



# Earnings Presentation December 2020

March 30<sup>th</sup>, 2021

# Agenda

1. HIGHLIGHTS
2. INNOVATION AND GENETICS
3. CONSOLIDATED RESULTS S20/21
4. CONSOLIDATED RESULTS JAN-DEC20
5. RESULTS PER BUSINESS SEGMENT S20/21



# Highlights



## 1. SIGNIFICANT IMPROVEMENT IN THE COMPANY'S RESULTS

	YEAR		SEASON	
	Jan19-Dec19	Jan20-Dec20	Jul19-Dec19	Jul20-Dec20
EBITDA	99,55	175,13	75,94	129,46
Profit to the parent company equity holders	3,56	54,02	19,76	51,52

- The **main factors** of this results are:
  - Geographical and business diversification
  - The execution of the commercial strategy through its platforms in the target markets
  - The strength of its genetic programs
  - The innovation and application of technologies in production and operations
  - The design to optimize its production curves

## 2. FAVORABLE RESOLUTION USITC

- The **US International Trade Commission (USITC)**, after an investigation of the market for imported blueberries in this country, unanimously determined that **fresh, chilled or frozen blueberries** from different countries that export to the US, **do not constitute** a substantial cause of **serious injury or threat** to the industry of that country.
- As a result, the USITC determined to close the investigation and therefore, **no safeguards will be applied** to imported products.

## 3. CHANGE OF THE AGRARIAN REGIME IN PERU

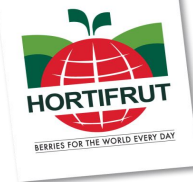
- At the beginning of 2021, the Peruvian government approved a **change in the agrarian regime** of that country. The **main changes** to the previously in force regime are:
  - A **special bonus is created for agricultural workers** of 30% of the minimum vital remuneration.
  - The **participation of the profit to the workers** will gradually increase from 5% currently until 10% in 2027.
  - The increase in the company's contribution to the **health insurance of employees** is accelerated and will reach 9% of the taxable salary by 2025 (before, by 2029).
  - There will be a progressive increase in the **Income tax** from 15% today to 29.5% in 2028.

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# Hortifrut at the Vanguard in Innovation and Sustainability



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## VERTICAL FARMING

- Hortifrut S.A. and AeroFarms, a leader in vertical farming in controlled environment, signed an agreement to jointly develop and research the growing of blueberries and caneberries in fully-controlled environments and vertical farms.
- This agreement will allow both companies to further expand their knowledge in sustainable farming and berries production in controlled environments.
- These combined efforts are in line with the vision of producing and supplying the freshest, healthiest and most sustainable berries throughout the year, anywhere in the world.
- The agreement considers the installation of an experimental site, the feasibility study, the growing of Hortifrut varieties, the analysis of data and a possible further expansion.
- Both companies are certified by B Corp, having responsible agriculture, high quality and customer service as part of their DNA.



Fully Controlled Environment

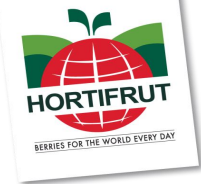


AeroFarms Commercial Leafy Greens Facility in Newark



AeroFarms R&D Room of Strawberry Plants

# Hortifrut at the Vanguard in Innovation and Sustainability



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## ABOUT AEROFARMS

- Since 2004, AeroFarms has been leading the way in vertical farming in controlled environments, with world headquarters in Newark, NJ, USA.
- It has been named one of the World's Most Innovative Company for 2 years in a row and one of TIME's Best Inventions.
- This company's vertical growing technology provides the perfect conditions for healthy plants to thrive, taking agriculture to a new level of precision, food safety and productivity, with up to 95% less water and no pesticides compared to traditional agriculture.
- AeroFarms announced on March 26<sup>th</sup>, 2021 that it would make its IPO of shares to be traded in Nasdaq.

### Deals

## AeroFarms to Go Public in \$1.2 Billion Spring Valley SPAC Deal

By [Gillian Tan](#)

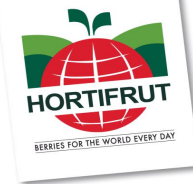
March 26, 2021, 4:20 AM PDT

- ▶ Vertical farming company to start trading on Nasdaq market
- ▶ "Dream Greens" brand is sold in Whole Foods, ShopRite

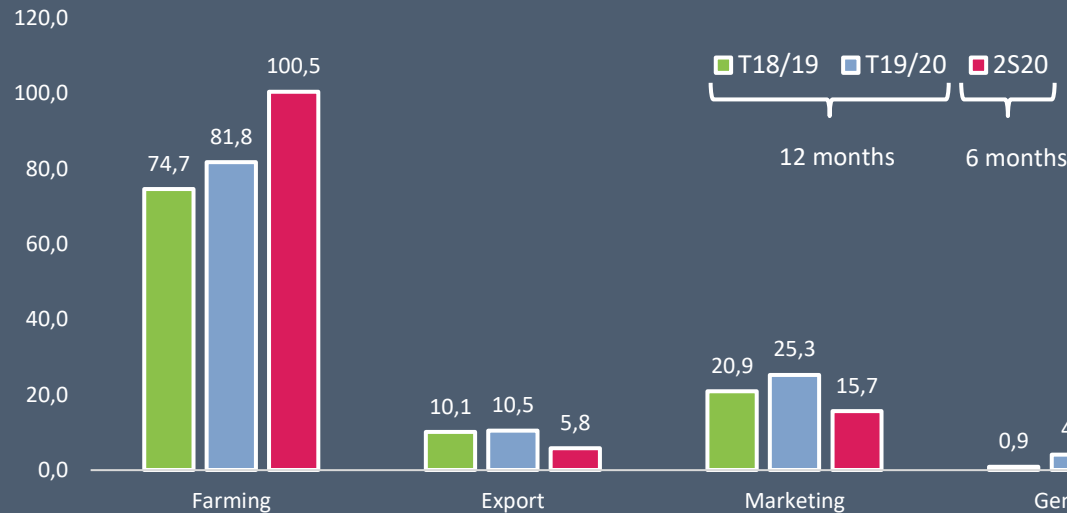


AeroFarms' vertical grow towers in Newark, New Jersey.  
Photographer: Angela Weiss/AFP/Getty Images

# Genetics' EBITDA



## EBITDA Breakdown



- During 2H20, the Genetics business generated an EBITDA of US\$ 7.45 million, a figure equivalent to 5.8% of Hortifrut's total EBITDA registered in the same period, which compares favorably with the US\$ 4.10 million of EBITDA generated in this business during the 12 months of 19/20 season (equivalent to 5.4% of EBITDA on said season).
- This result accounts for the sale of plants of Blueberry, Raspberry and Blackberry varieties developed by Hortifrut to third party producers in various countries, thus accelerating the future growth of the volumes marketed by the Company.

