EARNINGS RELEASE OF HORTIFRUT S.A.'S CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2019
(In thousands of United States dollars)

The current earnings report has been prepared for the period ending December 31, 2019, compared with the financial statements as of December 31, 2018.

1. HIGHLIGHTS OF THE PERIOD AND SUBSEQUENT FACTS

Hortifrut purchases a non-controlling interest of BFruit

In order to continue strengthening the leadership position in the commercializing of berries in Europe, specially raspberries, Hortifrut has reached an agreement to purchase a non-controlling interest in the BFruit producers' organization in Portugal.
The full volume produced by BFruit will be commercialized through Hortifrut's commercial platform for Europe, thus increasing the already existing integrated vertical volume of the business. Furthermore, this will allow Hortifrut to perform a faster commercial escalation of the new varieties of raspberries, blackberries and blueberries from their own varietal development programs throughout the world.

Combination of frozen products business 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 the frozen products export business with added value in equal parts.
The association contemplates the direct distribution to customers through Hortifrut's global commercial platforms and Alifrut's industrial and commercial expertise as a multi-product processor of frozen products.
The association will allow Hortifrut to consolidate and strengthen even more its leadership position as a global business platform, by complementing its value-added products offer.

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 the 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.

Increase in capital for US$160 million

Regarding the Company's growth strategy, at the Extraordinary Shareholder's Meeting, held on April 30, 2019, the realization of an increase in capital for US$160 million was approved. The funds from said increase in capital will be destined to financing organic growth in the countries that supply the markets of North America, Europe and Asia, during all the weeks of the year, strengthening commercial platforms and satisfying the growing demand for the Company's products Said growth will be forecasted through investments in countries physically close to the corresponding destination markets, where China, Morocco and Northern Mexico stand out.

During the preferential option period, 51,777,540 shares were subscribed, reaching an 84.88% subscription. It must be highlighted that the Company's controlling group subscribed the total of the corresponding prorate (51.85%), thus demonstrating its commitment with the Company's growth projects.

2. SUMMARY OF THE PERIOD

Since the Company administers its operations with a vision of agricultural season (July 01 to June 30) which is the relevant criteria for this type of business, in this analysis we include the comparison of the first 6 months of the 18/19 and 19/20 seasons.

In the first 6 months of the 19/20 season ("2H19"), profit attributable to the parent company shareholders reached US$19.76 million compared to the US$78.39 million recorded during the first half of the 18/19 season ("2H18") (-74.79%). The lower profit is mainly due to the positive effect of the onetime US$60.99 million in the non-operating result of 2S18, 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 profit attributable to the parent company shareholders during 2H18 would be US$33.87 million, US$14.11 million higher than the result of 2H19. The lower profit of the period is explained because even though a 45.12% increase was recorded in commercialized volumes, average price fell 19,90% due to lower prices at all the destination markets, linked to the higher fruit offer mainly from Peru. Also, in line with the increase in volume, the period recorded higher sales costs, which increased in higher proportion than income. Higher costs are mainly associated to increases in: 1) remuneration expenses linked to higher production volume and strengthening of the corporate structure in line with the Company's growth; 2) harvest costs due to increased volume and higher preventive and palliative agricultural applications to maintain fruit quality; 3) depreciation, associated to an adjustment performed in July 2019, as a result of a change in the accounting method of deprecation of companies in Peru Trujillo (a lineal depreciation is taking place, and depreciation is modified based on the production curve, and 4) freight. To this we add lower other income, due to lower fair value of fruit on bearer plants (US$1.05 million in 2H19, vs. US$5.33 million in 2H18).

