REASONED ANALYSIS OF HORTIFRUT S.A.'S CONSOLIDATED FINANCIAL STATEMENTS

As of September 30, 2019
(In thousands of United States dollars)

The earnings report analysis has been prepared for the period ending September 30, 2019, compared with the financial statements as of December 31, 2018 and the accumulated results as of September 30, 2018.

1. HIGHLIGHTS OF THE PERIOD AND SUBSEQUENT FACTS

Business combination of frozen products with Alifrut

Regarding the Company's growth strategy, in October 2019 Hortifrut and Alifrut, subsidiary of Duncan Fox, reached an agreement to globally combine and develop their export business of frozen products with added value in equal parts. The association contemplates the direct distribution to customers through Hortifrut's global trade platforms and Alifrut's industrial and commercial expertise as a frozen multi-product processer. The association will allow Hortifrut to consolidate and strengthen its leadership position even more as a global business platform, by complementing its offer of value added products.

Hortifrut establishes a commercial alliance to export from Colombia

In October 2019, as part of the Company's strategy to boost the sale of blueberries and to get closer to the main destination markets, Hortifrut established a commercial alliance with Proplantas, a Colombian family company pioneer in the sale of strawberries and blueberries in said country. The agreement contemplates the creation of a platform for the exporting of blueberries from Colombia from March 2020, destined to the main consumption markets in the northern hemisphere, whose commercialization will be under Hortifrut's charge. The company will be controlled 75% by Hortifrut and 25% by the Afanador family, owner of Proplantas.

Capital Increase for US$160 million

Regarding the Company's growth strategy, at the Extraordinary Shareholders Meeting, held on April 30, 2019, the approval of a capital increase of US$160 million was approved. The funds from this capital increase will be used to finance organic growth in the countries that supply the markets of North America, Europe and Asia, during every week of the year, strengthen commercial platforms and meet the growing demand for products of the company. Such growth is projected through investments in countries physically close to the respective destination markets, in which China, Morocco and northern Mexico stand out.

During the preferred offering period, 51,777,540 shares were subscribed, reaching an 84.88% subscription. It should be noted that the controlling group of the Company subscribed the entire corresponding pro rata (51.85%), thus demonstrating its commitment to the Company's growth projects.

2. SUMMARY OF THE PERIOD

Since the Company manages its operations with a vision of agricultural season (July 1st to June 30th) which is the relevant criteria for this type of business, in this analysis we include the comparison to the closing of the 18/19 and 19/20 seasons.

Net Income attributable to the parent company shareholders reached US$22.12 million in the first 3 months of the 2019-20 season ("3Q19") compared with the US$71.14 recorded during the start of the 2018-19 season ("3Q18") (-68.90%). The lower profit is mainly due to the US$60.99 million positive one-time effect in the non-operating result of 3Q18, which is recorded in other income/(expense) outside the operation, due to the adjustment to fair value of the 50% interest in Hortifrut Tal S.A.C. (Peru), which net of taxes reaches US$44.52 million. Separating this effect, the net income attributable to the parent company shareholders during 3Q18 would be US$26.62 million, US$4.50 million more than the result in 3Q19, mainly because the 3Q19 records a decrease in income from operating activities linked to a decrease in the average income per kilo of 23.91%, mainly explained by a lower export to Europe and Asia, offset by lower sales costs associated to lower fruit sales from third parties. To this we must add a US$2.01 million increase in net financial expenses, mainly due to prepayment costs associated to the refinancing of the bank debt and an increase of US$2.13 million in corresponding administration expenses associated to the higher volume of production, offset by gains generated from the difference in exchange rate of US$2.52 million (vs. US$0.31 million in 3Q18), originated by the depreciation of the euro, the chilean peso and the mexican peso in relation to the dollar.

On its part, in the 9 months ended September 30, 2019 ("Sep19") there was a net income attributable to the parent company shareholders of US$5.92 million, decreasing compared to the US$76.64 million recorded in the same period in 2018 ("Sep18"). The lower result is mainly due to the adjustment for US$60.99 million recorded in the non-operating result as of Sep18, explained above. In addition to this effect, the non-operating result as of Sep19 shows: (1) higher net financial costs due to the higher average balance of financial debt associated with the financing of the sale and merger of the Grupo Rocío's blueberry business in Peru and the incorporation of debt of the acquired businesses, debt that generated interest only for the months of July to September in 2018 vs. 9 months during 2019, (2) increase of US$9.63 million in other expenses, per function, mainly due to the reverse of the fair value of fruit in bearer plants recorded at the end of December 2018; (3) increase in administrative expenses, associated with the operation in Peru, an operation acquired in July 2018 and which, therefore, did not exist in the first half of that year; and (4) higher other income, per function, associated with the higher fair value of the fruit in the company's carrier plants, an amount that amounts to US$36.19 million at Sep19, compared to US$33.49 million at Sep18. Likewise, the gross margin shows a decrease of 9.64% associated with extraordinary climatic events in Peru during the second half of 2018 that delayed the production curve in that country, with a significant volume of fruit concentrated in Peru during 1Q19, period in which it coincided with Chilean production, impacting down sales prices. Added to this are quality problems of Peruvian and Chilean fruit, also as a result of climatic events in both areas. The previous effects associated with climatic events have not been presented at the beginning of the 19/20 season, resulting in a mostly normalized production curve in Peru.

Income from operating activities as of 3Q19 decreased 19.19% compared with the same quarter in 2018, reaching US$45.11 million. Lower income is due to a 23.91% decrease in average income per kilo due to lower distribution of fruit to Europe and Asia, slightly offset by a 19.09% increase in sales volume.

In accumulated terms, income from operating activities reached US$320.23 million as of Sep19, representing a 1.18% increase in relation to the same period in 2018. This increase is mainly due to a 18.26% increase in sales volume, mostly due to a higher volume of blueberries and value added products, effect that was partially offset by a decrease in average income per kilo of 13.77% associated to extraordinary climatic events in Peru which delayed the production curve of the previous season in said country, concentrating a relevant volume of fruit in Peru during 1Q19, period which coincides with Chilean production, impacting sale prices downwards and lower exports to Europe and Asia during the 3Q19.