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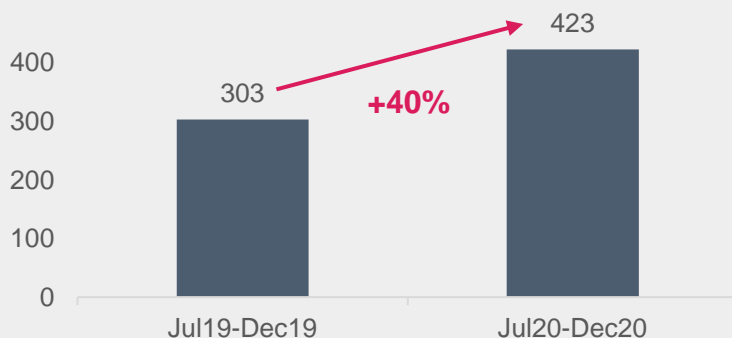


# US\$130 mn in EBITDA during S20/21 (Jul-Dec)

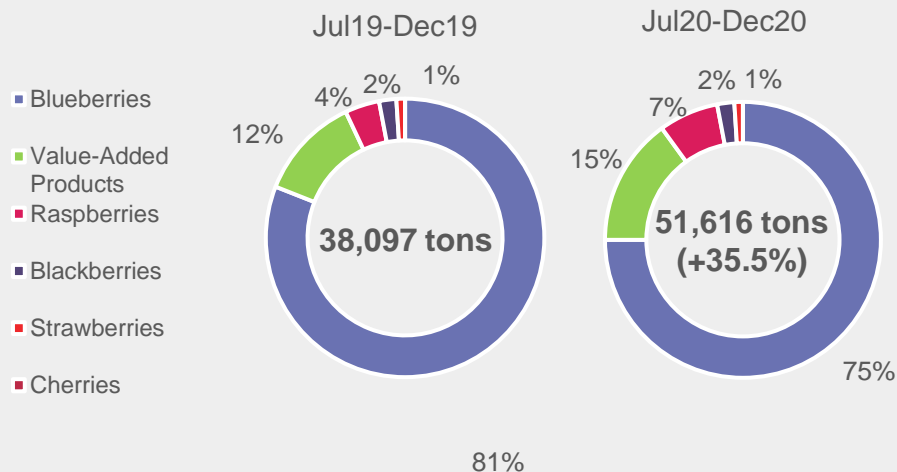
- **EBITDA increases by US\$53.5 mn** compared to S19/20, due to:
  - Increase in the volume sold, influenced by the advance of the season in Peru, thanks to the design to optimize its production curve. Greater volume of Centennial raspberries in Mexico is added.
  - Increase in the average price of the fruit mix, thanks to the commercial platforms that provide the best services to their customers with new and diverse product formats, in addition to a growth in the demand for healthy products.
  - Implementation of a cost efficiency program in fields and packings, thanks to the innovation and application of technologies in production and operations.
- The **distributed volume increased 35.5%, reaching 51,616 tons**, with growth in segments: Blueberries (+26.1% until 38,760 tons), Raspberries (+178.3% until 3,775 tons), Cherries (+180.5% until 204 tons) and Value-Added Products (+66.0% until 7,668 tons).
- **Increase of 5.79% in the average price per kilo**, with a growth in all business segments, except for Value-Added Products due to the change in the product mix in this period.



## 1. CONSOLIDATED REVENUE (US\$ mn)

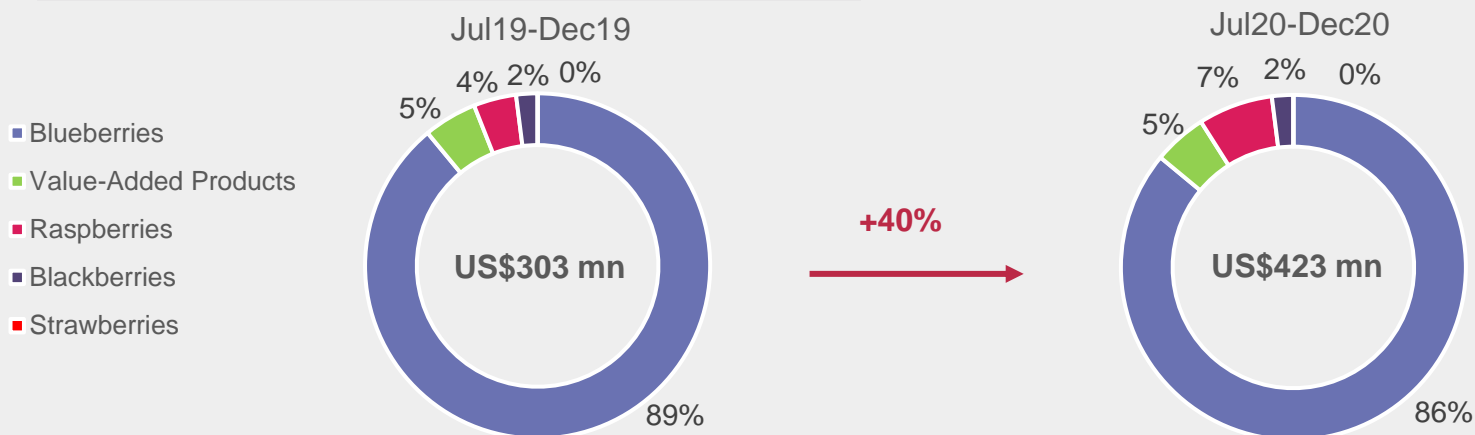


## 2. DISTRIBUTED VOLUME (%)

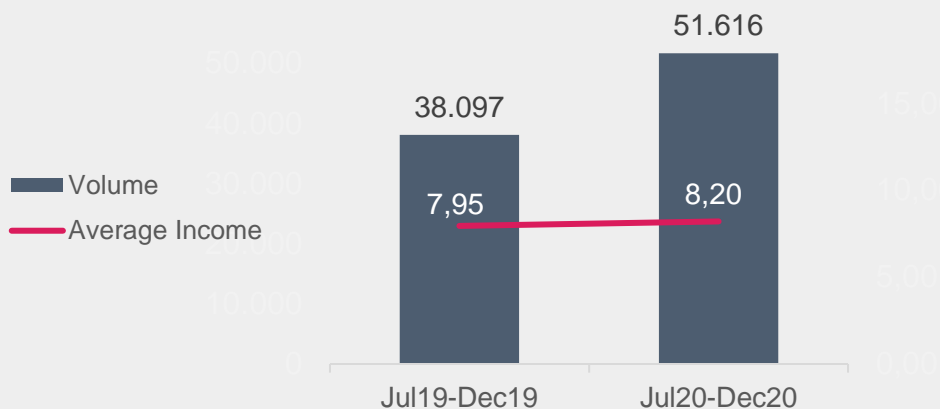


# Revenue Evolution S19/20 vs. S20/21 (Jul-Dec)

## 1. CONSOLIDATED REVENUE, PER TYPE. (%)



## 2. VOLUME – AVERAGE REVENUE. (Tons/US\$Kg)



- The higher revenues are due to an increase of 35.5% in the marketed volume to 51,616 tons, mainly related to:
  - An early production curve in Peru
  - The entry into production of the raspberry fields in Mexico that were planted in S19/20
  - Good quality of fruit and good demand
- The higher volume was accompanied by an increase in the average price per kilo of 5.8%, which passed from 6.72 US\$/Kg in S19/20 to 7.11 US\$/Kg in S20/21.
- Average income increased from 7.95 US\$/Kg in S19/20 to 8.20 US\$/Kg in S20/21.