At 2019 calendar year closing ("Dec19") a profit attributable to the parent company shareholders of US$3.56 million was recorded, representing an US$80.33 million decrease compared to the same period in 2018 ("Dec18"). The lower result attributable to the parent company shareholders compared to Dec18 is mainly due to the US$60.99 million adjustment recorded in the non-operating result as of Dec18, previously explained, and to the US$16.20 million loss recorded in the first half of 2019 (1S19), as the result of extraordinary climatic events in Peru which delayed the production curve in the country during 2S18, concentrating a relevant volume of fruit in Peru and Chile during the 1Q19, impacting the decrease of prices during said period. These effects were partially offset by an increase in the commercialized volume during the 2S19 of 45.12% since the previous effects associated to climatic events were not present in the first half of 19/20 season, resulting in a mainly normalized production curve in Peru.
Also, the non-operating result as of Dec19 presents: 1) the incorporation of administrative and sales expenses from the business purchased in Peru, which was not in the consolidation during the first 6 months of 2018; 2) higher net financial costs as a result of higher average balance of financial debt associated to the financing of the sale-purchase and merger of Grupo Rocio's blueberries business in Peru and the incorporation of existing debt in the purchased business, debt that generated interests only in the months of July to December 2018 vs. 12 months during 2019, 3) US$7.18 million increase in other expenses, per function, mainly due to the reversal in 2019 of the fair value of fruit on bearer plant recorded as of the closing of 2018; and 4) lower other income, per function, associated to lower fair value of fruit on the company's bearer plants, amount which reaches US$1.40 million as of Dec19, compared to US$5.33 million as of Dec18.

Income from operating activities in 2H19 increased 12.51% compared to the same period in 2018, reaching US$300.92 million. The higher income is due to a 45.12% increase in sales volume, mainly in the blueberries and added value products segments. The higher volume was partially offset by a 19.90% decrease in the average price associated to falls in prices at all the destination markets, linked to the greater offer of fruit mainly from Peru.

In accumulated terms, income from operating activities reached US$576.05 million as of Dec19, representing a 9.07% increase compared to the same period in 2018. This increase is mainly due to a 31.49% increase in sales volume, mostly due to a greater volume of blueberries and value added products, effect that was partially offset by a decrease in average price per kilo of 8.74% 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 prices at the destination markets during the first have of the 19/20 season, previously explained.

Operating costs as of Dec19 reached US$475.88 million, 14.90% higher compared to Dec18, mainly explained by the aforementioned increase in distributed volume, the expanded preventive and palliative agricultural 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. As a result of the aforementioned, the gross margin reached US$100.16 million, decreasing 12.12% compared to the US$113.97 million recorded as of Dec18.

On its part, 2H19 EBITDA reached US$75.94 million, representing an 8.38% decrease compared to the US$82.89 million EBITDA recorded in the same period of last year. The lower EBITDA is mainly explained because even though a 45.12% increase was recorded in the commercialized volumes, the average price fell 19.90%. Also, in line with the increase in volumes, the period recorded higher sales costs, which increased in greater proportion compared to income. To this we must add lower other income, per function related with the aforementioned lower fair value of fruit on bearer plants.

The accumulated EBITDA as of Dec19 reached US$99.55 million, which represents an 8.62% decrease compared to the US$108.94 million recorded as of Dec18. Excluding the effect associated to the lower fair value of fruit on bearer plants (US$1.40 million as of Dec19, vs. US$5.33 million as of Dec18), the lower EBITDA as of Dec19 (-5.27%) is mainly due to the lower operating result, because of the aforementioned extraordinary climatic events in Peru which delayed the production curve during 2H18, affecting the results of the first 6 months of 2019. To this we must add the aforementioned decrease in average prices per kilo recorded during 2H19. These effects were partially offset by an increase in the commercialized volume during 2H19 of 45.12%, because the aforementioned effects associated to climatic events were not present in this period, resulting in a mostly normalized production curve in Peru.

