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

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

The current reasoned analysis has been prepared for the period ending December 31, 2020, compared with the financial statements as of December 31, 2019 (Dec20 and Dec19, respectively).

Since the Company administers its operations with an agricultural season (July 01 to June 30) point of view, which is the relevant criteria for this type of business, in this analysis we also include the comparison of the first 6 months of the 20/21 and 19/20 seasons (2H20 and 2H19, respectively).

1. HIGHLIGHTS OF THE PERIOD AND SUBSEQUENT FACTS

Significant improvement in the Company's results

	JANUARY-DECEMBER		SEASON	
	Dec20	Dec19	2H20	2H19
	ThUS$	ThUS$	ThUS$	ThUS$
EBITDA	175,133	99,548	129,459	75,937
Profit (loss), attributable to the parent company equity holders	54,024	3,556	51,522	19,757

During 2020 and 2H20 Hortifrut showed a relevant improvement in its performance. The main factors of this result are the execution of the commercial strategy through our platforms at the destination markets, the strength of our genetics programs, the innovation and application of production and operation technologies, the design to optimize our production curves and the Company's financial strength.

The excellence of our trade platforms allows us to provide better services for our customers with new and diverse product formats, which associated to our genetics (own and licensed) allow us to develop premium programs for fruit with better characteristics, assuring the preference of our customers and third party growers, accomplishing during 2020, a 16.16% increase in the distributed volume and a 1.47% increase in the average sale price, which were above the market benchmarks.

Also, the use of technologies at a field and operations level at origin and destination, as well as the planted proprietary varieties, have allowed us to decrease our costs and optimize our production curve in order to accomplish a better market supply. Thereby, the sales cost of the 83,632 tons distributed as of Dec20 was 6.18 US$/kg, compared to 6.61 US$/kg for the 72,000 tons distributed as of Dec19.

The market knowledge allowed Hortifrut to maximize profitability, through an efficient planning of supply, executed through the pruning strategy, the design of the production curve and the handling of programmed harvests, which allowed an early start-up of the S20/21 in Peru and resulted in commercializing during the 2H20 approximately 35,100 tons from Peru, which represents a 29.78% growth in relation to the same half of the previous year.

The Company supplies part of the demand of our commercial platforms in Asia and North America from fields developed to obtain competitive advantages, such as the blueberry fields in China, and the raspberry and blueberry fields in Mexico. In the case of Mexico, the planted hectares of Centennial, own raspberry variety developed by Hortifrut's genetics program, in own and third party fields, has brought a significant increase in commercialized volumes, passing from 1,356 tons in 2H19 to 3,775 tons in 2H20.

This has allowed the obtention of a growth in the consolidated EBITDA during the 2H20 of 70.48% in relation to the 2H19, reaching US$129.46 million.

Finally, the Company has complied with the outlined objectives from the financial point of view, reducing its debt ratios (net financial debt /EBITDA) from 4.3 times as of Dec19 to 2.5 times as of the closing of 2020.

Growth of value added products

In line with the Company's growth strategy, on July 31, 2020, the merger between Hortifrut and Alifrut, subsidiary of Duncan Fox, was concreted, to combine its export of frozen products operations in equal parts, thus forming Vitafoods.

The merger process considered the consolidation of five frozen products productive plants, which will start producing and commercializing a volume close to 35 million kilos, making it a very relevant global actor in its category in the international markets.

The new company directly distribute to its customers through the global commercial platforms of Hortifrut and its subsidiary, Naturipe Value Added Foods USA. Also, the industrial and commercial expertise of Alifrut is incorporated as a frozen multi-product processor, which allows Vitafoods to manage a large part of the business' value chain, thus assuring the best food safety and quality, greater stability in supply and a varied multi-product offer for its global customers, together with the development of new products and formats.

Strengthening our commercial platform in Europe

In order to continue strengthening its leadership position in the commercializing of berries in Europe, in February 2020 Hortifrut reached an agreement to purchase a non-controlling interest in BFruit producers' organization in Portugal.