# Prices Benchmark S20/21 – US Market

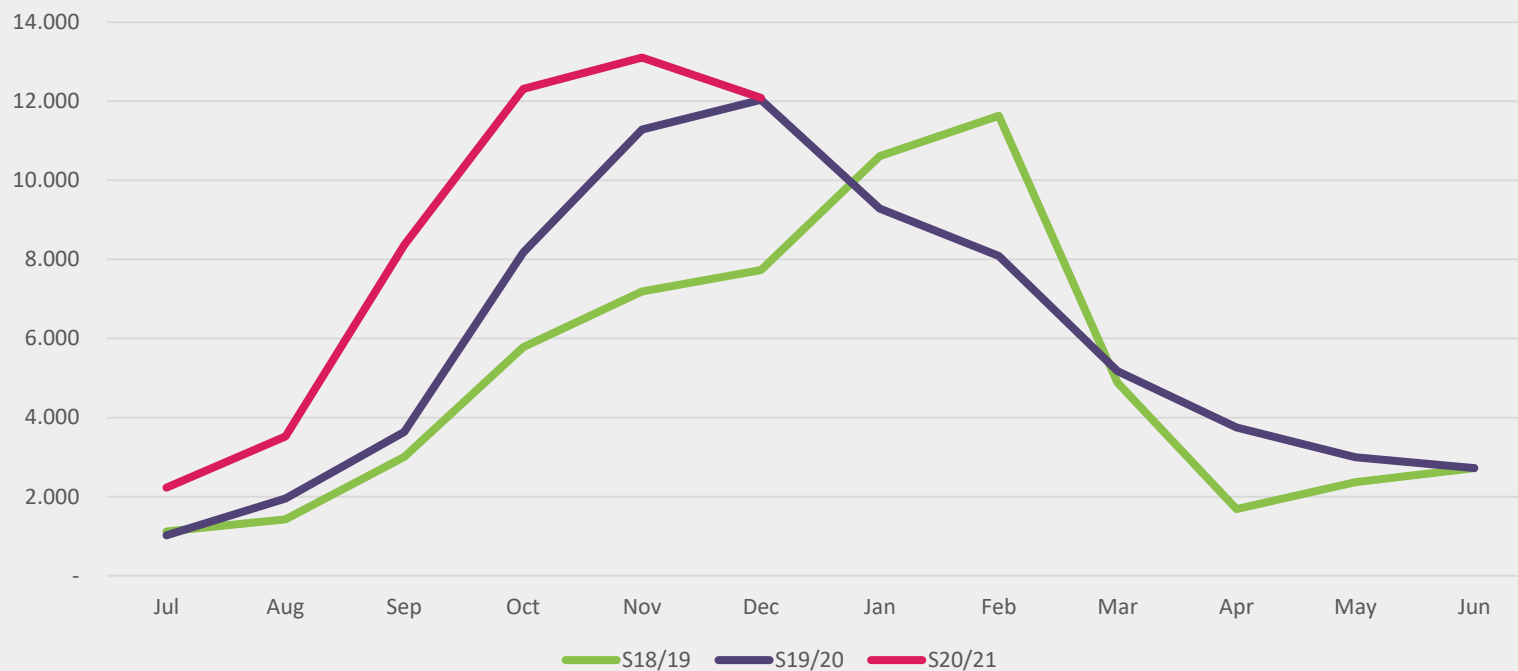
## 1. TARGET ABOVE BENCHMARK VS PERFORMANCE

Tier	Species	Target vs USDA	Actual vs USDA
1	Blueberries	15.0%	17.9%
1	Organic Blueberries	15.0%	22.2%
1	Raspberries	15.0%	15.1%
1	Blackberries	50.0%	41.3%
2	Blueberries	3.0%	4.0%
2	Organic Blueberries	7.0%	28.3%
2	Raspberries	3.0%	9.8%
2	Blackberries	35.0%	26.3%

- The commercial platforms of Hortifrut are intended to carry out sales at prices above the market benchmark.
- As can be seen in the table, for the US market the sales prices of our commercial platforms have performed even above what is established as KPI for most species.
- This trend is appreciated by both Tier 1 and Tier 2 clients.
- This is a consequence of the commercial strategy of our commercial platforms, which have allowed us to provide better services to our clients with new and diverse product formats.
- The above, associated with our genetics, allows us to develop premium programs with fruit with better characteristics, ensuring the preference of our clients and third-party producers.

# Volumes S18/19, S19/20 and S20/21

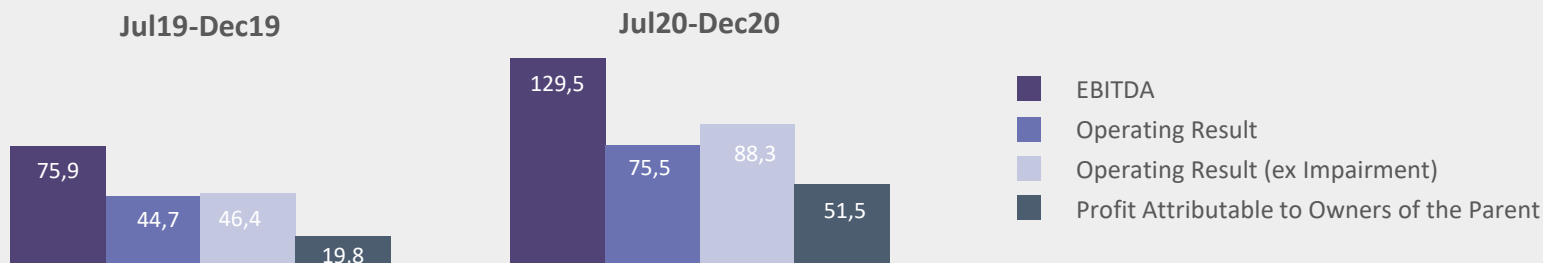
## 1. FRESH AND FROZEN MONTHLY VOLUME. (Tons)



# Consolidated Results S19/20 vs. S20/21 (Jul-Dec)



## 1. CONSOLIDATED RESULTS. (US\$ mn)



### EBITDA variation

Increases 70.5% due to:

- The execution of its commercial strategy through its platforms in the destination markets and a good demand, contributing to the increase in the average price of the fruit mix, thanks to premium programs with fruit with excellent characteristics, ensuring the preference of our customers.
- The innovation and application of technologies in production and operations that allowed obtaining efficiency in costs of fields and operations at origin and destination.
- Higher volume of blueberries due to an early harvest curve in Peru thanks to good planning and design, and raspberries due to the production of new own and third-party hectares ("Centennial" variety, developed by Hortifrut).