The EBITDA calculation is detailed below:

DETERMINING EBITDA	jul19-dec19 MUS$	jul18-dec18 MUS$	31-dec-19 MUS$	31-dec-18 MUS$
Operating income	300,924	267,474	576,045	528,157
Other income, per function	1,923	5,931	4,393	7,503
Total Income	**302,847**	**273,405**	**580,438**	**535,660**
Sales Cost	(230,051)	(185,276)	(475,881)	(414,184)
Administration Expenses	(23,297)	(20,520)	(47,334)	(38,080)
Other expenses	(3,072)	(3,525)	(12,435)	(4,686)
Total Costs and Expenses	**(256,420)**	**(209,321)**	**(535,650)**	**(456,950)**
Operating Result	**46,427**	**64,084**	**44,788**	**78,710**
Depreciation and amortizations	29,511	18,801	54,761	30,234
EBITDA	**75,938**	**82,885**	**99,549**	**108,944**

The Company's net financial debt decreased from US$455.17 million as of December 31, 2018 to US$448.91 million as of December 31, 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, partly offset by the startup of the investment plan announced for Mexico and China, by the obtaining of new credits to finance the higher work capital needs associated to the higher volume produced in Peru and the entry into effect of standards 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 Hortifrut's case, the liability associated to lease contracts which the Company has is US$21.81 million as of December 2019. To this, we must add the additional work capital needed for the incorporation of operations in Peru.

Determining Net Financial Debt Items	31-Dec-19 ThUS$	31-Dec-18 ThUS$
Other current financial liabilities	186,959	172,629
Other non-current financial liabilities	303,957	331,443
Total financial liability	**490,916**	**504,072**
Minus:		
Cash and cash equivalents	42,002	48,901
Total net financial debt	**448,914**	**455,171**

3. INCOME STATEMENT ANALYSIS

As of the closing of December 2019 ("Dec19") a profit attributable to the parent company shareholders of US$3.56 million was recorded, representing a decrease of US$80.33 million in relation to the same period in 2018 ("Dec18"). The lower result attributable to the parent company shareholders in relation to Dec18 is mainly due to the US$60.99 million adjustment recorded under non-operating result as of Dec18, previously explained, and to the US$16.20 million loss recorded in the first semester of 2019 (1H19), as a result of extraordinary climatic events in Peru which delayed the production curve in said country during the 2S18, concentrating an important volume of fruit in Peru and Chile during the 1Q19, impacting prices downwards during said period. These effects were partially offset by an increase in the commercialized volume during the 2H19 of 45.12% since the previous effects associated to climatic events were not present in the first half of the 19/20 season, resulting in a mostly normalized production curve in Peru.

Likewise, the non-operating result as of Dec19 presents: 1) the incorporation of administrative and sales expenses of the business purchased in Peru, which was not in the consolidation during the first 6 months of 2018; 2) higher net financial expenses as a result of the higher average balance of the financial debt associated to the financing of the sale-purchase and merger of Grupo Rocio's blueberries business in Peru and the incorporation of the existing debt of the acquired business, debt that generated interests only in the months of July to December 2018 vs. 12 months during 2019, 3) US$7.18 million increase in other expenses, per function, mainly due to the reversal in 2019 of the fair value of fruit on bearer plants recorded as of the closing of 2018; and 4) other lower income, per function, associated to the lower fair value of the company's fruit on bearer plants, amount that reaches US$1.40 million as of Dec19, compared with US$5.33 million as of Dec18.

Income from operating activities in the 2H19 increased 12.51% compared to the same period in 2018, reaching US$300.92 million. The higher increase is due to a 45.12% increase in sales volume, mainly from the blueberry and value-added product segments. The higher volume was partially offset by a 19.90% decrease in the average price per kilo, associated to falls in prices at all the destination markets, linked to the higher fruit offer mainly from Peru.

a) Main components of Income

The Company's income as of Dec19, which include income from operating activities and other income, per function, increased 8.36% compared to the same period the previous year, reaching US$580.44 million, as can be seen in the following table:

Operating Income, Total	**31-Dec-2019 MUS$**	**31-Dec-2018 MUS$**	**variación %**
Operating Income	576,045	528,157	9.07%
Other operating income, per function	4,393	7,503	-41.45%
Operating Income, Total	**580,438**	**535,660**	**8.36%**

