EARNINGS REPORT HORTIFRUT S.A.
CONSOLIDATED FINANCIAL STATEMENTS

As of March 31, 2020
(In thousands of United States dollars)

The current earning report has been prepared for the period ending March 31, 2020, compared with the financial statements as of December 31, 2019.

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 around 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. As of today, the joint venture continues as per the planned process.
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.

COVID-19 Sanitary Contingency

Regarding the sanitary contingency due to the COVID-19 pandemic, Hortifrut has taken actions to safeguard the health of its workers and collaborators, adopting the remote work modality for all the workers who can perform their functions remotely. For the workers whose work must be done in person, all the recommendations and measures established by the government authorities in each country and worldwide organizations have been taken into account.
In order to maintain our commitment to supply berries every day of the year, the Company has aimed to assure the continuance of the operations, adopting measures to assure the provision of the necessary supplies for the correct functioning of all our fields. As of today, the fields where the company is harvesting are China, Mexico and Spain, whose operations are reaching the end of the season and which, due to the harvesting season and the measures taken by the Company, have not been greatly affected. Also, the fields in USA are starting their production.

2. SUMMARY OF THE PERIOD

Since the Company manages 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 9 months of the 18/19 and 19/20 seasons.

The EBITDA of the first quarter of 2020 ("1Q20") reached US$25.07 million, which represents an increase of 49.34% compared to the US$16.79 million recorded in the first quarter of 2019 ("1Q19"). The higher EBITDA is mainly due to a higher sale price since the overlapping of Peruvian and Chilean fruit did not take place in this period, also due to the decrease in operating costs linked to the lower commercialized volume during the 1Q20 and the decrease in other expenses, per function, due to the lower fair value of fruit on bearer plant recorded to the closing of 2019, compared to the closing of 2018.

Also, the EBITDA for the 9 months of the 19/20 season ("9M S19/20") reached US$101.01 million, increasing 1.34% compared to the US$99.67 million EBITDA recorded in 9 months S18/19 ("9M S19/18"). The EBITDA mainly increased due to the 13.60% increase in commercialized volume during the period, partially offset by the 8.07% reduction in average price per kilo. Additionally, the period presents a greater loss in costs and expenses before depreciation (-US$5.26 million) compared to the decrease in income (-US$3.93 million), whose decrease is mainly explained by the decrease in income from services and others.

The calculation of the EBITDA is detailed below:

	SEASON			
	Jul19-Mar20	**Jul18-Mar19**	**31-Mar-20**	**31-Mar-19**
DETERMINING EBITDA	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**
Income from operating activities	477,546	478,138	176,622	210,664
Other income, per function	3,697	7,035	1,774	1,104
Total Income	**481,243**	**485,173**	**178,396**	**211,768**
Cost of sales	(381,544)	(375,902)	(151,493)	(190,626)
Administration expenses	(35,540)	(30,202)	(12,243)	(9,682)
Other expenses, per function	(5,532)	(12,087)	(2,460)	(8,562)
Total Costs and Expenses	**(422,616)**	**(418,191)**	**(166,196)**	**(208,870)**
Operating Result	**58,627**	**66,982**	**12,200**	**2,898**
Depreciation and amortization	42,379	32,689	12,868	13,888
EBITDA	**101,006**	**99,671**	**25,068**	**16,786**

As of 1Q20 closing, a profit attributable to the parent company shareholders of US$1.38 million was recorded, which represented a US$6.54 million increase compared to the US$5.16 million loss in the same period in 2019. The profit attributable to the parent company shareholders compared to the loss in 1Q19 is mainly due to an improved gross margin of US$5.09 million as a result of a decrease in costs proportionally higher than the decrease in sales income because the Peruvian fruit volume decreased due to earlier pruning to cycle the plants for the following season, and due to a US$6,10 million decrease in other expenses, per function, associated to the lower reversal of the adjustment to fair value of fruit on bearer plants recorded as of 2019 closing, compared to 2018's closing (US$1.40 million vs. US$7.36 million).