### Operating Result variation

It increased by 68.93% for the same reasons that explain the variation in EBITDA, partially offset by a higher depreciation associated with the incorporation of planted hectares in Mexico and China and by the higher volume of fruit produced in Peru, and an increase in asset value impairment (due to replanting and varietal changes).

### Profit Attributable to Owners of the Parent variation

Increased by 160.8% mainly associated with a better operating result (despite a recognition of a greater asset value impairment due to replanting and varietal changes).  
Added to this is a lower non-operating loss, mainly associated with lower losses in associates and joint ventures, partially offset by exchange rate differences in 2H20 compared to profits in 2H19.  
On the other hand, net financial expenses remained without significant variation.

# Non-operating Result S19/20 vs. S20/21 (Jul-Dec)

	Jul19-Dec19 (ThUS\$)	Jul20-Dec20 (ThUS\$)	Var %
Financial Income	2,272	817	-64.0%
Financial Expenses	-13,373	-11,870	-11.2%
Share of profit (loss) of equity-accounted associates and joint ventures	-2,690	318	-111.8%
Other income/expenses	-1,413	-224	-84.2%
Exchange rate differences	1,782	-1,960	-210.0%
<b>Non-operating result</b>	<b>-13,422</b>	<b>-12,919</b>	<b>-3.8%</b>



## MAIN VARIATIONS

- **Net financial expense:** decrease by 0.43%, with a reduction of 11.2% of the financial expenses due to the decrease in the interest rates in the market and a lower working capital debt, while the financial income decreases by 64.0%.
- **Other income/expenses:** the losses recorded within this item decrease because in 2H19 there was recognition of expenses for tax readjustments (ThUS\$1,263) that were not presented in 2H20.
- **Exchange rate differences:** during 2H20, this result was influenced by the appreciation of the Chilean peso and the Euro, while the Mexican peso and the Peruvian nuevo sol had a depreciation against the US dollar.

# Agenda

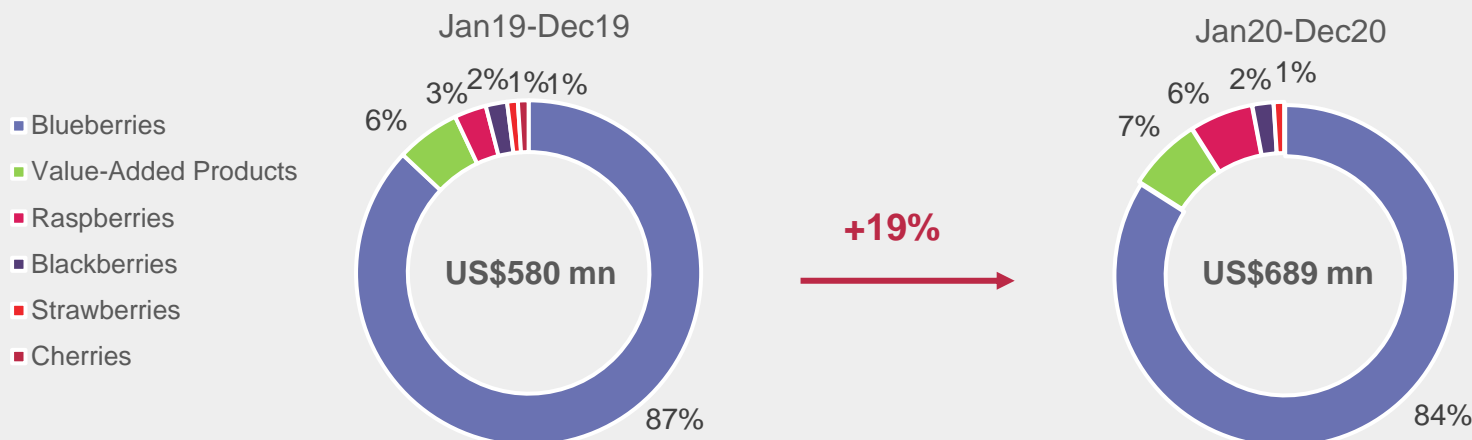
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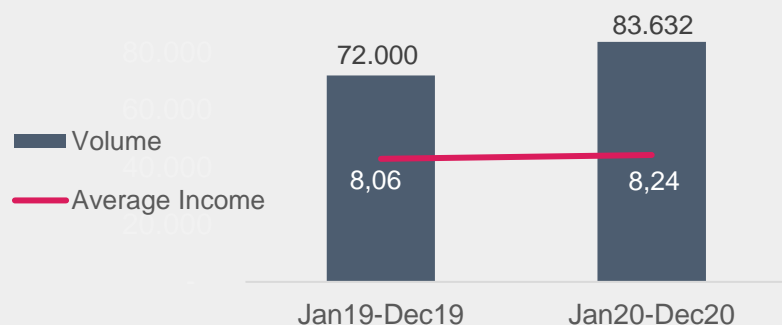
# Consolidated Results Dec19 vs. Dec20 (Jan-Dec)



## 1. CONSOLIDATED REVENUE, PER SEGMENT (%)



## 2. VOLUME / AVERAGE INCOME. (Tons/US\$Kg)

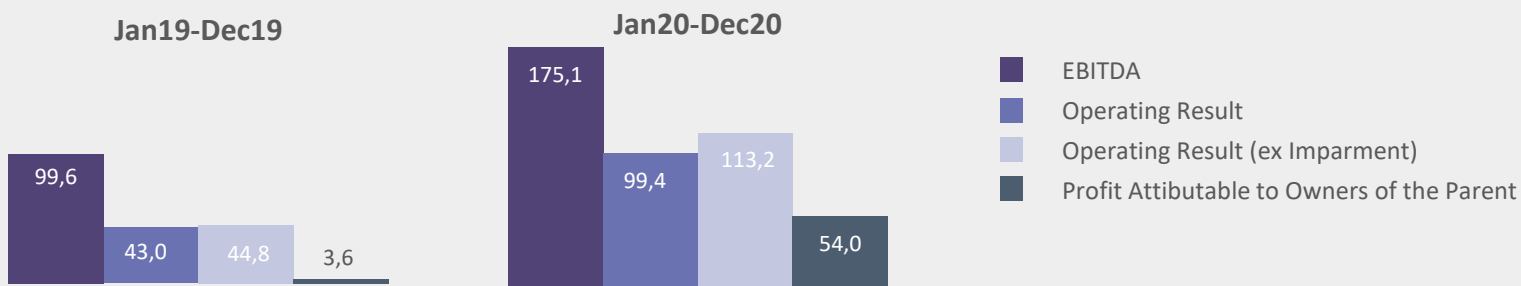


- The higher revenues are due to a 16.2% increase in the volume sold to 83,632 tons, mainly related to:
  - An early production curve in Peru
  - The entry into production of the raspberry fields in Mexico that were planted in S18/19 and S19/20.
  - Ripening of fields in China.
- The higher volume was accompanied by a 1.5% increase in the average price per kilo, which passed from 7.02 US\$/Kg in Dec19 to 7.13 US\$/Kg in Dec20.
- Average income increased from 8.06 US\$/Kg in Dec19 to 8.24 US\$/Kg in Dec20.