Detail of total operating income per business segment:

Income per Segment	**31-Dec-19 ThUS$**	**31-Dec-18 ThUS$**
Blueberries	508,523	465,235
Raspberries	16,236	18,063
Blackberries	13,574	14,113
Strawberries	3,599	7,132
Cherries	5,770	4,529
Value Added Products	32,736	26,588
Total	**580,438**	**535,660**

In blueberry sales, we observed a 9.30% increase compared to the previous period, mainly explained by a 38.68% increase in commercialized volume, partially offset by a 21.28% decrease in average income per kilo compared to Dec18.

Raspberries experienced a decrease in sales income of 10.11%, as a result of a decrease in average income per kilo of 11.53%, partially offset by an increase in commercialized volume of 2.84%.

The blackberries segment recorded a slight decrease of 3.82% in income compared to Dec18, explained by a 3.97% decrease in commercialized volumes, which was mostly offset by a 2.67% increase in the average price per kilo.

Strawberries experienced a decrease in sales of 49.54% compared to Dec18, variation which is mainly explained by a 48,51% decrease in distributed volume, mainly associated to a lower availability of fruit on the Mexican market.

Cherries recorded an increase in sales income of 27.40% as Dec19. This increase in income is due to an increase in average income per kilo of 62.86%, slightly offset by a decrease in commercialized volume of 21.76%.

Value added products recorded an increase in sales income of 23.12% compared to income recorded in the same period of 2018. This variation is explained by an increase in the sold volume of 33.40%, slightly offset by a decrease in average income per kilo of 7.71%.

b) Main Components of Costs and Expenses

Total Expenses and Costs	31-dic-19 ThUS$	31-dic-18 ThUS$	Variation %
Cost of Sales	**(475,881)**	**(414,184)**	**14.90%**
Administration expenses	(47,334)	(38,080)	24.30%
Other expenses, per function	(14,182)	(7,003)	102.51%
Other operating costs and expenses	**(61,516)**	**(45,083)**	**36.45%**
Minus:			
Deterioro de valor de activos	1,747	2,317	-24.60%
Total Expenses and Costs	**(535,650)**	**(456,950)**	**17.22%**

Main Components of Cost of Sales

Sales costs corresponding to Dec19 reached US$475.88 million, 14.90% higher than Dec18, explained by the increase in the aforementioned distributed volume, the expanded 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. As a result of the aforementioned, the gross margin reached US$100.16 million, decreasing 12.12% compared to the US$113.97 million recorded as of Dec18.

Main Components of Administrative Expenses

Administrative expenses increased US$9.25 million, reaching US$47.33 million. The increase in this concept is mainly due to the incorporation of Grupo Rocio's blueberries business in Peru, which did not belong to the Hortifrut group during the first half of 2018.

Main Components of Other Expenses, per function

Other expenses per function increased US$7.18 million, reaching US$14.18 million as of Dec19. The increase is mainly due to the reversal of the adjustment to fair value of fruit on "bearer plants" of 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.

c) Other Components of Income Statement

Other income (expenses)	31-Dec-19 ThUS$	31-Dec-18 ThUS$	Variation %
Other profit (loss)	(1,759)	60,823	-102.89%
Financial income	2,789	1,448	92.61%
Financial expenses	(27,070)	(17,254)	56.89%
Interest in profit (loss) of associated companies	(5,625)	(3,483)	61.50%
Exchange rate fluctuation	247	2,005	-87.68%
Other Income (expenses)	**(31,418)**	**43,539**	**-172.16%**

The other components of the income statement passed from a US$43.54 million profit as of December 2018 to a US$31.42 million loss as of December 2019.