Operating costs as of Sep19 reached US$276.36 million, 3.14% higher compared to Sep18, explained by the aforementioned increase in distributed volume, the higher preventive and palliative agricultural applications to maintain the quality of the fruit and the higher depreciation linked to the incorporation of Rocio Group's blueberries business in Peru in July 2018, slightly offset by lower fruit purchases from third parties. As a result of the aforementioned, the gross margin reached US$43.87 million, decreasing 9.64% compared to the US$48.55 million recorded as of Sep18.

Also, the EBITDA of the 3Q19 reached US$41.87 million, representing a 17.26% decrease compared to the US$50.60 million EBITDA recorded in the same period of the previous year. The lower EBITDA is mainly associated to the lower income of operating activities as a result of the 23.91% decrease in the aforementioned average income per kilo.

The accumulated EBITDA as of Sep19 reached US$65.48 million, which represents a 14.59% decrease compared with the US$76.66 million recorded as of Sep18. The decrease in EBITDA is mainly explained by the increase in sales costs associated to the higher distributed volume and administration and sales expenses, which increased in greater proportion in relation to operating income, mainly due to the effect of the acquisition of Grupo Rocio's blueberries business in Peru, whose effects were not seen during the first semester of 2018 but are included during the first semester of 2019. These effects are partially offset by the higher depreciation of the period resulting from the change in the methodology for depreciation accounting in Trujillo Peru.

The EBITDA calculation is detailed below:

DETERMINING EBITDA	30-Sep-19 ThUS$	30-Sep-18 ThUS$	QUARTER 1-Jul-19 30-Sep-19 ThUS$	1-Jul-18 30-Sep-18 ThUS$
Operating income	320,233	316,508	45,112	55,825
Other income, per function	38,318	35,092	35,848	33,520
Total Income	**358,551**	**351,600**	**80,960**	**89,345**
Sales Cost	(276,363)	(267,960)	(30,533)	(39,052)
Administration Expenses	(34,679)	(26,071)	(10,642)	(8,511)
Other expenses	(12,024)	(2,394)	(2,661)	(1,233)
Total Costs and Expenses	**(323,066)**	**(296,425)**	**(43,836)**	**(48,796)**
Operating Result	**35,485**	**55,175**	**37,124**	**40,549**
Depreciation and amortizations	29,994	21,487	4,744	10,054
EBITDA	**65,479**	**76,662**	**41,868**	**50,603**

The Company's net financial debt decreased from US$455.17 million as of December 31, 2018 to US$416.63 million as of September 30, 2019, which is mainly explained by the pre-payment of debt executed during the 3Q19 with funds from the increase in capital realized in July and August 2019, starting, in part, with the higher needs for work capital associated to the higher volume produced in Peru, by the start-up of the investment plan announced for Mexico and China, and by the entry into effect of standard IFRS 16, through which lease contracts must record two accounting entries, on one side a financial lease is recognized and on the other the value of the leased asset. In the case of Hortifrut, the liability associated to lease contracts which the Company has is US$16.38 million as of September 2019. To this we must add the additional working capital needed for the incorporation of operations in Peru.

Determining Net Financial Debt Items	30-Sep-19 ThUS$	31-Dec-18 ThUS$
Other current financial liabilities	145,512	172,629
Other non-current financial liabilities	310,325	331,443
Total financial liability	**455,837**	**504,072**
Minus:		
Cash and cash equivalents	39,206	48,901
Total net financial debt	**416,631**	**455,171**

3. ANALYSIS OF INCOME STATEMENT

In the 9 months ended September 30, 2019 ("Sep19") there was a net income attributable to the parent company shareholders of US$5.92 million, decreasing compared to the US$76.64 million recorded in the same period in 2018 ("Sep18"). The lower result is mainly due to the adjustment for US$60.99 million recorded in the non-operating result as of Sep18, explained above. In addition to this effect, the non-operating result as of Sep19 shows: (1) higher net financial costs due to the higher average balance of financial debt associated with the financing of the sale and merger of the Grupo Rocío's blueberry business in Peru and the incorporation of debt of the acquired businesses, debt that generated interest only for the months of July to September in 2018 vs. 9 months during 2019, (2) increase of US$9.63 million in other expenses, per function, mainly due to the reverse of the fair value of fruit in bearer plants recorded at the end of December 2018; (3) increase in administrative expenses, associated with the operation in Peru, an operation acquired in July 2018 and which, therefore, did not exist in the first half of that year; and (4) higher other income, per function, associated with the greater fair value of the fruit in the company's carrier plants, an amount that amounts to US$36.19 million at Sep19, compared to US$33.49 million at Sep18. Likewise, the gross margin shows a decrease of 9.64% associated with extraordinary climatic events in Peru during the second half of 2018 that delayed the production curve in that country, with a significant volume of fruit concentrated in Peru during 1Q19, period in which it coincided with Chilean production, impacting down sales prices. Added to this are quality problems of Peruvian and Chilean fruit, also as a result of climatic events in both areas. The previous effects associated with climatic events have not been presented at the beginning of the 19/20 season, resulting in a mostly normalized production curve in Peru.

a) Main components of Income

The Company's income in the 9 months as of Sep19, which include income from operating activities and other income, per function, increased 1.98% compared to the same period of the previous year, reaching US$358.55 million, as is shown in the following table:

Detail of total operating income per business segment:

Income per Segment	30-sept-19 MUS$	30-sept-18 MUS$
Blueberries	303.973	295.201
Raspberries	7.641	13.189
Blackberries	8.949	8.750
Strawberries	2.560	6.015
Cherries	5.329	4.409
Value Added Products	30.099	24.036
Totales	**358.551**	**351.600**

In blueberry sales, a 2.97% increase was observed compared to the previous period, mainly explained by an increase of 24.60% in the distributed volume, partially offset by a 17.52% decrease in average income per kilo compared to Sep18.