As a result of this agreement, all the volume of BFruit is commercialized through Hortifrut's commercial platform for Europe, thus increasing the volume of the already existing vertically integrated business. Also, this allows Hortifrut to perform a faster commercial escalation of the new varieties of raspberries, blackberries and blueberries from its own varietal development programs around the world. It is expected that during the 20/21 season, BFruit will provide 1,100 tons of berries for Hortifrut.

Favorable Resolution US-ITC

The International Trade Commission of the USA, after investigating the imported blueberries market in this country, determined, by unanimity of its members, that fresh, refrigerated or frozen blueberries from the different countries that export to the United States, among them Chile, Peru and Mexico, do not constitute a substantial cause of serious damage or threat for that country's industry.

As a result, dated February 12, 2021, the Commission determined to close the investigation and therefore no safeguards or restrictions will be applied to the imported products.

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: 1) a special bonus is created for agricultural workers of 30% of the minimum vital remuneration, 2) the participation of the profits to the workers will gradually increase by 5% currently until reaching 10% in 2027, 3) 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 2029), and 4) there will be a progressive increase in the Income tax from 15% today to 29.5% in 2028.

Successful debt refinancing for US$101 million

Dated August 25, 2020, Hortifrut S.A. subscribed a union credit contract and a bilateral credit contract for the total of US$101 million, with the participation of Banco Santander, Industrial and Commercial Bank of China (ICBC Bank), Banco de Occidente, Bladex and Rabobank, both for a 5 year term with a 2 year grace period. The funds from these credits were totally used to refinance short term liabilities.

These operations show the wide access to the local and international financial market that the company has, which despite the adverse conditions that the market faces due to the pandemic, it has obtained favorable conditions, adjusting its maturity profile and strengthening its financial structure.

COVID-19 Sanitary Contingency

In relation to the sanitary contingency due to the COVID-19 pandemic, Hortifrut has taken actions in order to take care of the health of its workers and collaborators, adopting the home-office modality for all its workers who can perform their tasks remotely. For the workers whose task has to be done in person, all the recommendations and measures established by the governmental authorities of each country and global organizations have been applied, a traceability system was developed for the workers and communication campaigns have taken place, as well as support for them.

In order to maintain our commitment to supply berries every day of the year, the Company has aimed to assure the continuity 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 Chile and Mexico, whose operations have not been greatly affected.

2. SUMMARY OF THE PERIOD

The calculation of the EBITDA is detailed below:

	JANUARY-DECEMBER		SEASON	
	Dec20	Dec19	2H20	2H19
EBITDA DETERMINING	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**
Income from operating activities	683,366	576,045	424,063	300,924
Other income, per function	5,461	4,393	(796)	1,923
Total Income	**688,827**	**580,438**	**423,267**	**302,847**
Cost of sales	(516,928)	(475,881)	(303,675)	(230,051)
Administration expenses	(53,211)	(47,334)	(28,589)	(23,297)
Other expenses, per function *	(5,523)	(12,435)	(2,689)	(3,072)
Total Costs and Expenses	**(575,662)**	**(535,650)**	**(334,953)**	**(256,420)**
Operating Result	**113,165**	**44,788**	**88,314**	**46,427**
Depreciation and amortization	61,968	54,760	41,145	29,510
EBITDA	**175,133**	**99,548**	**129,459**	**75,937**
EBITDA without Fair Value	**175,885**	**105,504**	**130,952**	**75,914**

**Excludes impairment in the value of assets*

Accumulated analysis as of December 2020

The accumulated EBITDA as of Dec20 reached US$175.13 million, which represents a 75.93% increase compared with the US$99.55 million recorded as of Dec19. The higher EBITDA is mainly due to: 1) the execution of its commercial strategy through Hortifrut's platforms at destination markets, allowing to record a 1.47% increase in the average sale price, 2) the strength of its genetics programs, which have contributed to the increase in commercialized volume of 16.16%, mainly blueberries from Mexico and China and raspberries from Mexico and Portugal, most of which have been planted with Hortifrut genetics (own and licensed), 3) the innovation and application of production and operation technologies, generating sale cost per kilo efficiencies and improvements in the quality of the fruit, and 4) the design to optimize its production curve, especially obtaining an early production curve in Peru. It must be stated that as of Dec20 a *fair value* adjustment was recognized for fruit on bearer plants for US$0.65 million (US$1.40 million as of Dec19), which net of the reversal of the adjustment recognized in Dec19, impacted the EBITDA as of Dec20 by -US$0.75 million (-US$5.96 million as of Dec19).