The main items that explain this variation are the following:

a. Other profit (loss) passed from a profit of US$60.82 million as of Dec18 to a loss of US$1.76 million as of Dec19, 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$17.25 million as of Dec18 to US$27.07 million as of Dec19, variation which is mainly explained by the higher average balance of financial debt as a result of the financing of the purchase and merger of Grupo Rocio'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 December 2018 vs. 12 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$5.63 million as of Dec19, which is compared with a US$3.48 million loss in the same period 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$2.63 million in the associated Munger Hortifrut NA LLC in the United States.

d) Income tax expense

Income tax expense reached US$0.92 million as of Dec19, which is compared with US$27.42 million as of Dec18. The lower tax expense for the period is subtracted in a current tax expense of US$9.53 million (US$14.30 million as of Dec18) and -US$8.63 million in deferred tax (US$13.33 million as of Dec18).

e) Other Result Indicators

Activity Indicators:

Indicator	Unit	31-Dec-2019	31-Dec-2018
Activity			
Rotation of Assets	Times	0.46	0.62
Operating revenue / Total average assets of the period			
Rotation of inventory	Times	7.96	9.44
Cost of sales / Average inventory			
Permanence of inventory (days)	Days	45	38
Inventory / Annual cost of sale (360 day base)			

The rotation of assets between the periods ending December 31, 2019 and 2018, mainly decreased due to the increase in income (+9.07%) which was proportionally lower than the increase in average total assets in the same period (+69.30%).

Likewise, the rotation of inventories decreased due to the increase in average inventories passing from US$43.88 million as of Dec18 to US$59.76 million in the same period of 2019, variation which was proportionally lower than the previously explained increase in sales costs.

4. COMPARATIVE ANALYSIS OF MAIN TENDENCIES

The evolution of the main financial indicators is the following:

Indicator	Unit	31-Dec-19	31-Dec-18	Variations %
Current Liquidity *Current Asset / Current Liability*	times	1.12	1.08	3.96%
Acid Ratio *Current assets (-) Other non financial assets, inventories and current biological assets / Current liability*	times	0.77	0.67	14.99%
Debt Ratio *Total liabilities/Equity attributable to Parent Company*	times	1.16	1.56	-25.48%
Short term debt *Total current liabilities /Total liabilities*		39.8%	37.7%	5.48%
Long term debt *Total non-current liabilities/Total liabilities*		60.2%	62.3%	-3.32%
Book value of the stock *Equity of the parent/ Average number of shares*	US$ /Share	108.1%	97.0%	11.35%

- Current liquidity and acid ratio were 1.12 and 0.77 times as of Dec19, experiencing improvements of 3.96% and 14.99%, respectively, in relation to the period ending December 31, 2018. Both increases are mainly explained by the 4.14% increase in current assets, mainly accounts payable, associated to the seasonality of the business, plus the 0.17% decrease in current liabilities, mostly accounts payable.

- The debt ratio decreased 25.48% compared to December 31, 2018, explained by a decrease in total liabilities of US$36.67 million (5.04%) and the increase in equity attributable to the parent company of US$128.04 million (27.44%), associated to the increase in capital realized between July and August 2019.

- The short-term debt percentage as of Dec19, was 39.8%, an increase compared to 37.7% as of December 31, 2018, mainly explained by the previously mentioned decrease in total liabilities, mostly because of long term refinancing with bonds on the local market.

- The long-term debt percentage as of Dec19, was 60.2%, lower 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.

- The book value of the share increased by 11.35%, from 0.9704 US$/share to 1.0806 US$/share, mainly associated with the 27.4% increase in the equity of the parent company due to the increase of capital for US$133,00 million made in 2019.

Indicator	Unit	31-Dec-19	31-Dec-18	Variations %
Financial expense hedge *(Before tax profit - Financial costs)/Financial costs*	times	1.43	7.95	-82.02%
Profitability of parent company equity *Parent company gains/Parent company equity*		0.6%	18.0%	-96.67%
Profitability of equity *Profit of the period/ Total equity*		1.6%	17.8%	-90.87%

- The decrease in the financial expense hedge index as of Dec19 compared to the same period in 2018 is due to the decrease in the before tax result of US$108.31 million, which is added to the higher financial expenses, which passed from US$17.25 million during the period ending December 31, 2018 to US$27.07 million as of the closing in December 2019.