Raspberries experienced a decrease in sales income of 42.07%, as a result of a decrease in commercialized volume of 33.82% and in average income per kilo of 8.20%.

Blackberries experienced an increase in sales income of 2.27%, which is explained by an increase in average income per kilo of 1.76% compared to the same period in 2018.

Strawberries experienced a decrease in sales of 57.44% compared to Sep18, variation which is mainly explained by a 57.38% decrease in distributed volume, associated to a lower availability of fruit on the Mexican market.

Cherries recorded an increase in sales income of 20.89% as of Sep19. This increase in income is due to an increase in average income per kilo of 71.37%, slightly offset by a decrease in the commercialized volume of 29.46%.

Value added products recorded an increase in sales income of 25.22% compared to income recorded in the same period of 2018. This variation is explained by an increase in the sold volume of 30.98%, slightly offset by a decrease in average income per kilo of 4.40%.

b) Main Components of Costs and Expenses

Total Expenses and Costs	30-Sep-19 ThUS$	30-Sep-18 ThUS$	Variation %
Cost of Sales	**(276,363)**	**(267,960)**	**3.14%**
Administration expenses	(34,679)	(26,071)	33.02%
Other expenses, per function	(12,024)	(2,394)	402.26%
Other operating costs and expenses	**(46,703)**	**(28,465)**	**64.07%**
Total Expenses and Costs	**(323,066)**	**(296,425)**	**8.99%**

Main Components of Cost of Sales

Sales costs corresponding to Sep19 reached US$276.36 million, 3.14% higher than Sep18, explained by the increase in the aforementioned distributed volume, the higher agricultural preventive and palliative applications to maintain the quality of the fruit and the higher depreciation linked to the incorporation of Grupo Rocio's blueberries business in Peru in July 2018, slightly offset by lower fruit sales from third parties. As a result of the aforementioned, the gross margin reached US$43.87 million, decreasing 9.64% compared to the US$48.55 million recorded as of Sep18.

Main Components of Administrative Expenses

Administrative expenses increased US$8.61 million, reaching US$34.68 million. The increase in this concept is mainly due to the incorporation of Rocio Group's blueberries business in Peru, which did not belong to the Hortifrut group during the first semester of 2018.

Main Components of Other Expenses, per function

Other expenses per function increased US$9.67 million, reaching US$12.02 million as of Sep19. The increase is mainly due to the reversal of the adjustment to fair value of fruit on "bearer plants" of the operations in Peru, recognized as of December 31, 2018 for the amount of US$7.36 million, which will be recognized during the period under operating results (sales income and expenses), as the fruit is sold. This effect did not exist as of September 2018 because as of December 2017 Hortifrut had still not acquired Grupo Rocio's operations in Peru.

c) Other Components of Income Statement

Other Income (expense)	30-Sep-19 ThUS$	30-Sep-18 ThUS$	Variation %
Other profit (loss)	(345)	60,867	-100.57%
Financial income	1,932	1,528	26.44%
Financial expenses	(22,038)	(10,256)	114.88%
Interest in profit (loss) of associated companies	(4,509)	(2,163)	108.46%
Exchange rate fluctuation	1,297	756	71.56%
Otros Income (expense)	**(23,663)**	**50,732**	**-146.64%**

The other components of the income statement passed from a US$50.73 million profit as of September 2018 to a US$23.66 million loss as of September 2019.

The main items that explain this variation are the following:

a. Other profit (loss) passed from a profit of US$60.87 million as of Sep18 to a US$0.35 million loss as of Sep19, difference that is explained by an adjustment of US$60.99 million, due to the adjustment to fair value of the 50% interest in Hortifrut Tal S.A.C. (Peru), which net of taxes reaches US$44.52 million.

b. Increase in financial costs which increased from US$10.26 million as of Sep18 to US$22.04 million as of Sep19, variation which is mainly explained by the higher average balance of financial debt as a result of the financing of the sale-purchase and merger of Rocio Group's blueberries business in Peru and the incorporation of the existing debt of the acquired business, debt which generated interests only in the months of July to September 2018 vs. 9 months during 2019. To this we must add prepayment costs associated to the refinancing of financial debt, realized during 3Q19, which reached US$3.2 million.

c. The loss due to interest in profit (loss) of associated companies reached negative US$4.51 million as of Sep19, which is compared with a US$2.16 million loss in the same period of the previous year. This difference is mainly made up of US$0.84 million at Hortifrut Tal S.A.C. (Peru) which is no longer reflected in this line and is incorporated into Hortifrut Group's consolidation from the purchase and merger of Grupo Rocio's blueberries business in Peru in July 2018, and a higher loss of US$2.03 million in the associated Munger Hortifrut NA LLC in the United States.

d) Income tax expense

Gains tax expense reached US$2.88 million as of Sep19, which is compared with US$25.05 million as of Sep18. The lower tax expense for the period is subtracted in a current tax expense of US$1.59 million (US$7.10 million as of Sep18) and deferred tax of US$0.95 million (US$18.35 million as of Sep18).

e) Other Indicators of Results

Equity Profitability:

Indicator	Unit	30-Sep-19	30-Sep-18
Profitability of parent company equity	%	0.98%	15.89%
Profit of parent company / Equity of the parent company			
Profitability of equity	%	1.35%	15.22%
Profit of the period / Total equity			

This index confirms the lower result attributable to the parent company shareholders, in relation to Sep18, mainly due to the US$60.99 million adjustment recorded in the non-operating result as of Sep18, previously explained.