As of the closing of the 2020 calendar year, a profit attributable to the parent company shareholders for US$54.02 million was recorded, representing a US$50.47 million increase in relation to the US$3.56 million profit recorded in Dec19. This improvement in gains attributable to the parent company is mainly due to: 1) an increase in the operational margin of US$68.38 million as a result of an increase in distributed volumes and the aforementioned average sale price, as well as the already stated reduction in costs and expenses , and 2) a decrease in non-operating loss of US$8.43 million due to the reduction of financial costs by US$3.97 million and due to lower loss in Interest of the profits of associated companies and joint business for US$5.51 million. This was partially offset by the increase in income tax expense of US$11.22 million linked to the higher before tax result.

Analysis of the July-December 2020 season

Also, the EBITDA during the 2H20 reached US$129.46 million, increasing 70.48% compared to the US$75.94 million EBITDA recorded in the 2H19. The EBITDA mainly increased due to the 35.49% increase in volume commercialized during the period, influenced by the forwarding of the season in Peru, thanks to the design to optimize its production curve, which meant a distributed volume of approximately 35,100 tons during 2H20 from this country (+29.78% in relation to the same quarter of the previous year). Additionally, there is a 5.79% increase in the average price of the fruit mix, which, together with higher volumes, among other factors, allow for income from operating activities in the 2H20 to reach US$424.06 million, which represents a US$123.14 million increase compared to the same period in 2019, all thanks to the excellence of its commercial platforms that provide the best services for its customers with new and diverse product formats.

During the 2H20, the Genetics business generated an EBITDA of US$7.45 million, amount equal to 5.75% of the Company's total EBITDA recorded in the same period, which is favorably compared with the US$4.10 million EBITDA generated by this business during the 12 months of the 19/20 season (equal to 5.4% of the EBITDA of said season). This result shows the sale of blueberry, raspberry and blackberry plant varieties developed by Hortifrut to third party producers in several countries, thus accelerating the future growth of volumes commercialized by the Company.

Profit attributable to the parent company shareholders reached US$51.52 million in 2H20 compared to the US$19.76 recorded during the 2H19 (+160.78%). The higher profit is mainly due to higher sales volume, increase in average prices, efficiency in costs and expenses and the reduction of financial expenses (-US$ 1.50 million), which was partially offset by: 1) the higher write-off of bearer plants that reached US$12.85 million during the 2H20, 2) higher *fair value* adjustment of fruit on bearer plants recorded in the 2H20 compared to the same period the previous year, and 3) a higher loss due to exchange rate fluctuation (-US$3.74 million).

Net financial debt determining Items	**31-Dec-20 ThUS$**	**31-Dec-19 ThUS$**
Other current financial liabilities	111,226	176,345
Current lease liabilities*	8,408	10,614
Other non-current financial liabilities	378,636	279,524
Non-current lease liabilities*	62,972	24,433
Total financial liability	**561,242**	**490,916**
Minus:		
Cash and cash equivalents	101,637	42,002
Total net financial debt	**459,605**	**448,914**

**Operating Leases are considered, which as of 2019 must be recognized as assets and liabilities in it (IFRS 16). Bank debt and bond covenants do not consider impact of accounting of Operating Lease (IFRS 16).*

The Company's net financial debt increased from US$448.91 million as of December 31, 2019 to US$459.61 million as of December 31, 2020, impacted by the recognizing of lease liabilities for US$47.61 million (between current and non-current) at the subsidiary Honghe Jiayu Agriculture Ltd. (China). Separating this effect, a decrease was observed mainly explained by the increase in cash due to flows received from the Peru campaign, and the cash of new frozen food operation (Vitafoods), which as of the closing of December 2020, maintained a high level of cash provided by both partners (Hortifrut and Alifrut) for the purchase of fruit to be commercialized during 2021.