# Consolidated Results Dec19 vs. Dec20 (Jan-Dec)



## 1. CONSOLIDATED RESULTS. (US\$ mn)



### EBITDA variation

Increased 75.9% due to:

- Early start of S20/21 in Peru and good quality of fruit.
- Better prices due to improved fruit quality, earlier curve in Peru and outstanding commercial programs associated with the performance of our platforms in destination.
- Ripening of the fields in China and start of harvesting of the new raspberry fields in Mexico during 2020 (with the "Centennial" variety, developed by Hortifrut), in own and third-party producer fields.
- Implementation of a cost efficiency program in fields and packings since the beginning of S20/21.

### Operating Result

It increased by 131.0% for the same reasons that explain the variation in EBITDA, partially offset by a higher depreciation associated with the incorporation of planted hectares in Mexico and China and by the higher volume of fruit produced in Peru, and the greater assets value impairment (due to replanting and varietal changes). Thus, the operating margin increased from 7.4% as of Dec19 to 14.4% as of Dec20.

### Profit Attributable to Owners of the Parent

It increased by US\$50.5 mn (+1,419.2%) associated with both a better operating result (despite a greater depreciation and assets value impairment), and a lower non-operating loss. Non-operating income benefited, to a large extent, from lower net financial expenses (-10.8%) and lower losses in associates and joint ventures (-98.0%).

# Non-operating Result Dec19 vs. Dec20 (Jan-Dec)

	Jan19-Dec19 (ThUS\$)	Jan20-Dec20 (ThUS\$)	Var %
Financial Income	2,789	1,435	-48.6%
Financial Expenses	-27,070	-23,105	-14.7%
Share of profit (loss) of equity-accounted associates and joint ventures	-5,625	-114	-98.0%
Other income/expenses	-1,759	-558	-68.3%
Exchange rate differences	247	-642	-359.9%
<b>Non-operating result</b>	<b>-31,418</b>	<b>-22,984</b>	<b>-26.8%</b>



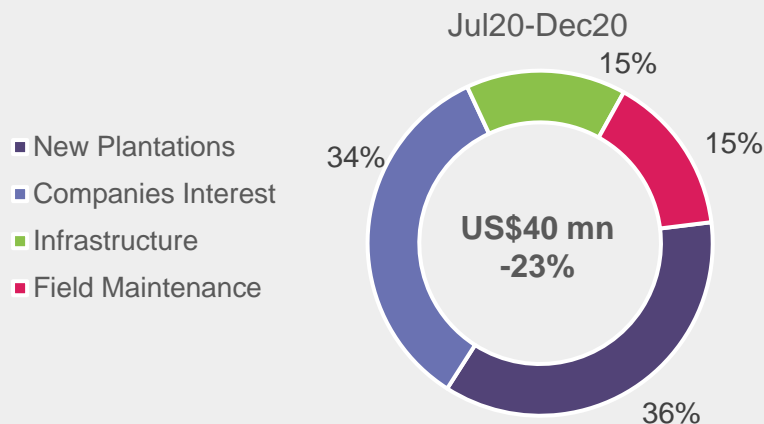
## MAIN VARIATIONS

- **Net financial expenses:** decreased by ThUS\$2,611 mainly due to a reduction in market interest rates and a lower working capital debt.
- **Share profit in associates and joint ventures:** improvement of ThUS\$5,511 mainly due to the recognition of a loss of ThUS\$6,172 as of Dec19 in the associate Munger Hortifrut NA LLC in USA as a result of the distribution of the agricultural assets of this company.
- **Exchange rate differences:** a negative result was recorded as of Dec20 influenced by the appreciation of the Chilean peso and of the Euro, while the Mexican peso and the Peruvian nuevo sol showed a depreciation against de US dollar.

# Investments & Net Financial Debt Evolution



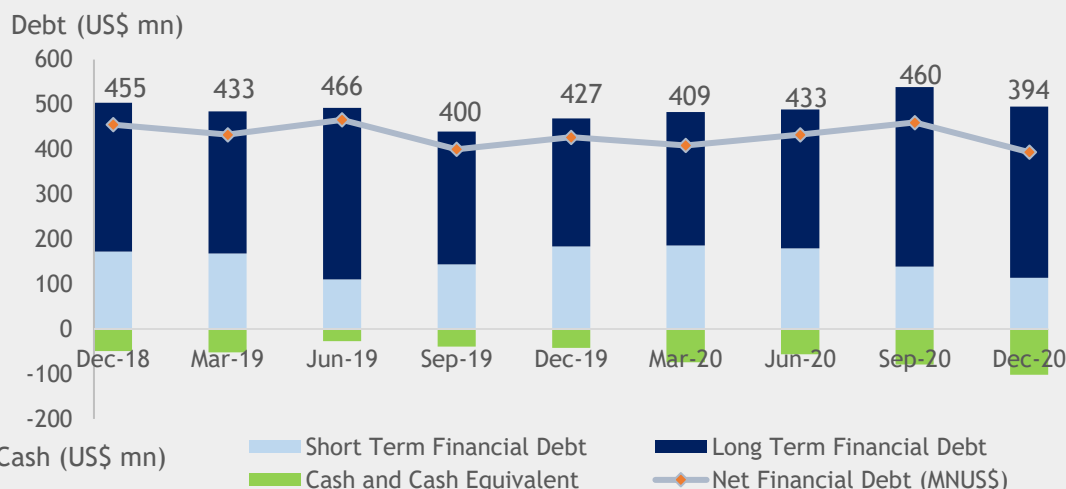
## 1. INVESTMENTS, PER TYPE. (%)



- Investment in New plantations mainly corresponds to projects in China and Mexico.
- The Companies interest corresponds to the capital contribution made in Vitafoods SpA.
- Investments in Infrastructure correspond mainly to the construction of packings in Mexico to serve the greater volume of fruit associated with the growth of the planted area.