Activity Indicators:

Indicator	Unit	30-Sep-19	30-Sep-18
Activity			
Rotation of Assets	Times	0.29	0.47
Operating revenue / Total average assets of the period			
Rotation of inventories	Times	5.19	7.34
Cost of sales / Average inventory			
Permanence of inventory (days)	Days	52	37
Inventory / Annual cost of sale (360 day base)			

The rotation of assets between the periods ending September 30, 2019 and 2018, mainly decreased due to the increase in revenue (+1.98%) which was proportionally lower than the increase in average total assets in the same period (+64.34%).

Likewise, the rotation of inventories decreased due to the increase in average inventories passing from US$36.52 million as of Sep18 to US$53.29 million in the same period of 2019, variation which was proportionally lower than the increase in previously explained sales costs.

4. COMPARATIVE ANALYSIS OF MAIN TENDENCIES

The evolution of the main financial indicators are the following:

Indicator	Unit	9/30/2019	12/31/2018	Variation %
Current Liquidity *Current Asset / Current Liability*	Times	1.45	1.08	34.18%
Acid Ratio *Current assets (-) Other non financial assets, inventories and current biological assets / Current liability*	Times	0.72	0.67	8.43%
Debt Ratio *Total liabilities / Equity attributable to Parent Company*	Times	1.04	1.56	-33.40%
Short term debt *Total current liabilities /Total liabilities*		30.9%	37.7%	-18.02%
Long term debt *Total non-current liabilities / Total liabilities*		69.1%	62.3%	-10.91%

- Current liquidity and acid ratio were 1.45 and 0.72 times as of Sep19, experiencing improvements of 34.18% and 8.43%, respectively, in relation to the period ending December 31, 2018. Both increases are mainly explained by the 29.63% decrease in current liabilities, mainly accounts payable and other financial liabilities, in higher proportion than the decrease of current assets.

- The debt ratio decreased 33.40% compared to December 31, 2018, explained by a decrease in total liabilities of US$103.08 million (14.16%) and the increase in equity attributable to the parent company of US$134.80 million (28.88%), associated to the capital increased realized between July and August 2019.

- Short term debt percentage as of Sep19, was 30.9%, a decrease compared to 37.7% as of December 31, 2018, mainly explained by the previously mentioned decrease in liabilities, mostly because of the long-term refinancing with bonds in the local market.

- The long-term debt percentage as of Sep19, was 69.1%, higher than the value of 62.3% as of December 31, 2018, due to a decrease in total liabilities, proportionally higher than the decrease of total non-current liabilities.

Indicator	Unit	9/30/2019	12/31/2018	Variation %
Financial expense hedge *(Before tax profit - Financial costs)/Financial costs*	Times	1.54	11.33	86.43%
Profitability of parent company equity *Parent company gains / Parent company equity*		1.0%	15.9%	93.80%
Profitability of equity *Profit of the period / Total equity*		1.4%	15.2%	91.10%

- The decrease in the financial expense hedge index as of Sep19 compared to the same period in 2018 is due to the decrease in the before tax result of US$94.09 million, which is added to the higher financial expenses, which passed from US$10.26 million during the period ending September 30, 2018 to US$22.04 million in the same period of 2019.

5. ANALYSIS OF STATEMENT OF FINANCIAL POSITION

Main items of the consolidated statement of financial position.

Statement of Financial Position	30-sept-19 ThUS$	31-dic-18 ThUS$	Variation ThUS$	%
Total current assets	279.355	295.866	(16.511)	-5,58%
Total non-current assets	1.005.648	951.454	54.194	5,70%
Total assets	**1.285.003**	**1.247.320**	**37.683**	**3,02%**
Total current liabilities	193.103	274.418	(81.315)	-29,63%
Total non-current liabilities	431.717	453.477	(21.760)	-4,80%
Total liabilities	**624.820**	**727.895**	**(103.075)**	**-14,16%**
Equity attributable to parent company equity holders	601.479	466.682	134.797	28,88%
Non-controlling interest	58.704	52.743	5.961	11,30%
Total equity	**660.183**	**519.425**	**140.758**	**27,10%**

As of September 30, 2019, total assets increased US$37.68 million in relation to the existing as of December 31, 2018, which is equal to a 3.02% increase.

Current assets slightly decreased US$16.51 million (-5.58%), mainly due to a decrease of: 1) accounts receivable US$29.8 million, due to the seasonality of the business; 2) inventories US$28.54 million; 3) Cash and Cash Equivalents US$9.70 million and 4) accounts receivable from related entities US$8.93 million. These effects are offset by the increase in: 1) Biological Assets US$54.23 million; 2) tax assets US$6.12 million and 3) other non-financial assets US$1.07 million.

Non-current assets experienced an increase of US$54.19 million (5.70%), mainly due to the increase in Property, Plant and Equipment (asset due to right of use) of US$50.99 and as an offset, the decrease in: 1) investments recorded using the equity method of US$4.76 million and 2) intangible assets other than equity of US$3.60 million.

Current liabilities decreased US$81.32 million (-29.63%), mainly due to the decrease in trade accounts and other accounts payable for US$48.41 million and under other financial liabilities for US$27.12 million.

On its part, non-current liabilities decreased US$21.76 million (-4.80%), mainly due to the decrease in other financial liabilities of US$21.12 million and accounts payable to related entities for US$2.79 million, partially offset by an increase in deferred tax liability of US$2.17 million.

The Company's total equity recorded an increase of US$140.76 million (27.10%) compared to December 31, 2018, reaching US$660.18 million as of September 30, 2019, mainly associated to the increase in capital realized between July and August 2019.