Gross financial debt increased in relation to December 2019, mainly due to the recognizing of the aforementioned lease liabilities in China, due to the financing of work capital for Vitafoods and the financing of investments in China and Mexico during the first half of 2020. As of December 2020, the liability associated to operating lease contracts that the Company has reach US$65.76 million, which is compared with US$21.81 million as of December 2019.

3. ANALYSIS OF INCOME STATEMENT

As of December 2020, gains attributable to parent company shareholders were recorded for US$54.02 million, representing a US$50.47 million increase compared to the US$3.56 million profit as of Dec19. The increase in profit attributable to the parent company shareholders compared to Dec19 is mainly because of: i) an increase in the operational margin of US$68.38 million due to: 1) the development of its commercial strategy through Hortifrut's platform at the destination markets, allowing to record a 1.47% increase in the average sale price, 2) the strength of its genetics programs, which have contributed to the increase in commercialized volume of 16.16%, mainly blueberries from Mexico and China and raspberries from Mexico and Portugal, most of which have been planted with Hortifrut genetics (owned and licensed), 3) the innovation and application of technologies in production and operations, generating sales cost efficiencies per kilo and improvement in the fruit quality, and 4) the design to optimize the production curve, especially obtaining an early production curve in Peru, slightly offset by a higher depreciation cost during Dec20 (+US$7.21 million) due to higher volume produced in Peru and the start-up of production of new plantations in Mexico and China, and by the higher impairment of assets realized during 2020 (+US$11.98 million), ii) a reduction in non-operating loss of US$8.43 million due to the decrease in financial expenses of US$3.97 million because of a more efficient use of cash and the fall in market interest rates, and due to lower loss in Interest in the profits of associates and joint business for US$5.51 million mainly because an agricultural business in the USA which was in the associated Munger Hortifrut NA LLC. came to be consolidated within the subsidiary Hortifrut Imports Inc. The aforementioned was slightly offset by the increase in gains tax expense of US$11.22 million, linked to the higher before tax result.

The accumulated EBITDA as of December 2020 reached US$175.13 million, which represents a 75.93% increase compared with the US$99.55 million recorded as of December 2019. The higher EBITDA is mainly due to the aforementioned operating factors.

a) Main Components of Income

Income from operating activities reached US$683.37 million during Dec20, representing an 18.63% increase compared to Dec19. This increase is mainly due to the 16.16% increase in sales volume and the 1.47% increase in average price per kilo of the fruit mix due to the aforementioned factors, with which the average price passed from 7.02 US$/Kg to 7.13 US$/Kg (average of 2019 and 2020, respectively).

Income from operating activities of the 2H20 increased 40.92% (+US$123.14 million) in relation to the previous season, reaching US$424.06 million, explained by the 35.49% increase in distributed volume to 51,616 tons and the 5.79% increase in average price per kilo.

Total Operating Income	Dec20 ThUS$	Dec19 ThUS$	Variation %	2H20 ThUS$	2H19 ThUS$	Variation %
Income from operating activities	683,366	576,045	18.63%	424,063	300,924	40.92%
Other income, per function	5,461	4,393	24.31%	(796)	1,923	-141.39%
Total Operating Income	**688,827**	**580,438**	**18.67%**	**423,267**	**302,847**	**39.76%**

The following is the detail of total operating income per business segment:

Income per Segment	Dec20 ThUS$	Dec19 ThUS$	Variation %	2H20 ThUS$	2H19 ThUS$	Variation %
Fresh Fruit	**649.192**	**547.702**	**18,53%**	**402.100**	**289.127**	**39,07%**
Blueberries	583.521	508.523	14,75%	361.822	273.245	32,42%
Raspberries	46.557	16.236	186,75%	30.784	8.640	256,30%
Blackberries	11.004	13.574	-18,93%	6.651	5.425	22,60%
Strawberries	2.433	3.599	-32,40%	1.262	1.376	-8,28%
Cherries	5.677	5.770	-1,61%	1.581	441	258,50%
Value Added Products	**39.635**	**32.736**	**21,07%**	**21.167**	**13.720**	**54,28%**
Value Added Products	39.635	32.736	21,07%	21.167	13.720	54,28%
Total Operating Income	**688.827**	**580.438**	**18,67%**	**423.267**	**302.847**	**39,76%**

In blueberry sales, during Dec20 a 14.75% increase was observed compared to the previous year, explained by an 8.51% increase in commercialized volume, and by the increase in average price per kilo of 4.24%, passing from 7.69 US$/kg in 2019 to 8.01 US$/kg in 2020.

