 2020, net financial expenses decreased by 16% mainly due to reduced long-term financial expenses. The amortization of long-term debt from February 2020 to the end of the third quarter of 2020 was USD 13.2 MM.

USD MM	3Q19	3Q20	For the 3Q19	For the 3Q20	Variation
Financial Income	0.0	0.0	0.2	0.7	393%
Financial Expenses	4.5	4.1	14.4	12.7	-11%
Net Financial Expenses	-4.5	-4.1	-14.2	-12.0	-16%
% of Sales	6%	3%	6%	5%	

3.8 Net Profit:

- By the end of the third quarter of 2020, net profit was USD 17.0 MM, 43% higher than the same period a year ago, while the net margin increased from 5% to 7%. This was mainly due to 18.1% of the effective quota caught and efficiency in the fishmeal production process that contributed to the production of 27% more fishmeal during the first season of the year.

3.9 Indebtedness:

- By the end of the third quarter of 2020, net debt was USD 220.7 MM, 10% lower than last year's (USD 245.5 MM as of September 30th, 2019). As of September 30th, short term debt reached USD 67.4 MM, compared to USD 78.4 MM for the same period in 2019. This was reduced by USD 11.1 MM, mainly due to the generation of cash flow obtained from collections in the first season of 2020. Additionally, higher unsecured working capital debt was taken in order to ensure operation and as the season normalized, such debt was reduced by USD 25.2 MM from the second quarter of the year. In July of this year, debt guaranteed with warrants reached levels of USD 98.5 MM, but this is a self-liquidating debt since it is related to collections, and by the end of the third quarter only USD 24.4 MM remains to be settled. Financial risks related to higher working capital needs for raw material purchases, the operation of the first season of 2020 and the uncertainties of the season due to COVID-19, have been minimized with the generation of cash flow resulting from the 18.1% quota share, Exalmar's historical effective quota share.

Debt Position			
USD MM	For the 3Q19	For the 3Q20	%
Short-term debt	78.4	67.4	-14%
	32%	30%	
Long-term debt	170.1	159.4	-6%
Current portion	2.2	19.6	791%
Non-current portion	167.9	139.8	-17%
Total Debt	248.6	226.8	-9%
Cash	3.0	6.1	102%
NET DEBT	245.5	220.7	-10%



USD MM	For the 3Q19	For the 3Q20
Short-Term Debt (Working Capital)	78.4	67.4
Cash	3.0	6.1
Credit balance to Exporter	3.4	3.1
Net Trade Accounts Receivable	12.8	31.3
Valued Inventory (USD)	49.8	26.0
Fishmeal Stock (thousand MT)	28.2	11.7
Fish Oil Stock (thousand MT)	4.2	3.4
DHC Stock (thousand MT)	1.0	3.9
Fishmeal Valued Inventory (*)	40.8	16.9
Fish Oil Valued Inventory (*)	8.6	7.4
DHC Inventory (**)	0.4	1.7
Accounts receivable + Inventory + Cash + Credit balance to Exporter	69.1	66.5
Short-term debt coverage	88%	99%

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

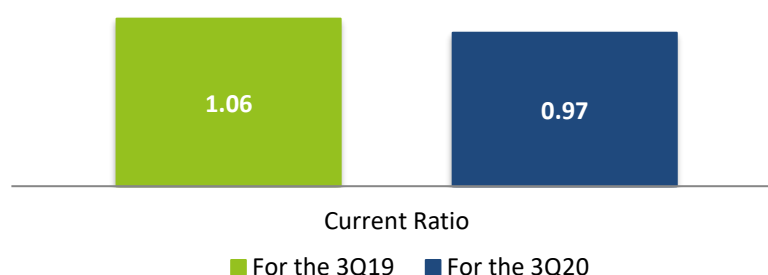
- By the end of the third quarter of 2020, our liquid current assets, shown in the table above, amounted to USD 66.5 MM (99% of short-term bank debt is covered), of which 9% is cash, 47% is trade accounts receivable and 39% is inventory.
- As of September 30th, 2020, 36% of the short-term debt (US\$ 24.4 MM) is self-liquidating, since it is guaranteed by warrants of fishmeal or export letters of credit. By the end of November 2020, all the debt with warrants will have been cancelled.

USD MM	Jun-20	Sep-20
Short-Term Debt	124.3	67.4
Warrants	56.1	24.4
Working Capital	68.2	43.0

3.10 Financial indicators:

- **Liquidity:**

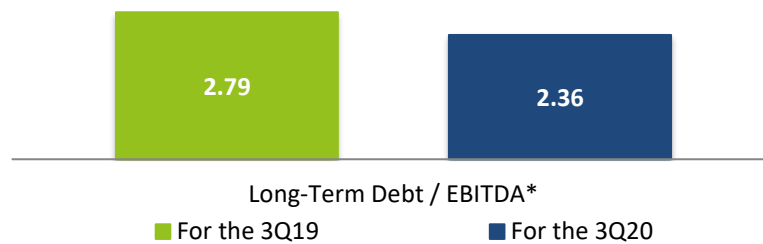
The current ratio (current assets / current liabilities) decreased by 0.09pp compared to the previous year, due to the 11% increase in current liabilities, mainly explained by the current portion of the long-term debt of the syndicated loan. Additionally, due to the very low level of fishing during the second season of 2019, Exalmar was forced to increase working capital debt in order to cover fixed expenses.





- **Long-Term Debt/ LTM EBITDA:**

EBITDA levels for the last twelve months through September 2020 increased by 11% compared to the same period a year ago. This is mainly related to higher processing levels due to the 18.1% effective catch of the sector and a 15% increase in the volume of fishmeal sales. Additionally, Long-Term Debt has decreased by USD 10.7 MM due to the amortization of the syndicated loan. This finally impacted the ratio of the third quarter of 2020, which decreased by 15%, compared to the same period a year ago.