In the first 9 months of the 19/20 season, profit attributable to the parent company shareholders reached US$21.14 million compared to the US$73.22 million recorded during the first 9 months of the 18/19 season ("9M S18/19") (-71.13%). The lower profit is mainly due to the positive one time effect of US$60.99 million in the non-operating result of S18/19, 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 tax reaches US$44.52 million. Isolating this effect, profit attributable to the parent company shareholders during the 9M S18/19 would be US$28.70 million, US$7.56 million higher than the result of the 9M S19/20. The lower profit of the period is mainly explained because operating costs increased US$5.64 million, while revenue from operating activities remained in line, both explained later on in the document.

In quarterly terms, revenue from operating activities reached US$176.62 million during the 1Q20, representing a decrease of 16.16% compared to the same period in 2019. This decrease is mainly due to a 16.90% fall in sales volume, due to early pruning in the fields of Peru, whose fruit offer did not overlap with the Chilean offer. The lower volume of the 1Q20 is offset, in part, by an increase in the average price per kilo of 9.11%, passing from 6.96 US$/Kg to 7.60 US$/Kg.

Income from operating activities in the 9M S19/20 remained in line in comparison to the same period in 2018, reaching US$477.55 million, explained by the higher income recorded during the second semester of 2019 due to the 45.12% increase in sales volume in said period, being offset by lower sales of services and others and due to lower income during 1Q20, previously explained.

To the closing of 1Q20, operating costs reached US$151.49 million, presenting a 20.53% decrease compared to the US$190.63 million recorded during the 1Q19. Lower costs are mainly explained by the higher volume commercialized in the 1Q19, associated to the climatic events that delayed the production curve in Peru, thus overlapping with Chilean production in 1Q19.

Accumulated operating costs in the 9M S19/20 reached US$381.54 million, slightly increasing 1.50% compared to the 9M S18/19. The increase is mainly explained by: 1) higher costs due to the greater volume of production during the second half of 2019; 2) higher depreciation, associated to the change in methodology in the recording of depreciation at the companies in Peru Trujillo, and 3) higher freight costs. These effects were partially offset by the lower volume commercialized during the 1Q20 and the resulting lower production expenses during said quarter. As a result of the aforementioned, the gross margin reached US$96.00 million, decreasing 6.10% compared to the US$102.24 million recorded in the same period of S18/19.

The Company's net financial debt decreased from US$448.91 million as of December 31, 2019 to US$427.68 million as of March 31, 2020, which is mainly explained by the higher available cash balance and the lower liability associated to the lease contracts that the Company has for US$18.70 million as of March 2020, which is compared with US$21.81 million as of December 2019. These effects are partially offset by the beginning of the investment plan announced for Mexico and China.

Determining net financial debt **Items**	**31-Mar-20** **ThUS$**	**31-Dec-19** **ThUS$**
Other current financial liabilities	179,057	176,345
Current lease liabilities	9,666	10,614
Other non-current financial liabilities	292,802	279,524
Non-current lease liabilities	20,224	24,433
Total financial liability	**501,749**	**490,916**
Minus:		
Cash and cash equivalents	74,068	42,002
Total net financial debt	**427,681**	**448,914**