Raspberries experienced an increase in sales income of 186.75%, due to the higher commercialized volume, mainly because of hectares planted in Mexico with *Centennial*, own raspberry variety developed by Hortifrut's genetics program in own and third party fields. The commercialized volume passed from 1,880 tons during Dec19 to 5,347 tons during Dec20. Also, the average price per kilo increased 0.84% compared to the previous year.

The blackberries segment recorded an 18.93% decrease in income compared to Dec19, explained by a 17.63% decrease in commercialized volume, mainly due to the lower availability of fruit in Mexico, and a 1.58% fall in average price per kilo.

Strawberries experienced a decrease in sales of 32.40% compared to Dec19, variation that is mainly explained by a 27.75% decrease in the distributed volume, mainly associated to a lower availability of fruit in the Mexican and Chilean market. To this we must add a lower average price per kilo of 6.45%.

Cherries recorded a fall in sales income of 1.61% compared to Dec19. This decrease in income is due to a decrease in average price per kilo of 34.17%, slightly offset by a 49.47% increase in commercialized volumes.

Value added products recorded an increase in sales income of 21.07% compared to income recorded in the same period in 2019. This variation is explained by the increase in volume of 36.78%, associated to the merger of the frozen food segment with Alifrut, which started to impact results the last quarter of 2020. This was offset by a decrease in the average price per kilo of 11.48%.

b) Main Components of Costs and Expenses

Costs and Expenses	Dec20 ThUS$	Dec19 ThUS$	Variation %	2H20 ThUS$	2H19 ThUS$	Variation %
Cost of sales	**(516,928)**	**(475,881)**	**8.63%**	**(303,675)**	**(230,051)**	**32.00%**
Administration expenses	*(53,211)*	*(47,334)*	*12.42%*	*(28,589)*	*(23,297)*	*22.72%*
*Other expenses, per function, excluding impairment of value of assets**	*(5,523)*	*(12,435)*	*-55.59%*	*(2,689)*	*(3,072)*	*-12.47%*
Other operating costs and expenses	**(58,734)**	**(59,769)**	**-1.73%**	**(31,278)**	**(26,369)**	**18.62%**
Impairment of value of assets	*(13,724)*	*(1,747)*	685.58%	*(12,847)*	*(1,747)*	635.37%
Total Costs and Expenses	**(589,386)**	**(537,397)**	**9.67%**	**(347,800)**	**(258,167)**	**34.72%**

Main Components of Sales Costs

Sales costs as of Dec20 reached US$516.93 million, presenting an 8.63% increase compared to the US$475.88 million recorded as of Dec19. Higher costs are mainly explained by the higher commercialized volume as of Dec20 (+16.16). Sales costs represented 75.64% of income from operating activities as of Dec20, while as of Dec19 it reached 82.61%, which reflects an improvement in the operational margin of 6.97 percentage points.

Sales costs of the 2H20 reached US$303.68 million, increasing 32.00% (+US$73.63 million) compared to the 2H19. The increase is mainly explained by: 1) higher costs due to the higher commercialized volume, and 2) higher depreciation. As a result of the aforementioned, the gross margin reached US$120.39 million, increasing 69.86% compared to the US$70.87 million recorded in the 2H19. Sales costs of the 2H20 represented 71.61% of income from operating activities, while in the 2H19 they reached 76.45%, which reflects an improvement in the operational margin of 4.84 percentage points.

Main Components of Administrative Expenses

Administrative expenses decreased in relative terms from 8.22% of income from operating activities as of Dec19, to 7.79% as of Dec20, due to the maturity of investments performed in the last years. Administrative expenses as of Dec20 reached US$53.21 million, representing a 12.42% increase in relation to Dec19. Higher expenses are due to the growth impact of operations in China and Mexico, and the accounting recognition of consolidation expenses of Naturipe Value Added Foods (US$1.91 million) and Vitafoods (US$1.13 million).