## 2. FINANCIAL DEBT. (US\$ mn)



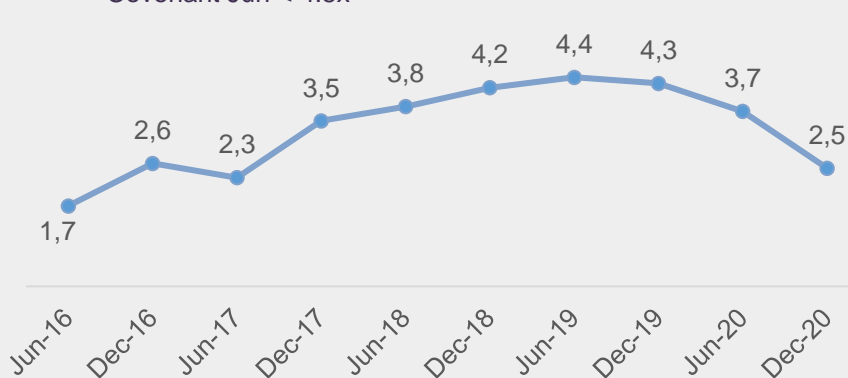
- Decrease in NFD as of Dec20 due to the generation of cash during the Peruvian campaign and the cash of the new operations of frozen fruit (Vitafoods).
- These effects were partially offset by the financing of the investments in China and Mexico during 2020.
- During Aug20, a refinancing of short-term debt was carried out towards the long-term, which explains the change in the composition of the debt during the last quarter.

# Debt Covenants



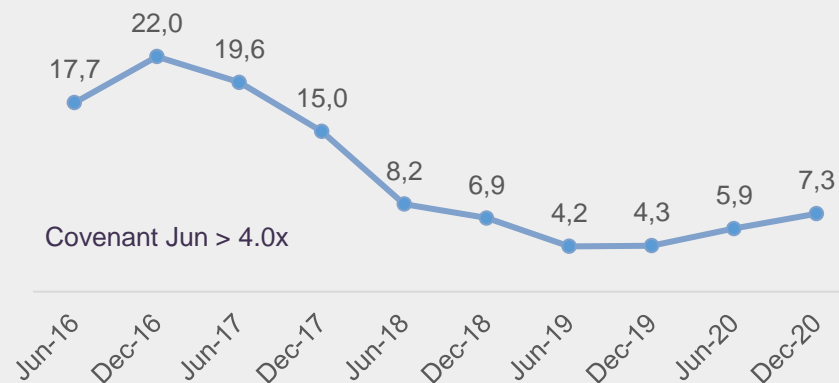
## 1. NET FINANCIAL DEBT / EBITDA. (times)

Covenant Dec < 6.0x  
Covenant Jun < 4.5x



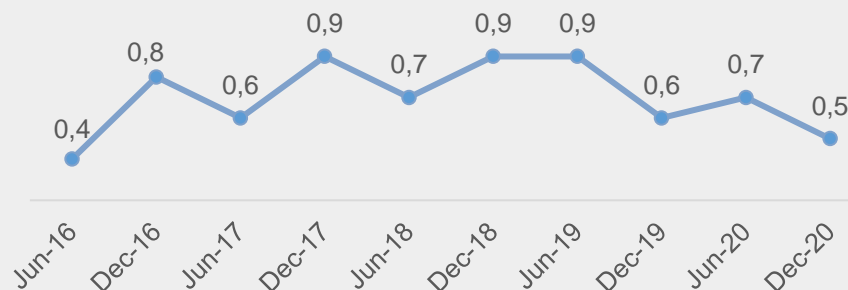
## 2. EBITDA/NET FINANCIAL EXPENSES. (times)

Covenant Jun > 4.0x



## 3. NET FINANCIAL DEBT / TOTAL EQUITY. (times)

Covenant Jun < 1.0x



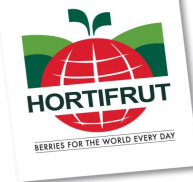
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# Blueberries

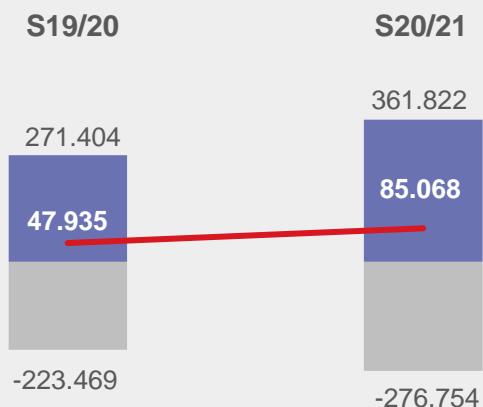
## S20/21 (Jul – Dec)



- **33.3% increase in revenue:** +26.1% in volume and +7.9% in average price per kilo.
- The higher volume is mainly due to an increase in the volumes produced in Peru compared to S19/20, which reached 35,100 tons during 2H20 from this country (+29.8%), associated with the pruning strategy, design of the production curve and management of programmed growing. This also contributed to a good fruit quality.
- The increase in the average price is due to an early production curve in Peru, an outstanding fruit quality and a good performance of our commercial platforms in destination markets, contributing to the sales prices being well above the market benchmark.



### OPERATING RESULT. (ThUS\$)



■ Costs (ThUS\$) ■ Revenue (ThUS\$) — Operating Result (ThUS\$)

Blueberries	S19/20	S20/21	Var (%)
Sales volume (Tons)	30,729	38.760	26.1%
Share of total	80.7%	75.1%	-
Average price (US\$/Kg)	7.31	7.88	7.9%

**Note:** Operating Result by operating segment does not consider the item Impairment of assets.

# Raspberries

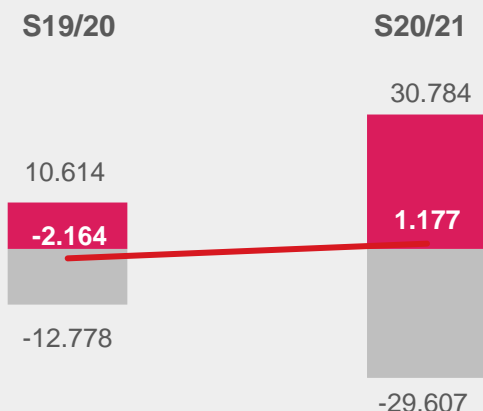
## S20/21 (Jul – Dec)



- **Increase in revenue of 190.0%:** +178.3% in volume and +4.2% in average price per kilo.
- The increase in volume is explained by the entry into production of the raspberry fields in Mexico that were planted in S19/20 with the *Centennial* variety (developed by Hortifrut and with which the entire new surface has been planted), both corresponding to own and third-party producer fields. Added to this is the incorporation of B-Fruit volumes in Europe (401 tons).
- The average price per kilo increased 4.2% associated with a very good acceptance of the *Centennial* variety by customers and producers, thanks to its outstanding quality and productivity. This genetics allows us to develop premium programs with fruit with excellent characteristics.
- During S20/21 a new logistics center was opened in Texas, which has contributed to considerably improve the transit times of this fruit, benefiting its quality at the destination.