3. ANALYSIS OF INCOME STATEMENT

As of the closing of the first quarter of 2020, a profit attributable to the parent company shareholders of US$1.38 million was recorded, representing a US$6.54 million increase compared to the US$5.16 million loss in the same period of 2019. The increase in profit attributable to the parent company shareholders compared to the loss in the 1Q19 is mainly due to: 1) the increase in gross margin of US$5.09 million because, even though lower revenue was recorded during the 1Q20 due to the lower commercialized volume (-16.90%) as the result of the concentration of a relevant volume of fruit in Peru and Chile during the 1Q19, this effect was more than offset by the decrease in costs as a result of the normalization of the production curve in the first 6 months of S19/20 and the resulting lower volume commercialized in the 1Q20; 2) a US$6.10 million decrease in other expenses, per function, associated to the lower reversal of the adjustment to fair value of fruit on plants recorded at the closing of 2019, in relation to the closing of 2018 (US$1.40 million vs. US$7.36 million); 3) the US$1.33 million increase in result associated to the interest in associated companies and joint ventures; 4) lower net financial costs for US$1.26 million, and 5) a positive result due to exchange rate differences for US$0.93 million, as a result of the appreciation of the dollar in relation to the chilean peso.

The accumulated EBITDA in the 1Q20 reached US$25.07 million, which represents a 49.34% increase compared to the US$16.79 million recorded in the 1Q19. The higher EBITDA is mainly because the decrease in sales revenue due to the lower commercialized volume, was more than offset by the decrease in operating costs linked to said decrease in volumes during the 1Q20 and the decrease in other expenses, per function, due to the lower fair value of fruit on bearer plant recorded at 2019 closing, compared to 2018's closing, resulting in a reversal of US$1.40 million in the 1Q20 vs. US$7.36 million in the 1Q19.

a) Main components of Income

In quarterly terms, income from operating activities reached US$176.62 million during the 1Q20, representing a 16.16% decrease in relation to the same period of 2019. This decrease is mainly due to a 16.90% fall in sales volume, mainly due to the higher volume commercialized during the 1Q19 as a result of the delay in the production curve in Peru, which was added to production in Chile, as per what was previously mentioned. The lower volume of 1Q20 is partially offset by an increase in the average price per kilo of 9.11%, passing from 6.96 US$/Kg to 7.60 US$/Kg.

Total Operating Income	**31-Mar-20 ThUS$**	**31-Mar-19 ThUS$**	**Variation %**
Income from operating activities	176,622	210,664	-16.16%
Other income, per function	1,774	1,104	60.69%
Total Operating Income	**178,396**	**211,768**	-15.76%

Detail of total operating income per business segment:

Income per Segment	31-Mar-20 ThUS$	31-Mar-19 ThUS$	Variation %
Blueberries	156,692	188,208	-16.75%
Raspberries	8,978	3,457	159.70%
Blackberries	2,933	6,435	-54.42%
Strawberries	811	1,682	-51.79%
Cherries	4,096	5,340	-23.29%
Value Added Products	4,886	6,646	-26.48%
Total	**178,396**	**211,768**	-15.76%

In blueberry sales, during the 1Q20 a 16.75% decrease was observed compared to the previous period, mainly explained by a 20.18% fall in the commercialized volume, partially offset by an 11.85% increase in the average price per kilo compared to the 1Q19.

Raspberries experienced an increase in sales income of 159.70%, due to the higher commercialized volume, mainly fruit from Mexico, which passed from 60,259 kilos in the 1Q19 to 835,850 kilos in the 1Q20. The higher volume was partially offset by a decrease in the average price per kilo of 48.62%.

The blackberries segment recorded a 54.42% decrease in income compared to the 1Q19, explained by a 38.32% decrease in commercialized volumes, mainly due to lower availability of fruit in Mexico, and a 26.05% fall in the average price per kilo.

Strawberries experienced a decrease in sales of 51.79% compared to the 1Q19, variation which is mainly explained by a 34.47% decrease in distributed volume, mainly associated to a lower availability of fruit on the Mexican and Chilean market. To this we must add a 26.42% lower average price per kilo.

Cherries recorded a decrease in sales income of 23.29% in the 1Q20. This decrease in income is due to a decrease in average price per kilo of 42.03%, slightly offset by a 32.33% increase in commercialized volumes.