6. MAIN COMPONENTS OF NET OPERATING INVESTMENT AND FINANCING CASH FLOWS

Main sources and uses of funds in the period (US$ million)	January-September 2019	January-September 2018	Comments
Charges from the sale of goods and providing services	324	284	Increase in sales income due to a higher average price and higher volume from Peru
Payment to suppliers for supplying goods and services	(220)	(177)	A higher cost associated to the greater volume and the purchae of third party fruit
Payment for and on behalf of employees	(47)	(44)	
Net interests	(9)	(2)	
Taxes	(6)	(6)	
Others	-	1	
(1) Total Cash Flow for Operating Activities	**42**	**56**	
Sale and purchase of property, plant and equipment	(38)	(28)	
Other investment activities (sum of all the rest)	-	5	
(2) Total Cash Flow for Investment Activities	**(38)**	**(23)**	
Net financing	190	298	Higher long term debt financing during the first half of 2018, associated to the payment of the purchase and sale in Peru.
Payments of loans	(205)	(175)	
Paid dividends and other investment cash flows	(11)	(5)	Higher dividend payments due to higher results
(3) Total Cash Flow for Financing Activities	**(26)**	**118**	
Net Increase of Cash and Cash Equivalents(1) + (2) + (3)	**(22)**	**151**	
Effect due to exchange rate fluctuation	-	-	
Cash and Cash Equivalent at the start of the period	49	28	
Cash and Cash Equivalent at the End of the Period	**27**	**179**	

7. ANALYSIS OF RISK FACTORS

The Company's business intrinsically involves a series of risk factors which, in one way or another, could affect the performance of the business. Within these factors, we can mention the following:

7.1 Financial Risk

7.1.1 Credit Risk

a) Investment risk of cash surpluses:

The financial institutions with whom Hortifrut S.A. and subsidiaries operate and the type of financial products where they materialize said cash surplus investments, are considered low risk for the Company.

The Company's policy regulates investment and debt, trying to limit the impact of currency valuation and interest rate changes over the Company's net results, through cash surplus investments and signing of forwards contracts and other instruments in order to maintain a balanced rate and exchange rate position.

Within the authorized instruments, are those whose maturity terms do not exceed 90 days and have high liquidity.

- Cash at hand
- Term deposits
- Investments in mutual funds
- Other short term and high liquidity investments.

The financial entities where the investments are placed have a high creditworthiness.

b) Risk from sales operations:

Hortifrut has diversified sales in several countries.

The main customers are supermarkets in the United States, where the fresh fruit business is subject to PACA law, which protects fresh fruit and vegetable suppliers in the USA.

For sales outside the United States, the Company's policy is to obtain credit insurance policies. For those customers whose policies have a maximum limit, the Company constantly evaluates the risk of exposure and decreases/increases deliveries in accordance with the performed analysis or demands advanced payment from customers.

Regardless of the fact that to date Hortifrut has not had any problems in relation to credit risk, it is important to bear in mind that this fact does not guarantee that in the future, the Company may be exposed to this risk.

In order to mitigate this risk, the Company has credit insurance for the parent company and subsidiaries as of June 30, 2019.

7.1.2 Liquidity risk and Financing

This risk is associated to the probability that Hortifrut S.A. and its subsidiaries cannot comply with their obligations, as a result of insufficient liquidity or the impossibility to obtain credits.

Additionally, there is the risk that, due to an impairment in its operations or other circumstances, certain financial ratios could reach levels higher than the limits established in the credit contracts, which could limit the debt capacity or accelerate the maturity of the Company's valid financial liabilities.

To mitigate this risk, the Company continuously monitors its financial ratios and other affirmative and negative covenants stipulated in its credit contracts, in order to be able to take opportune actions to avoid the potential negative effects associated to this risk.

Regardless of the fact that to date Hortifrut has not had any problems in relation to exceeding the financial ratios stipulated in the financing contracts, it is important to bear in mind that this fact does not guarantee that in the future, Hortifrut may be exposed to this risk.

The Hortifrut Group centrally administers these risks from the parent company through an appropriate distribution, extension of terms and by limiting the amount of its debt, as well as the maintenance of an adequate liquidity reserve, constantly monitoring the debt of the Subsidiaries and Associated Companies. In the case of subsidiaries such as Hortifrut España Southern Sun SL, and associated companies such as Munger Hortifrut N.A. LLC in the United States, credit decisions are made at these business units in coordination with Hortifrut S.A. Debts are incurred through bank credits in Chile and overseas, aiming to optimize credit conditions based on the financing needs to face investment plans and requirements for work capital.

The application of IFRS16, means an increase in the company's financial liabilities when recognizing the lease obligation. The company, considering financial safeguards, has agreed with the corresponding financial institutions to not include the obligations due to lease in the related calculation formulas.

Regardless of the fact that to date Hortifrut has not had any problems in relation to liquidity risk, it is important to bear in mind that this fact does not guarantee that in the future, Hortifrut may be exposed to this risk.

Hortifrut has available short-term credit lines, approved and valid for work capital, which as of September 30, 2019 reach the amount of US$244.81 million (US$238.34 million as of December 31, 2018), distributed among 14 banks. The used amount reaches US$105.60 million, with an available balance of US$139.21 million. Credit lines are distributed amongst the following companies: Hortifrut Chile S.A. with US$229.28 million, Agrícola El Pampino S.A. with US$0.75 million, Agrícola El Avellano with US$0.50 million, Agrícola Santa Rosa del Parque S.A. with US$0.50 million, Agrícola

Mataquito S.A. with US$1.30 million, Agrícola Vida Nueva S.A. with US$0.40 million, Euroberry Marketing S.A. with US$7.09 million and Hortifrut Import Inc., with US$5.00 million.

Based on the current operational performance and its liquidity position, the Company estimates that cash flows from operating activities and available cash will be enough to finance work capital and interest payments, for the next 12 months and the foreseeable future.

To administer short term liquidity, the Company uses as a base its cash flows forecasted for a mobile period of twelve months and maintains cash and cash equivalents which are available to comply with its future obligations.