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

- **Profitability:**

By the end of the third quarter of 2020, profitability ratios are higher than those of the same period in 2019, mainly due to the 6% increase in net profit over the last twelve months.

Profitability Position (LTM)		
	For the 3Q19	For the 3Q20
ROE	3.7%	3.8%
ROA	2.0%	2.1%
Net Profit Margin	3.7%	3.4%

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

The Financial Debt/LTM EBITDA ratio excludes short-term debt financed with a warrant as defined in the current syndicated loan. By the end of the third quarter of 2020, the indicator was 2.99x while for the same period in 2019 it was 3.36x, as a result of an increase of USD 6.6 MM in EBITDA for the last twelve months from USD 61.0 MM to USD 67.6 MM (+11%).

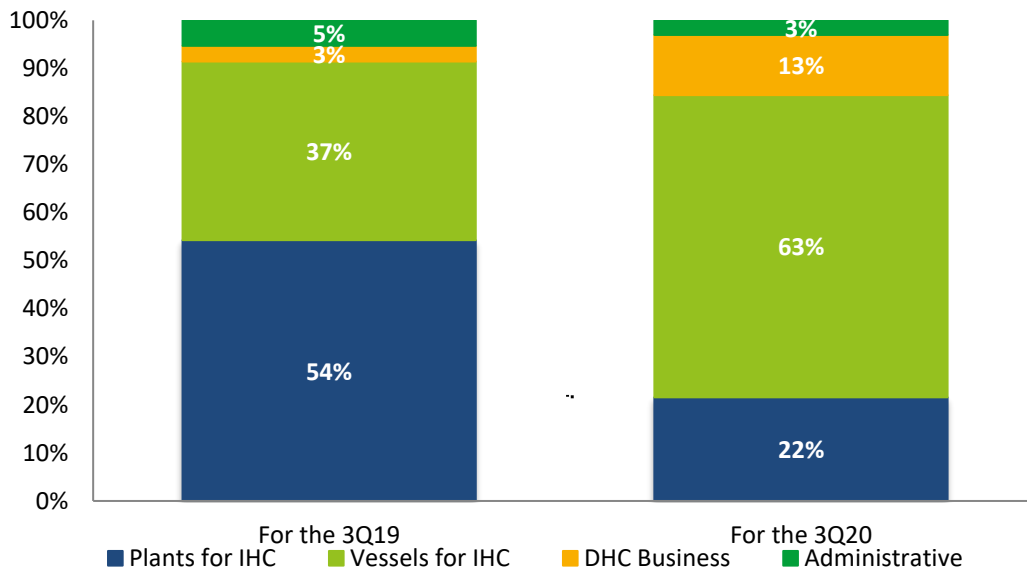


(*) EBITDA is considered for the last 12 months.



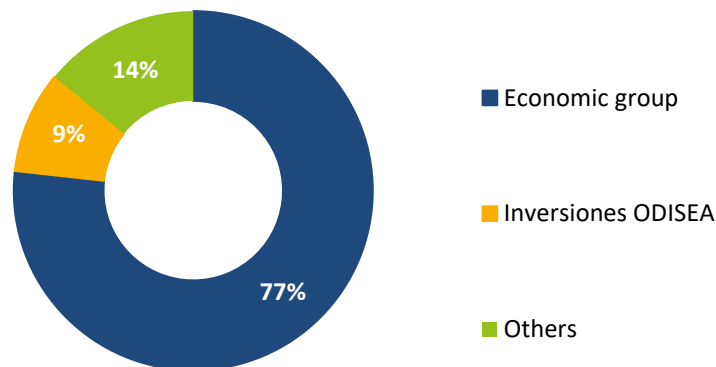
3.11 CAPEX:

- Regarding CAPEX, by the end of the third quarter of 2020, investments of USD 5.4 MM (USD 19.9 MM as of September 30th, 2019) have been made, mainly in plants and vessels for IHC.



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

- As of September 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 September 30th, 2020, the market value of the 295'536,144 shares was S/ 0.92 per share, while as of December 31st, 2019 it was S/ 1.29.





5. Other Relevant Facts:

- On August 5th, 2020, the closing of the first fishing season of 2020 was reported, showing outstanding operational results:
 - 100% own catch share.
 - 102,000 MT production, the highest production volume in the company's history, representing 47% more than the production volume of the same season a year ago.
 - 18.0% processing quota share in the sector, higher than the 14.9% obtained in the first season of last year.
 - Average conversion factor of 4.17, the lowest conversion factor in a complete fishing season, showing substantial improvements in the company's efficiency indicators (4.27 in the first season of 2019).
- Likewise, within the framework of COVID-19 and National State of Emergency, it was reported that Pesquera Exalmar adopted immediate measures to develop and apply strict health and safety protocols, as well as several Support Programs for our employees, safeguarding the care and protection of more than 1,400 families that are part of the company.

We provide permanent support to our stakeholders, especially to our shipowners' community, through constant information and communication to protect and care all their crews, as well as facilities to operate safely.

In the first fishing season of 2020, a successful and safe operation was carried out by applying all biosecurity measures, isolation, disinfection and cleaning, based on the Strategic Plan for Safe Operations. Therefore, the company was able to adapt quickly and adopt the necessary measures to ensure minimum contagion, control and timely attention.

Likewise, thanks to the measures adopted within this framework, no plants were shut down due to COVID-19 during operating months.

- On October 5th, 2020, the report issued by the credit rating agency Moody's was released, which maintained the bond credit rating of Pesquera Exalmar S.A.A. at "B3", with a "stable" perspective.