Value added products recorded a decrease in sales income of 26.48% compared to income recorded in the same period of 2019. This variation is explained by a decrease in average price per kilo of 10.69%, and by a lower distributed volume of 17.68%.

b) Main Components of Costs and Expenses

Total Expenses and Costs	31-Mar-20 ThUS$	31-Mar-19 ThUS$	Variation %
Cost of sales	**(151,493)**	**(190,626)**	**-20.53%**
Administration expenses	(12,243)	(9,682)	26.45%
Other expenses, per function	(2,460)	(8,562)	-71.27%
Other operating costs and expenses	**(14,703)**	**(18,244)**	**-19.41%**
Total Expenses and Costs	**(166,196)**	**(208,870)**	**-20.43%**

Main Components of Cost of Sales

Operating costs as of March 2020 reached US$151.49 million, presenting a 20.53% decrease compared to the US$190.63 million recorded during the 1Q19. Lower costs are mainly explained by the lower volume commercialized in the 1Q20 (-16.90%), associated to the climatic events that delayed the production curve in Peru during the first 6 months of S18/19, concentrating a relevant volume of fruit in the 1Q19.

Main Components of Administrative Expenses

Administrative expenses increased US$2.56 million, reaching US$12.24 million. The increase in this concept is mainly due to the increase in Other general expenses, salaries and third-party services.

Main Components of Other Expenses, per function

Other expenses per function decreased US$6.10 million, reaching US$2.46 million in 1Q20. Lower expenses are mainly due to the higher adjustment to fair value of fruit on "bearer plants" recognized as of December 2018 for the amount of US$7.36 million vs. US$1.40 million as of December 2019, which is reversed in the first quarter and is 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-Mar-20 ThUS$	31-Mar-19 ThUS$	Variation %
Other profit (loss)	(29)	(90)	-67.78%
Financial income	216	150	44.00%
Financial expenses	(5,338)	(6,533)	-18.29%
Interest in profit (loss) of associated companies	72	(1,257)	-105.73%
Exchange rate fluctuations	929	(291)	-419.24%
Other income (expenses)	**(4,150)**	**(8,021)**	**-48.26%**

The other components of the income statement decreased US$3.87 million, passing from a US$8.02 million loss in the 1Q19 to a US$4.15 million loss in the 1Q20.

The main items that explain this variation are the following:

a. Lower financial costs of US$1.20 million, reaching US$5.34 million in the 1Q20. Variation which is mainly explained by the prepayment of bank debt associated with the refinancing of financial debt, realized during the 3Q19, partially offset by the interests associated to the bonds issued in the local market during the 2Q19.

b. Interest in profit (loss) of associated companies reached a profit of US$0.07 million as of March 2020, which is compared with a loss of US$1.26 million in the same period of the previous year. This difference is mainly explained by a US$0.33 million profit in the associated Munger Hortifrut NA LLC in the United States compared to a US$1.13 million loss during the 1Q19.

c. A profit due to exchange rate fluctuation of US$0.93 million in the 1Q20, which is compared with a US$0.29 million loss in the same period the previous year. The profit of the 1Q20 is mainly associated to the appreciation of the United States dollar in relation to the Chilean peso.

d) Income tax expense

Income tax expense reached US$3.21 million in the 1Q20, which is compared with a profit of US$1.67 million in the 1Q19. Tax expense in the period is distributed in US$2.14 million for current tax (US$3.03 million in 1Q19) and US$1.14 million for deferred tax (-US$4.48 million in 1Q19).

e) Other Result Indicators

Activity Indicators:

Indicator	Unit	31-Mar-20	31-Mar-19
Activity			
Rotation of Assets	Times	0.13	0.17
Operating revenue / Total average assets of the period			
Rotation of inventory	Times	2.58	2.35
Cost of sales / Average inventory			
Permanence of inventory (days)	Days	35	38
Inventory / Annual cost of sale (360 day base)			

The rotation of assets between the periods ending March 31, 2020 and 2019, mainly decreased due to the decrease in income (-16.16%) and the increase in average total assets in the same period (+6.24%).