### OPERATING RESULT. (ThUS\$)

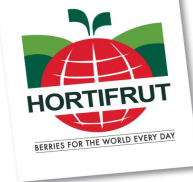


■ Costs (ThUS\$) ■ Revenue (ThUS\$) — Operating Result (ThUS\$)

Raspberries	S19/20	S20/21	Var (%)
Sales volume (Tons)	1,357	3,775	178.3%
Share of total	3.6%	7.3%	-
Average price (US\$/Kg)	7.82	8.15	4.2%

# Blackberries

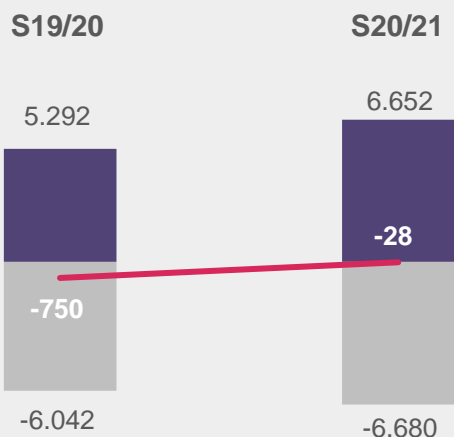
## S20/21 (Jul – Dec)



- **Increase of 25.7% in revenue:** -3.9% in volume and +30.7% in average price per kilo.
- The rise in the average price per kilo is associated with higher prices in the American market due to a lower supply of fruit and good commercial management of our platforms at destination.
- The reduction of the marketed volume is due to less availability of good quality fruit in the Mexican market to attract from third-party producers.
- The operating margin went from a loss of ThUS\$750 to a loss of ThUS\$28, mainly associated with the aforementioned price increase.
- During S20/21 a new logistics center was opened in Texas, which has contributed to considerably improve the transit times of this fruit, benefiting its quality at the destination. In the future, a new variety developed by Hortifrut will be added, of which 8 hectares will be planted in Mexico.



### OPERATING RESULT. (ThUS\$)



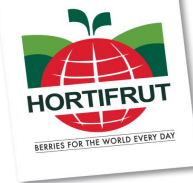
■ Costs (ThUS\$) ■ Revenue (ThUS\$) — Operating Result (ThUS\$)

Blackberries	S19/20	S20/21	Var (%)
Sales volume (Tons)	1,002	964	-3.9%
Share of total	2.6%	1.9%	-
Average price (US\$/Kg)	5.28	6.90	30.7%

**Note:** Operating Result by operating segment does not consider the item Impairment of assets.

# Strawberries

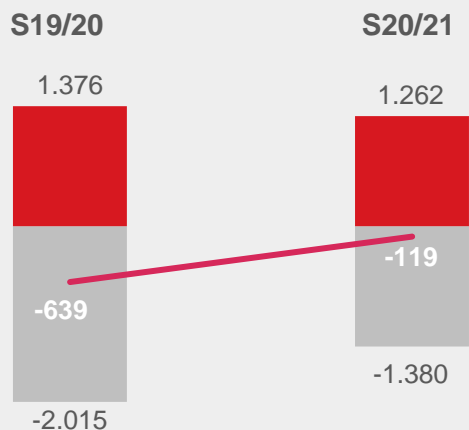
## S20/21 (Jul – Dec)



- **Increase of 8.3% in revenue:** -22.4% in volume and +18.2% in average price per kilo.
- The decrease in the marketed volume is explained by a lower availability in the Mexican and Chilean market.
- The price increased compared to S19/20 mainly due to better conditions in the Chilean market and a Hortifrut's supply curve focused on the beginning of the season (time when prices are higher due to reduced competition).



### OPERATING RESULT. (ThUS\$)

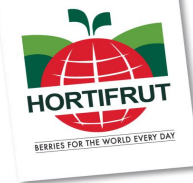


■ Costs (ThUS\$) ■ Revenue (ThUS\$) — Operating Result (ThUS\$)

Strawberries	S19/20	S20/21	Var (%)
Sales volume (Tons)	317	246	22.4%
Share of total	0.8%	0.5%	-
Average price (US\$/Kg)	4.35	5.14	18.2%

# Cherries

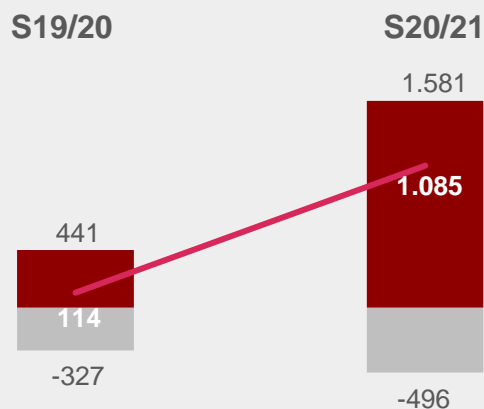
## S20/21 (Jul – Dec)



- **Increase of 258.5% in revenue:** +180.5% in volume and +27.8% in average price per kilo.
- The increase of the volume sold is explained by a higher capture of fruit from third parties in Chile.
- The price increased compared to S19/20 mainly due to better conditions in the Chinese market during 2H20 compared to 2H19, prior to the start of the COVID-19 pandemic.



### OPERATING RESULT. (ThUS\$)



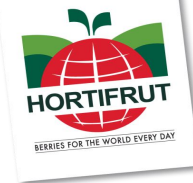
Cherries	S19/20	S20/21	Var (%)
Sales volume (Tons)	73	204	180.5%
Share of total	0.2%	0.4%	-
Average price (US\$/Kg)	6.07	7.75	27.8%

Costs (ThUS\$)
  Revenue (ThUS\$)
  Operating Result (ThUS\$)

**Note:** Operating Result by operating segment does not consider the item Impairment of assets.

# Value-Added Products

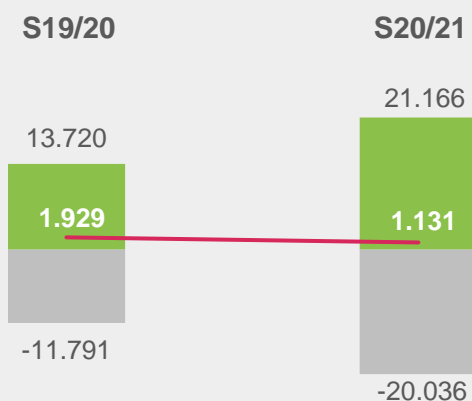
## S20/21 (Jul – Dec)



- **Increase of 54.3% in revenue:** -66.0% in volume and -7.1% in average price per kilo.
- The higher volume is mainly explained by the incorporation of the Vitafoods frozen fruit business, in addition to the rapid sale of Hortifrut's remaining stock.
- The drop in the average price is mainly associated with the change of the frozen products mix, since with the merger carried out, products with a lower sale price were incorporated.
- The operating result went from a profit of ThUS\$1,929 to one of ThUS\$1,131, because of the sales lag, since during this period each partner sold most of the stocks on their own account, leaving a reduced margin in Vitafoods.