Below we summarize the maturity of the Company's bank loans as of September 30, 2019, based on undiscounted contractual flows:

			Cash Flows				
	Capital	Interests	From 0 to 3 months	Between 3 and 12 months	Between 1 and 5 years	Over 5 years	Total
Creditor Bank	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**
Banco Santander Chile	2,584	23	2,275	231	118	-	2,624
Banco RaboFinance Chile	28,348	355	616	3,258	21,225	9,077	34,176
Banco de Crédito e Inversiones	77,454	822	29,039	6,841	26,444	30,322	92,646
Banco Scotiabank	24,795	44	23,807	968	116	-	24,891
Banco de Chile	50,089	557	25,303	1,309	19,882	8,727	55,221
Bonos - Obligaciones con el público	94,371	455	869	3,402	30,362	83,862	118,495
Banco Estado	42,586	496	12,913	1,219	24,380	10,449	48,961
Banco Itaú	15,016	117	15,144	3	13	-	15,160
Banco Santander Central Hispano S.A.	14,521	-	1,509	9,605	3,501	-	14,615
Banco Bilbao Vizcaya Argentaria	6,866	41	-	2,805	4,208	-	7,013
La Caixa	3,784	12	350	1,049	2,448	-	3,847
Bankinter	2,069	2	209	629	1,259	-	2,097
Banco Sabadell	1,649	-	140	419	1,118	-	1,677
Banco de Crédito del Perú	5,651	-	125	3,017	2,816	-	5,958
Scotiabank Perú S.A.	17,498	66	606	6,074	12,712	-	19,392
Banco Chile	-	-	-	-	-	-	-
HSBC México SA, Institución de Banca Múltiple	3,750	-	611	1,792	2,110	-	4,513
Coöperatieve Rabobank U.A.	612	-	82	213	317	-	612
Banco Internacional del Perú S.A.	2,011	-	306	917	862	-	2,085
Metropolitan Life Insurance Company	29,380	-	-	1,546	16,389	24,456	42,391
Communications Bank Yunnan Branch	13,430	-	-	-	17,846	-	17,846
	-	-	-	-	-	-	-
Total as of June 30, 2019	**436,464**	**2,990**	**113,904**	**45,297**	**188,126**	**166,893**	**514,220**

Below is a summary of the maturities of the total financial liabilities as of September 30, 2019:

			Cash Flows				
	Capital	Fair Value	From 0 to 3 months	Between 3 and 12 months	Between 1 and 5 years	Over 5 years	Total
Detail	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**
Bank loans	342,093	2,535	113,035	41,895	157,764	83,031	395,725
Bonds - Obligations with the public	94,371	455	869	3,402	30,362	83,862	118,495
Operating lease obligations	13,279	207	427	2,226	4,958	10,590	18,201
Trade accounts and other accounts payable	39,911	39,911	36,855	3,056	-	-	39,911
Accounts payable to related companies	9,479	9,479	-	3,703	5,776	-	9,479

7.1.3 Exchange rate risk

The international character of its business and its operations in different countries expose Hortifrut to risks due to exchange rate fluctuations. The main exposures refer to exchange rate fluctuations in US Dollar versus Chilean Pesos, Mexican Pesos, Peruvian Nuevo Sol and Euros.

a) Exposure to Chilean Pesos

The source of exposure to Chilean Pesos comes from the costs of the Chilean companies denominated in said currency, trade accounts receivable with national customers and liquid funds held in financial instruments and bank obligations.

Hortifrut performs actions to mitigate the exposure to costs of the Chilean companies by contracting derivative instruments. Likewise, in the Chilean companies, Cross Currency Swap instruments are used to mitigate the exchange rate risk in bank obligations denominated in Chilean Pesos.

b) Exposure to Mexican Pesos

The source of exposure to Mexican Pesos mainly comes from agricultural operating costs in Mexico which are mostly denominated in said currency and, at a lower scale, trade accounts receivable with Mexican customers.

Hortifrut performs mitigation measures over the exposure to costs of Mexican companies, through the contracting of derivative instruments.

c) Exposure to Euros

The source of exposure to Euros comes from sales performed in said currency, bank obligations and financial instruments. Hortifrut performs actions to mitigate the exposure to sales in Euros through the use of forward derivative instruments.

d) Exposure to Peruvian Soles

The source of exposure to Peruvian Soles mainly comes from agricultural operating costs in Peru, which are mainly denominated in said currency, and, at a lower measure, customer's receivable trade accounts. Hortifrut constantly evaluates the need to realize risk mitigation actions.

Regardless of the fact that to date Hortifrut has not had any problems in relation to exchange rate risk, it is important to bear in mind that this fact does not guarantee that in the future, Hortifrut may be exposed to this risk.

Exposure in currencies different to the functional currency

The following table shows exposure in currencies different to the dollar, over the Company's financial assets and liabilities as of September 30, 2019:

As of September 30, 2019	Pesos ThUS$	Nuevo Sol ThUS$	Euro ThUS$	Mexican $ ThUS$	Yuan ThUS$	Others ThUS$
Financial Assets						
Cash and Cash Equivalents	1,637	1,703	2,393	336	-	1,421
Other current non-financial assets	1,652	-	119	3,024	62	16
Current trade debtors and other accounts receivable	3,287	16,864	10,122	3,527	4,695	1,478
Current accounts receivable with Related Entities	668	-	5,879	-	48	-
Non-current accounts receivable with Related Entities	-	-	4,273	-	-	-
Total Financial Assets	**7,244**	**18,567**	**22,786**	**6,887**	**4,805**	**2,915**
Financial Liabilities						
Other current financial liabilities	588	-	8,927	-	-	-
Current trade accounts and other accounts payable	4,931	7,950	1,943	987	13	240
Current accounts payable to Related Entities	2,006	121	97	-	-	-
Current provisions for employee benefits	441	-	-	507	-	-
Other non-current financial liabilities	2,088	-	12,408	135	-	-
Non-current accounts payable to Related Entities	1,153	-	4,623	-	-	-
Total Financial Liabilities	**11,207**	**8,071**	**27,998**	**1,629**	**13**	**240**
Net exposure as of September 30, 2019	**(3,963)**	**10,496**	**(5,212)**	**5,258**	**4,792**	**2,675**

Sensitivity analysis

The potential net effect on financial assets and liabilities of a 10% devaluation of the United States dollar against all the other relevant currencies to which the Company is exposed, would be approximately ThUS$1,405 as a higher charge to the Company's results as of September 30, 2019 (ThUS$2,236 as of December 31, 2018), the aforementioned maintaining all the other variables constant. The calculation considers the Company's exposure in financial assets and liabilities denominated in currency different to the dollar.