Likewise, the rotation of inventories increased due to the decrease in average inventories, passing from US$81.10 million in the 1Q19 to US$58.72 million in the same period in 2020, variation that was proportionally higher than the decrease in previously explained sales costs.

4. COMPARATIVE ANALYSIS OF MAIN TENDENCIES

The evolution of the main financial indicators are the following:

Indicator	Unit	31-Mar-20	31-Dec-19	Variations %
Current Liquidity *Current Asset / Current Liability*	times	1.11	1.12	-1.02%
Acid Ratio *Current assets (-) Other non financial assets, inventories and current biological assets / Current liability*	times	0.76	0.77	-0.50%
Debt Ratio *Total liabilities / Equity attributable to Parent Company*	times	1.19	1.16	2.49%
Short term debt *Total current liabilities /Total liabilities*		37.45%	39.77%	-5.83%
Long term debt *Total non-current liabilities /Total liabilities*		62.55%	60.23%	3.85%
Book value of the share (US$) *Equity attributable to parent company / N° shares*	Dollars per share	1.0108	1.0806	-6.45%

- Current liquidity and acid ratio were 1.11 and 0.76 times as of March 2020, experiencing a slight decrease of 1.02% and 0.50%, respectively, compared to the period ending December 31, 2019. Both are mainly explained by the 6.44% decrease in current assets, mainly accounts receivable and inventories, associated to the seasonality of the business, offset with the 5.48% decrease in current liabilities, mainly accounts payable and the 24.24% decrease in inventories.

- The debt ratio increased slightly by 2.49% compared to December 31, 2019, explained by a decrease in equity attributable to the parent company of US$11.14 million (-1.87%), associated to the negative MTM in cash flow hedging operations for US$8.53 million and the lower result of subsidiaries and associated companies whose functional currency is different to the United States dollar, which generates a negative exchange rate due to the appreciation of the United States dollar against said currencies during the period.

- The short-term debt percentage as of March 2020 was 37.45%, lower compared to 39.77% as of December 2019, mainly explained by the decrease in the aforementioned current liabilities.

- The long-term debt percentage as of March 2020 was 62.55%, higher than the 60.23% as of December 31, 2019, due to an increase in non-current liabilities associated to: 1) bank loans linked to investment projects that the Company is developing, 2) Negative MTM of the cross currency swaps taken to dollarize local bonds issued in 2019, as a result of the appreciation of the US dollar in relation to the Chilean Peso and 3) a higher deferred tax liability.

- The book value of the share decreased 6.45%, passing from 1.0806 US$/share to 1.0108 US$/share, mainly associated to the 1.87% decrease in the parent company equity and the higher number of average shares associated to the increase in capital realized in August 2019.

Indicator	Unit	31-Mar-20	31-Mar-19	Variations %
Financial expense hedge *(Before tax profit - financial costs))/Financial costs*	times	2.51	0.22	1062.07%
Profitability of parent company equity *Parent company gains/Parent company equity*		0.24%	-1.12%	-121.20%
Profitability of equity *Profit of the period / Total equity*		0.74%	-0.67%	-211.25%

- The increase in the financial expense hedging index as of March 2020 compared to the same period in 2019 is due to the increase in the gross income of US$13.17 million, which is added to the lower financial expenses, which passed from US$6.53 million during the 1Q19 to US$5.34 million as of the closing of 1Q20.

- The profitability of the parent company equity shows an increase of US$6.54 million in profit attributable to the parent company shareholders compared to March 2019, mainly due to the improved operating result and a US$6.10 million decrease in other expenses, per function, associated to the lower reversal of the adjustment of fair value of fruit on plant recorded as of the closing of 2019, compared to the closing of 2018 (US$1.40 million vs. US$7.36 million).