- The return on equity accounts for the lower result attributable to the owners of the parent compared to Dec18 mainly due to the adjustment of US$60.99 million recorded in the non-operating result to Dec18, explained above.

5. ANALYSIS OF STATEMENT OF FINANCIAL POSITION

Main items of the consolidated statement of financial position.

Statement of Financial Position	31-Dec-19 ThUS$	31-Dec-18 ThUS$	Variation ThUS$	Variation %
Total current assets	308,107	295,866	12,242	4.14%
Total non-current assets	1,041,237	951,454	89,783	9.44%
Total assets	**1,349,344**	**1,247,320**	**102,025**	**8.18%**
Total current liabilities	274,880	274,418	462	0.17%
Total non-current liabilities	416,348	453,477	(37,129)	-8.19%
Total liabilities	**691,228**	**727,895**	**(36,667)**	**-5.04%**
Equity attributable to parent company equity holders	594,723	466,682	128,041	27.44%
Non-controlling interest	63,393	52,743	10,650	20.19%
Total equity	**658,116**	**519,425**	**138,691**	**26.70%**

As of December 31, 2019, total assets increased US$102.03 million in relation to the existing as of December 31, 2018, which is equal to an 8.18% increase.

Current assets slightly increased US$12.24 million (4.14%), mainly due to an increase of: 1) Accounts receivable US$14.87 million, due to the seasonality of the business; 2) accounts receivable from related entities US$13.91 million; 3) Tax assets US$7.29 million; and 4) other non-financial assets US$3.25 million. These effects are offset by the decrease in 1) Inventories US$15.91 million; 2) Cash and Cash Equivalents US$6.90 million; and 3) Biological Assets US$2.85 million.

Non-current assets experienced an increase of US$89.78 million (9.44%), mainly due to the increase in Property, Plant and Equipment (asset due to right of use) of US$110.00 and as an offset, the decrease in: 1) Investments recorded using the equity method for US$17.45 million, and 2) Intangible assets other than equity for US$6.17 million.

Current liabilities remained in line in relation to the same period of the previous year, reaching US$274.88 million as of Dec19.

On its part, non-current liabilities decreased US$37.13 million (-8.19%), mainly due to the decrease in: 1) Other financial liabilities, noncurrent for US$27.49 million; 2) Deferred tax liability for US$8.09 million; and 3) Accounts payable to related entities for US$2.78 million.

The Company's total equity recorded an increase of US$138.69 million (26.70%) compared to December 31, 2018, reaching US$658.12 million as of December 31, 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-December 2019	January - December 2018	Comments
Charges from the sale of goods and providing of services	545	511	Increase in income due to higher commercialized volume from Peru
Payment to suppliers for supplying of goods and services	(348)	(342)	A higher cost associated to the incorporation of Grupo Rocio blueberries business in Peru from July 2018
Payment for and on behalf of employees	(125)	(94)	
Net interests	(20)	(12)	
Taxes	(18)	(15)	
Others	(1)	(1)	
(1) Total Cash Flow for Operating Activities	**33**	**47**	
Sale and purchase of property, plant and equipment	(160)	(65)	Addition of assets for investment plans in Mexico, Peru and China, added to the incorporation of 50% of the assets of Munger Hortifrut N.A. LLC, due to partial division of the company.
Other investment activities (sum of all the rest)	17	(132)	Purchase and merger of Rocio Group's blueberries business in Peru
(2) Total Cash Flow for Investment Activities	**(143)**	**(197)**	
Income from financing	341	515	Higher financing of long term debt during the frist half of 2018, associated to the payment of the purchase and merger in Peru.
Payment of loans	(362)	(326)	
Amounts from the issuance of shares	133	-	Issuance of shares in 2019 destined to financing investment projects in Mexico and China
Paid dividends and other investment cash flows	(11)	(18)	Higher dividend payments due to higher results
(3) Total Cash Flow for Financing Activities	**101**	**171**	
Net Increase of Cash and Cash Equivalents (1) + (2) + (3)	**(9)**	**21**	
Effect due to exchange rate fluctuation	2	-	
Cash and cash equivalents at the start of the period	49	28	
Cash and Cash Equivalents at the End of the Period	**42**	**49**	