Currencies	Assets ThUS$	Liabilities ThUS$	Net ThUS$	Net (10% Devaluation) ThUS$	Variation ThUS$
Chilean Peso	7,244	11,207	(3,963)	(3,567)	396
Nuevo Sol	18,567	8,071	10,496	9,446	(1,050)
Euro	22,786	27,998	(5,212)	(4,691)	521
Mexican Peso	6,887	1,629	5,258	4,732	(526)
Yuan	4,805	13	4,792	4,313	(479)
Others	2,915	240	2,675	2,408	(267)
Total as of 30-09-2019	**63,204**	**49,158**	**14,046**	**12,641**	**(1,405)**

7.1.4 Interest Rate Risk

The Hortifrut Group has its long-term financial liabilities linked to long term investments.

Long term liabilities are both at fixed and variable rates and mostly in dollars to avoid cost variations and to be aligned with the Company's functional currency. Even though short term financial liabilities, linked to temporary work capital are at a fixed rate, an exposure to fluctuations in the market rates at the moment of its contracting and/or renewal is experienced.

As of September 30, 2019 the variable debt rate that Hortifrut maintained was ThUS$262.98 (ThUS$365,711 as of December 31, 2018), if it maintained this debt level for a one year term and today the rate increased 10%, the impact on the annual financial cost would be ThUS$1,054 (ThUS$1,480 as of December 31, 2018).

7.2 Operating Risks

Hortifrut's operating risks are administered by each corresponding management, in accordance with the norms and standards defined at a corporate level. Below is a detail of those that management considers to be of greater relevance:

7.2.1 Genetic development

The lack of modern varieties of plants could affect the competitiveness of the business, both agricultural and export and trade. The Hortifrut Group currently counts with varietal development programs, maintaining in Chile and overseas strategic alliances with universities and companies dedicated to this sector, as well as establishing agreements with the main nurseries in the world, guaranteeing Hortifrut access to a large spectrum of modern and attractive plant varieties.

7.2.2 Significant increase in Supply

In the case of very significant increases in the planted hectares at a global level, a scenario of over-supply of berries could be generated, which would lead to a fall in prices at the destination markets. Nevertheless, at the main markets where Hortifrut operates we can still observe a great growth potential in the demand for berries, due to the combination of (i) a product with very positive health effects; (ii) the growing importance given by consumers to healthy food and (iii) a still relatively low consumption of berries per capita.

7.2.3 Intensification of competition

The Company also faces the risk of an eventual intensification of competition or the appearance of new actors in the berries market. To face these risks, the Company concentrates its efforts on actions aimed at maintaining its leadership in costs, maintaining a strong distribution chain, constantly improving the offer of products and obtaining brand recognition, among others. Likewise, Hortifrut has privileged an international expansion through strategic alliances both in the productive and commercial area, which allows it to better face competition and be able to supply its customers with fresh berries every day of the year.

7.2.4 Climatic risks

Climate is an external factor that is difficult to control, which can affect quality and cause variations in the volume of fruit available to commercialize during the year. Even though this risk is difficult to control, the Hortifrut Group aims for a greater geographic diversification and invests in infrastructure to assure the availability of water and to face possible climatic risks, such as rain, hail and frost control.

With the acquisition of Rocio Group's blueberries business, the Company's plantations in Peru reached 63.1% of the total own plantations, increasing exposure to climatic risk in this country.

Nevertheless, the Company has other smaller plantations in South America, North America, Europe and Asia, which allow it to partially mitigate this risk.

7.2.5 Plagues and disease

It is unavoidable for part of the crop to be affected by some incidence of plagues and/or disease. Therefore, efficient control of these is as necessary as fertilizing or watering. Risk associated with plagues or disease impacts on the quality and/or performance, being able to affect appearance and post-harvest life of the fruit; in some cases this risk involves the application of quarantines in specific productive zones on behalf of the phytosanitary authorities of the countries where the fruit is destined.

Nevertheless, through a good control (search and monitoring) an outbreak of plagues or disease can be detected on time, allowing to eliminate the problem before it causes greater damage. The aforementioned does not imply that in the future the Company will not be affected by current or new plagues and/or disease.

From 2013, the United States applied quarantine to some regions in Chile due to the detection of the Lobesia Botrana moth. These quarantines can generally be lifted immediately through fumigation of the fruit at destination or, in the medium term, working with the authorities on preventive measures to control the plague which prove contention or eradication, ending up in the lifting of the quarantine.

7.2.6 Food-Safety

As in all foods, there is always the risk of a “recall” in the industry (term employed in case a product is removed from the market if there is a suspicion or a certainty that it violates the valid food laws or that the quality standards established by the company for said market are exceeded) which could considerably affect the Company’s results. Until now Hortifrut has never had a problem in this aspect, nevertheless, this does not assure that it won’t occur in the future. The Company guarantees the quality and sanity of its berries by investing in technology, specifically traceability systems, working with a rigorous quality assurance and food safety program which applies during all the phases of the productive process (pre-harvest, harvest and post-harvest), which allows to circumscribe the eventual problem to a lower volume, not affecting the complete production.