- On its part, the higher profitability of equity is attributed to the positive result in the net income of the period for US$4.84 million in the 1Q20, which is compared with a US$3.46 million loss in the same period in 2019. The improved results are partially offset by the increase in total equity, mainly associated to the capital increase realized in August 2019.

ANALYSIS OF STATEMENT OF FINANCIAL POSITION

Main items of the consolidated statement of financial position.

Statement of Financial Position	31-Mar-20 ThUS$	31-Dec-19 ThUS$	Variation ThUS$	Variation %
Total current assets	288,268	308,107	(19,839)	-6.44%
Total non-current assets	1,056,120	1,041,237	14,883	1.43%
Total assets	**1,344,388**	**1,349,344**	**(4,956)**	**-0.37%**
Total current liabilities	259,827	274,880	(15,053)	-5.48%
Total non-current liabilities	434,012	416,348	17,664	4.24%
Total liabilities	**693,839**	**691,228**	**2,611**	**0.38%**
Equity attributable to parent company equity holders	583,585	594,723	(11,138)	-1.87%
Non-controlling interest	66,964	63,393	3,571	5.63%
Total equity	**650,549**	**658,116**	**(7,567)**	**-1.15%**

As of March 31, 2020, total assets remained in line compared to those existing as of December 31, 2019, as a result of the offsetting effect between the increase in non-current assets and the decrease in current assets.

Current assets decreased US$19.84 million (-6.44%), mainly due to a decrease of: 1) inventories due to the seasonality of the business; 2) Accounts receivable from related entities for US$26.69 million, and 3) accounts receivable for US$19.40 million. These effects are offset by increases in: 1) Cash and Cash Equivalents for US$32.07 million; and 2) Biological Assets for US$7.72 million.

Non-current assets experienced a slight increase of US$14.88 million (1.43%), mainly due to the increase in deferred tax assets for US$10.64 and in Property, Plant and Equipment for US$6.19, linked to works in progress of the investment projects in Mexico and China.

Current liabilities decreased US$15.05 million, reaching US$259.83 million as of March 2020. Lower current liabilities are mainly associated to lower accounts payable corresponding to the seasonality of the business.

Also, non-current liabilities increased US$17.66 million (4.24%), mainly due to increases in: 1) Other financial liabilities, non-current for US$13.28 million and 2) Deferred tax liability for US$8.77 million.

The Company’s total equity recorded a decrease of US$7.57 million (-1.15%) compared to December 31, 2019, reaching US$650.55 million as of March 31, 2020, mainly associated to the negative MTM in cash flow hedging operations, previously explained.

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

Main sources and uses of funds in the period (US$ million)	January-March 2020	January-March 2019	Comments
Charges from the sale of goods and providing of services	224	217	Higher income due to accounts receivable collections
Payment to suppliers for supplying of goods and services	(136)	(132)	
Payment for and on behalf of employees	(27)	(26)	
Net interests	(5)	(2)	
Taxes	(1)	(11)	
Others	1	(7)	Adjustment to biological fair value
(1) Total Cash Flow for Operating Activities	**57**	**39**	
Sale and purchase of property, plant and equipment	(22)	(13)	Addition of assets due to Investment plans in Mexico, Peru and China, added to the incorporation of 50% of the assets (2 fields) of Munger Hortifrut N.A. LLC, due to the partial division of the company.
Other investment activities (sum of all the rest)	0	1	
(2) Total Cash Flow for Investment Activities	**(22)**	**(12)**	
Income from financing	102	37	
Payment of loans	(105)	(61)	
(3) Total Cash Flow for Financing Activities	**(3)**	**(24)**	Debt payments offset by new loans to finance work capital
Net Increase of Cash and Cash Equivalents (1) + (2) + (3)	**32**	**3**	
Cash and cash equivalents at the start of the period	42	49	
Cash and Cash Equivalents at the End of the Period	**74**	**52**	

7. ANALYSIS OF RISK FACTOR

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

Credit risk is the risk of financial loss that Hortifrut and subsidiaries face if a customer or counterparty in a financial instrument does not comply with his contractual obligations, and is mainly originated from customers' accounts receivable.