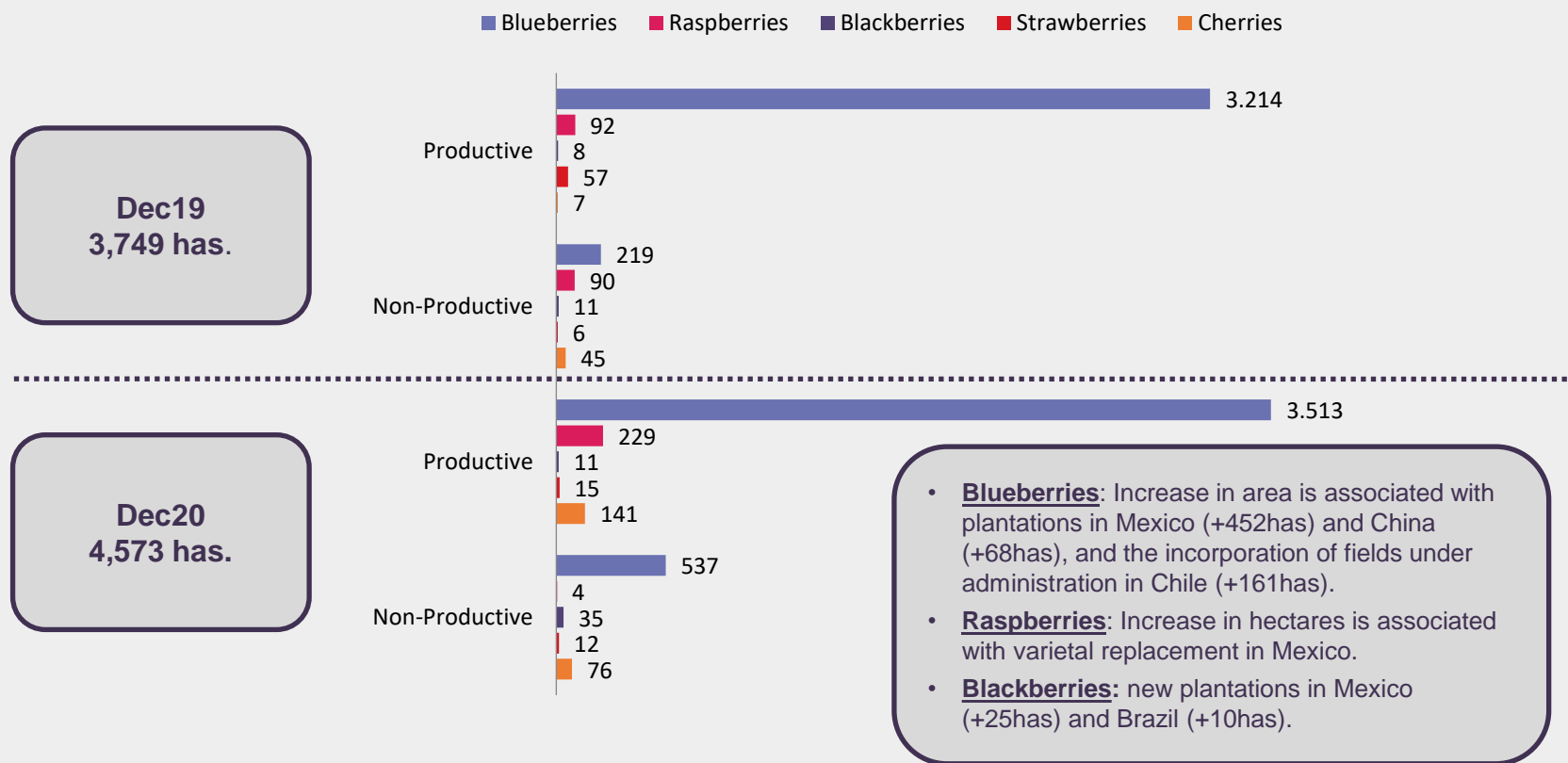
### OPERATING RESULT. (ThUS\$)



■ Costs (ThUS\$) ■ Revenue (ThUS\$) — Operating Result (ThUS\$)

Value-Added Products	S19/20	S20/21	Var (%)
Sales volume (Tons)	4,620	7,669	66.0%
Share of total	12.1%	14.9%	-
Average Price (US\$/Kg)	2.97	2.76	-7.1%

# Planted Hectares Evolution



- In addition to the surface above, there are 103 hectares planted (all of which are in productive stage) in projects that belong to associates, which do not consolidate in Hortifrut:
  - 26 hectares of raspberries at Hortifrut Berries Maroc S.R.L. (Morocco), all of which are in productive stage.
  - 77 hectares of blueberries at Margesi S.A. (Argentina), all of which are in productive stage.

# Closing Remarks



## EBITDA

**ThUS\$175,133 during 2020 (+ThUS\$75,584) due to:**

- Outstanding year for blueberries in Peru and China, and for raspberries in Mexico and Portugal
- Cost efficiency and quality improvement
- Rise in prices, which have been above the market benchmark

**ThUS\$129,459 during 2H20 (+ThUS\$53,521) due to:**

- Similar factors to calendar year

## PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY

**ThUS\$54,024 during 2020 (+ThUS\$50,468) due to:**

- Higher EBITDA
- Lower net financial expenses
- Reduction of losses from participation of associates

**ThUS\$51,522 during 2H20 (+ThUS\$31,765) due to:**

- Better operating and non-operating results due to similar factors than to 6 months earning results

## PROJECT IN CHINA & MEXICO

**China Project** progressing according to expectations, with an estimate of ~3.300 tons during S20/21.

**Mexico Project** completed, having finished the first cycle of harvest in blueberries and raspberries fields in Jalisco. Sinaloa started its harvest during the 1Q21 with good sale prices.

## GENETICS

- **Genetics EBITDA** was US\$7.45 mn during 2H20 (5.8% of the total), compared to US\$4.10 mn in the 12 months of S19/20 (5.4% of the total).
- This result accounts for the sale of Hortifrut varieties to third party producers, which in the future will bring an increase in the volume exported and marketed by the Company, accelerating its future growth.

## INNOVATION AND SUSTAINABILITY

- **Hortifrut and AeroFarms** signed an agreement to jointly research and develop the **growing of berries in full-controlled environment and in a vertical agricultural format**, allowing to expand knowledge in environmentally responsible agriculture.



# Earnings Presentation December 2020

March 30<sup>th</sup>, 2021