7.2.7 Risks of Availability of Human Resources

Temporary collaborators are vital for fruit harvest, so Hortifrut has developed several initiatives to attract, retain and maintain the temporary collaborators from one season to the next. Additionally, people are recruited through labor fairs and informative meetings organized with the intermediation of the regional governments corresponding to the area of each productive unit, so a relationship of mutual collaboration with the community and its municipalities has been built. Due to the extension of operations in Peru, the human resources factor is especially critical, especially in the main production weeks. To assure the necessary quantity of collaborators for the harvesting periods, Hortifrut invests in infrastructure to assure housing for a percentage of collaborators, as well as implementing initiatives that create loyalty with the temporary collaborators, such as for example, to develop attention channels and soon childcare for their children will be incorporated.

7.2.8 Continuity and Costs of Supplies and Services

The development of Hortifrut's business involves a complex logistic regarding the opportune supply of quality supplies and services which are fundamental to maintain competitiveness. As in all agricultural business, the availability of water is critical to assure the good result of the harvest, Hortifrut invests in infrastructure such as reservoirs and deep wells to partially mitigate this risk. Regarding electrical energy, Hortifrut's process plants count with generators that allow to assure the continuity of the operation in front of supply cuts. Also, all the plants have contingency plans to face restrictive supply scenarios. Nevertheless, it is not possible to discard that in the future, supply shortages could generate a discontinuity in the supply and/or higher costs at Hortifrut's plants. It is also important to consider eventual standstill at ports and transport companies in general, which could affect Hortifrut's performance if the events extend in time.

7.2.9 Risk associated to New Technologies

Hortifrut, in its varied entrepreneurships, throughout the world, is incorporating growing new technologies in the whole production process, which involves risks associated to the lack of knowledge in their behaviors. Even though most of its technologies are widely widespread in the world, there is still no extended history which allows to know beforehand all the adverse effects that could derive from it.

7.3 Insurance

The Hortifrut Group has contracted insurance policies to cover exposure to the main financial and operational risks, considering that the coverage of these policies is adequate.

The main insurances contracted as of September 30, 2019 and December 31, 2018 are the following:

			30-Sep-19		31-Dec-18
COUNTRY	**TYPE OF INSURANCE**	**CURRENCY**	**COVERED AMOUNT**	**CURRENCY**	**COVERED AMOUNT**
Chile	Infrastructure Fire	UF	1,583,352	UF	1,658,152
Chile	Mobile Agricultural Equipment	UF	47,732	UF	48,092
Chile	Motor Vehicles	UF	145,287	UF	48,563
Chile	General and Product Civil Responsibility	USD	5,000,000	USD	5,000,000
Chile	Maritime Transport	USD	7,000,000	USD	7,000,000
Chile	Credit Insurance	USD	20,000,000	USD	20,000,000
Chile	Fruit and Materials Insurance	USD	9,810,916	USD	9,810,916
Chile	Terrorism	UF	500,000	UF	500,000
Chile	Business Interruption	UF	1,227,000	UF	1,227,000
USA	Product Civil Responsibility	USD	20,000,000	USD	20,000,000
Mexico	Transporting of Load	USD	200,000/shipment	USD	200,000/shipment
Mexico	Infrastructure Fire, Theft and Civil Liability	USD	48,000,000	USD	48,000,000
Mexico	Motor Vehicles	USD	Commercial Value	USD	Commercial Value
Spain	Motor Vehicles	EUR	Commercial Value / without limit	EUR	Commercial Value / without limit
Spain	Installations	EUR	350,000 per event	EUR	350,000 per event
Spain	Goods	EUR	50,000 per event	EUR	50,000 per event
Spain	Civil Liability	EUR	6,500,000	EUR	6,500,000
Spain	Credit Insurance	EUR	90% unpaid	EUR	90% unpaid
Peru	Fire	PEN	618,320	PEN	618,320
Peru	Motor Vehicles	USD	261,820	USD	261,820

7.4 Risk in the Estimations

Effects of the valuation of fruit that grows on "bearer plants" due to changes in volume and price

As per what is established in IAS 41, agricultural products that grow on fruit bearer plants will remain within the scope of this standard, which must be measured at their fair value minus sale costs, recording the changes in valuation in result as the product grows.

Since this valuation corresponds to an estimation, it could vary when fruit sales are perfected, the moment that said result is realized.

As of September 30, 2019, the expected margin of fruit on the Company's bearer plants was recognized, for the amount of ThUS$36,191, which is presented net of the reversal of this estimation recorded on December 31, 2018, in the item Other income (expense) per function resulting in a net loss of ThUS$28,834.

As of December 31, 2018, the expected margin of fruit on the Company's bearer plants was recognized, for the amount of ThUS$7,357, which is presented under Other income (expense) per function net of the reversal of this estimation recorded as of June 30, 2018, on behalf of the Rocio Group before the merger, resulting in a net profit of ThUS$5,332.

Below we detail the effect that a 10% decrease in price and volume would have had on said margin:

Company	Fair Value Adjustment as of 9/30/2019 (ThUS$)	10% Reduction Volume (ThUS$)	10% Reduction Price (ThUS$)	10% Reduction Volume and Price (ThUS$)
Hortifrut Tal S.A.C.	9,345	8,411	7,060	6,354
Hortifrut Peru S.A.C.	19,479	17,531	15,723	14,151
Berries de Chao S.A.C.	940	846	766	689
HFE Berries Perú S.A.	6,427	5,784	5,000	4,500
Total	**36,191**	**32,572**	**28,549**	**25,694**

7.5 Risk Associated to Merger and Acquisition Process

Due to the global character of the business and the Company's intention to remain within the main global participants in the production and commercialization of berries and other fruits, Hortifrut has materialized different purchase and/or merger processes in the past, and could materialize other similar transactions in the future. Both the Company and the acquired companies or assets are exposed to the potential financial, operational and other previously described risks.

To mitigate these risks, the Company continuously monitors the potential effects that the merger and/or acquisition processes could have on the financial ratios, both at a profit and balance level, in order to take opportune actions to remain within the scopes allowed by its financing contracts.

Even though to date Hortifrut has not had any problems associated to the merger and acquisition processes, it must keep in mind that this fact does not guarantee that in the future Hortifrut will not be exposed to this risk.