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.

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 March 31, 2020 reached the amount of US$250.00 million (US$276.79 million as of December 31, 2019), distributed among 14 banks. The used amount reaches US$147.43 million, with an available balance of US$102.57 million. Credit lines are distributed among the following companies: Hortifrut Chile S.A. with US$233.50 million, Agrícola El Pampino S.A. with US$0.75 million, Agrícola El Avellano S.A. 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$7.15 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 and financial leasing as of March 31, 2020, 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	70,996	1,761	21,272	14,255	25,646	30,322	91,495
Banco Estado	42,268	346	230	14,000	26,831	6,869	47,930
Banco de Chile	44,857	325	20,024	5,248	19,186	4,346	48,804
Metropolitan Life Insurance Company	29,327	67	-	1,502	15,971	22,023	39,496
Banco Scotiabank	26,058	11	67	26,625	-	-	26,692
Banco RaboFinance Chile	29,404	413	168	4,546	23,614	5,970	34,298
Banco de Crédito del Perú	24,956	11	22,164	2,920	-	-	25,084
Scotiabank Perú S.A.	14,263	57	365	5,254	10,081	-	15,700
Banco Itaú	15,000	45	15,063	-	-	-	15,063
Banco BICE	2,677	-	635	1,210	738	-	2,583
Communications Bank Yunnan Branch	18,885	-	-	-	22,858	-	22,858
Banco Santander Chile	14,165	17	8,281	179	156	-	8,616
Banco Santander Central Hispano S.A.	8,995	2	844	6,225	2,120	-	9,189
Banco China Construction Bank Corp.	15,000	-	-	15,468	-	-	15,468
Banco Bilbao Vizcaya Argentaria	12,875	38	463	4,183	8,940	-	13,586
La Caixa	3,268	9	362	1,059	1,765	-	3,186
HSBC México SA, Institución de Banca Múltiple	2,625	-	587	1,760	392	-	2,739
Bankinter	1,674	3	213	635	848	-	1,696
Banco Internacional del Perú S.A.	1,434	-	304	919	251	-	1,474
Banco Sabadell	1,391	-	141	423	846	-	1,410
Credicorp Capital	2,648	-	424	1,864	360	-	2,648
GC Rent Chile SpA.	57	1	4	17	37	-	58
Total as of March 31, 2020	**382,823**	**3,106**	**91,611**	**108,292**	**160,640**	**69,530**	**430,073**

Below is a summary of the maturities of total financial liabilities as of March 31, 2020:

			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	374,132	377,233	92,877	101,991	156,432	69,530	420,830
Bonds - obligations with the public	93,956	94,626	-	4,266	43,094	68,129	115,489
Leasing liabilities	11,187	11,192	1,230	6,301	4,208	-	11,739
Lease liabilities	18,638	18,698	409	2,376	9,255	9,010	21,050
Trade accounts and other accounts payable	58,047	58,047	53,852	4,195	-	-	58,047
Accounts payable to related companies	10,065	10,065	-	4,607	5,458	-	10,065

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 at a lower measure, by liquid funds held in 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 March 31, 2020:

	Chilean Pesos	Nuevo Sol	Euro	Mexican Pesos	Yuan	Others
As of March 31, 2020	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**
Financial Assets						
Cash and Cash Equivalents	1,666	4,797	8,152	468	1,857	1,659
Other current non-financial assets	726	982	126	-	130	14
Current trade debtors and other accounts receivable	5,780	15,594	22,864	4,912	10,894	729
Current Accounts Receivable with Related Entities	743	-	4,821	-	47	-
Non-current accounts receivable with Related Entities	-	-	4,297	-	-	-
Total Financial Assets	**8,915**	**21,373**	**40,260**	**5,380**	**12,928**	**2,402**
Financial Liabilities						
Other current financial liabilities	603	-	12,892	195	-	38
Current trade accounts and other accounts payable	15,094	5,997	5,493	3,748	12	163
Current Accounts Payable to Related Entities	1,851	19	2,242	-	-	-
Other current provisions	-	-	-	-	-	-
Current provisions for employee benefits	441	-	-	507	-	-
Other non-current financial liabilities	1,864	-	9,340	476	-	134
Non-current accounts payable to Related Entities	986	-	4,472	-	-	-
Total Financial Liabilities	**20,839**	**6,016**	**34,439**	**4,926**	**12**	**335**
Net exposure as of March 31, 2020	**(11,924)**	**15,357**	**5,821**	**454**	**12,916**	**2,067**

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$2.47 as a higher charge to the Company's results as of March 31, 2020 (ThUS$553 as of December 31, 2019), 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.

	Assets	Liabilities	Net	Net (10% Devaluation)	Variation
Currencies	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**
Chilean Peso	8,915	20,839	(11,924)	(10,732)	1,192
Nuevo Sol	21,373	6,016	15,357	13,821	(1,536)
Euro	40,260	34,439	5,821	5,239	(582)
Mexican Peso	5,380	4,926	454	409	(45)
Yuan	12,928	12	12,916	11,624	(1,292)
Others	2,402	335	2,067	1,860	(207)
Total as of March 31, 2020	**91,258**	**66,567**	**24,691**	**22,221**	**(2,470)**

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 March 31, 2020 the variable debt rate that Hortifrut maintained was ThUS$286,920 (ThUS$290,175 as of December 31, 2019), 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$914 (ThUS$915 as of December 31, 2019).

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 Contingencies/Pandemics at origin or destination markets, which affect the production and commercialization cycle

The Company faces the risk that the different areas of the organization may be affected by pandemics, from production to commercialization.

Even though all governments consider the agricultural industry as an essential activity, the Company has the risk of seeing its operations affected at point of origin, affecting its fruit harvest or processing in a negative manner. The Company complies with the measures imposed by government organisms and worldwide organizations. Due to the imminent possibility of contagion, frequent emergency committees are held, where the action plans are adjusted, and a constant monitoring of the operations is maintained, counting with different harvesting techniques at origin and packing options at the destination markets which allow to somewhat mitigate this risk.

Furthermore, there is the risk that the destination markets may not be able to receive the planned fruit, under 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 protocols and demand allow it. The aforementioned does not imply that the Company will not be affected by eventual contingencies at the destination markets.

7.2.2 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.

7.2.3 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.

7.2.4 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.

7.2.5 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 Rocio Group's blueberries business, the Company's plantations in Peru reached 57.80% 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.

7.2.10 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 March 31, 2020 and December 31, 2019 are the following:

			31-Mar-20		31-Dec-19
COUNTRY	TYPE OF INSURANCE	CURRENCY	MONTO CUBIERTO	CURRENCY	COVERED AMOUNT
Chile	Infrastructure Fire	UF	1,583,352	UF	1,583,352
Chile	Mobile Agricultural Equipment	UF	47,732	UF	47,732
Chile	Motor Vehicles	UF	73,500	UF	73,500
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	50,000,000	USD	50,000,000
Chile	Fruit and Materials Insurance	USD	14,400,000	USD	14,400,000
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$515, which is presented in the income statement under the item Other income per function.

As of December 31, 2019, the expected margin of fruit on the Company’s bearer plants was recognized, for the amount of ThUS$1.40, which in the income statement is presented in the item Other income per function.

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 3/31/2020 (ThUS$)	10% Reduction Volume (ThUS$)	10% Reduction Price (ThUS$)	10% Reduction Volume and Price (ThUS$)
Honghe Jiayu Agriculture Limited	515	463	292	262
Total	**515**	**463**	**292**	**262**

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.