7. RISK FACTORS ANALYSIS

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 December 31, 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 December 31, 2019 reach the amount of US$276.79 million (US$238.34 million as of December 31, 2018), distributed among 16 banks. The used amount reaches US$144.43 million, with an available balance of US$132.36 million. Credit lines are distributed amount the following companies: Hortifrut Chile S.A. with US$260.17 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$1.00 million, Agrícola

Mataquito S.A. with US$1.70 million, Agrícola Vida Nueva S.A. with US$0.40 million, Euroberry Marketing S.A. with US$7.28 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 December 31, 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 de Crédito e Inversiones	74,033	1,329	29,190	6,126	26,377	30,322	92,015
Banco Estado	42,116	121	12,128	1,503	26,849	6,869	47,349
Banco de Chile	29,845	58	5,022	5,248	19,186	4,346	33,802
Metropolitan Life Insurance Company	29,770	-	-	765	14,837	24,725	40,327
Banco Scotiabank	27,124	102	17,212	10,177	-	-	27,389
Banco RaboFinance Chile	29,093	86	317	4,045	23,663	5,970	33,995
Banco de Crédito del Perú	21,076	64	18,285	2,961	63	-	21,309
Scotiabank Perú S.A.	16,925	263	3,086	3,108	12,591	-	18,785
Banco Itaú	15,000	77	15,126	-	-	-	15,126
Banco BICE	16,674	81	16,040	510	248	-	16,798
Communications Bank Yunnan Branch	14,358	-	-	-	16,902	-	16,902
Banco Santander Chile	13,469	52	10,375	224	73	-	10,672
Banco Santander Central Hispano S.A.	10,378	-	1,251	6,511	2,866	-	10,628
Banco China Construction Bank Corp.	10,000	14	10,064	-	-	-	10,064
Banco Bilbao Vizcaya Argentaria	7,272	41	1,558	1,488	4,348	-	7,394
La Caixa	5,417	10	356	2,792	2,147	-	5,295
HSBC México SA, Institución de Banca Múltiple	3,188	-	591	1,739	944	-	3,274
Bankinter	3,027	2	215	1,763	1,074	-	3,052
Banco Internacional del Perú S.A.	1,722	-	303	920	557	-	1,780
Banco Sabadell	1,549	-	143	429	1,001	-	1,573
Credicorp Capital	1,111	-	196	503	412	-	1,111
Total as of December 31, 2019	**373,147**	**2,300**	**141,458**	**50,812**	**154,138**	**72,232**	**418,640**

Below is a summary of the maturities of the total financial liabilities as of December 31, 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	373,147	375,447	141,458	50,812	154,138	72,232	418,640
Bonds- obligations with the public	92,588	93,655	869	3,402	36,799	75,288	116,358
Operating lease obligations	35,047	35,047	2,790	8,513	14,964	11,058	37,325
Trade accounts and other accounts payable	78,798	78,798	69,535	9,263	-	-	78,798
Accounts payable to related companies	9,132	9,132	-	3,348	5,784	-	9,132

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 December 31, 2019:

As of December 31, 2019	Pesos ThUS$	Nuevo Sol ThUS$	Euro ThUS$	Mexican $ ThUS$	Yuan ThUS$	Others ThUS$
Financial Assets						
Cash and Cash Equivalents	1,053	4,816	6,164	538	924	1,517
Other current non-financial assets	1,052	934	141	2,139	52	15
Current trade debtors and other accounts receivable	15,537	24,344	20,222	4,575	3,593	1,541
Current Accounts Receivable with Related Entities	754	-	5,091	-	48	-
Non-current accounts receivable with Related Entities	-	-	4,417	-	-	-
Total Financial Assets	**18,396**	**30,094**	**36,035**	**7,252**	**4,617**	**3,073**
Financial Liabilities						
Other current financial liabilities	671	-	10,354	250	-	1,693
Current trade accounts and other accounts payable	19,616	13,477	3,172	3,536	8	1,340
Current Accounts Payable to Related Entities	2,003	549	276	-	-	-
Current provisions for employee benefits	441	-	-	507	-	-
Other non-current financial liabilities	2,208	-	12,265	506	-	15,292
Non-current accounts payable to Related Entities	1,122	-	4,662	-	-	-
Total Financial Liabilities	**26,061**	**14,026**	**30,729**	**4,799**	**8**	**18,325**
Net exposure as of December 31, 2019	**(7,665)**	**16,068**	**5,306**	**2,453**	**4,609**	**(15,252)**

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$553 as a higher charge to the Company's results as of December 31, 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	18,396	26,061	(7,665)	(6,899)	766
Nuevo Sol	30,094	14,026	16,068	14,461	(1,607)
Euro	36,035	30,729	5,306	4,775	(531)
Mexican Peso	7,252	4,799	2,453	2,208	(245)
Yuan	4,617	8	4,609	4,148	(461)
Others	3,073	18,325	(15,252)	(13,727)	1,525
Total as of December 31, 2019	**99,467**	**93,948**	**5,519**	**4,966**	**(553)**

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 December 31, 2019 the variable debt rate that Hortifrut maintained was ThUS$290,175 (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$915 (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 plant modern varieties 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 Contingencies/Pandemics at destination markets

The Company faces the risk that the destination markets are no table to receive the planned fruit, in the expected conditions. To face this risk, the Company maintains fluid communication with the commercial platforms and continuously monitors its shipments, being able to re-destine part of the fruit to other markets when the protocols and demand allow it. The aforementioned does not imply that the Company will be affected by eventual contingencies at the destination markets.

7.2.5 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 Grupo Rocio'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.

7.2.6 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.

7.2.7 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.

7.2.8 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.

7.2.9 Continuity and Costs of Supplies and Services

The development of Hortifrut's business involves a complex logistic regarding the opportune availability 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.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 December 31, 2019 and December 31, 2018 are the following:

			31-Dec-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 Liability	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 Liability	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 December 31, 2019, the expected margin of fruit on the Company's bearer plants was recognized, for the amount of ThUS$1,401, which is presented net of the reversal of this estimation recorded as of December 31, 2018, in the item Other income (expense) per function.

As of December 31, 2018, the expected margin of fruit on the Company's bearer plants was of ThUS$7,357, which is presented under Other income (expense) per function net of the reversal of the amount incorporated in the merger with Grupo Rocío of ThUS$2,025, remaining in 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 Dec 31, 2019 (ThUS$)	10% Reduction Volume (ThUS$)	10% Reduction Price (ThUS$)	10% Reduction Volume and Price (ThUS$)
Hortifrut Tal S.A.C.	27	37	28	25
Hortifrut Peru S.A.C.	718	860	683	615
Berries de Chao S.A.C.	105	131	99	89
HFE Berries Perú S.A.	8	7	-51	-46
Agrícola el Avellano S.A.	6	6	-47	-42
Agrícola Vida Nueva S.A.	125	112	-31	-28
Agrícola Santa Rosa S.A.	107	96	30	27
Agrícola Hortifrut S.A.	173	155	-163	-147
Hortifrut ABA S.A de C.V	132	114	58	53
Total	1,401	1,518	606	546

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.