Main Components of Other Expenses, per function

Other expenses, per function increased US$5.07 million, reaching US$19.25 million as of Dec20. Higher expenses are due to the write-off of bearer plants, mainly realized at operations in Spain, Mexico, Chile and Peru (total write-off as of Dec20 of US$13.72 million). This increase was offset by the lower reversal of the *fair value* adjustment of fruit on bearer plants recognized as of December 2019, compared to the recognized as of December 2018 (US$1.40 million and US$7.36 million, respectively).

c) Other Components of Income Statement

Other Income (expenses)	Dec20 ThUS$	Dec19 ThUS$	Variation %	2H20 ThUS$	2H19 ThUS$	Variation %
Other profit (loss)	(558)	(1,759)	-68.28%	(224)	(1,413)	-84.15%
Financial income	1,435	2,789	-48.55%	817	2,272	-64.04%
Financial expenses	(23,105)	(27,070)	-14.65%	(11,870)	(13,373)	-11.24%
Interest in profit (loss) of associated companies	(114)	(5,625)	-97.97%	318	(2,690)	-111.82%
Exchange rate fluctuations	(642)	247	-359.92%	(1,960)	1,782	-209.99%
Other Income (expenses)	**(22,984)**	**(31,418)**	**-26.84%**	**(12,919)**	**(13,422)**	**-3.75%**

The other components of the income statement passed from a loss of US$31.42 million as of Dec19, to a loss of US$22.98 million as of Dec20 (+US$8.43 million).

The main items that explain this variation are the following:

a. Decrease in net financial expenses of US$2.61 million, reaching US$21.67 million as of Dec20, variation that is mainly explained by the decrease of market interest rates.

b. Interest in profit (loss) of associated companies presented a loss of US$0.11 million as of Dec20, which is compared with a loss of US$5.63 million in the same period of the previous year. This difference is mainly explained by the recognition of a US$6.17 million loss in the associated Munger Hortifrut NA LLC in the United States as of Dec19, product of the distribution of this company's agricultural assets.

c. Decrease in Other expenses (loss) of US$1.20 million due to the recognition of expenses due to tax readjustment during Dec19 for US$1.27 million.

d. As of December 2020, a US$0.64 million loss due to Exchange rate fluctuations was recorded, compared with the US$0.25 million profit in the same period of 2019. In 2020, the Chilean Peso and the Euro appreciated, while the Mexican Peso and Peruvian Nuevo Sol depreciated.

d) Gains tax expense

Gains tax expense reached US$12.14 million as of Dec20, while it was US$0.92 million as of Dec19. Tax expense in the period is mainly distributed by current tax expense of US$22.38 million (US$9.35 million as of Dec19), positive deferred tax effect of US$4.84 million (US$8.63 million as of Dec19), and tax benefit due to tax loss of US$4.63 million (US$0.02 million as of Dec19).

e) Other Result Indicators

Activity Indicators:

Indicator	Unit	31-Dec-20	31-Dec-19
Activity			
Rotation of Assets	Times	0.49	0.46
Operating revenue / Total average assets of the period			
Rotation of Inventory	Times	8.29	7.96
Cost of sales / Average inventory			
Permanence of inventory (days)	Days	43	45
Inventory / Annual cost of sale (360 day base)			

The rotation of assets between the periods ending December 31, 2020 and 2019, increased slightly because income grows in greater proportion than average total assets in the same period (income growth +18.67% vs. average total asset growth +10.80%).

Likewise, the rotation ratio of inventories increased because stocks increased in lower proportion than sales costs. Sales costs passed from US$475.88 million in 2019 to US$516.93 million in 2020 (+8.63%), while average inventories increased from US$59.76 million as of Dec19 to US$62.33 million as of Dec20 (4.31%).

4. COMPARATIVE ANALYSIS OF MAIN TENDENCIES

The evolution of the main financial indicators is the following:

Indicator	Unit	31-Dec-20	31-Dec-19	Variations %
Current Liquidity *Current Asset / Current Liability*	times	1.53	1.12	36.21%
Acid Ratio *Current assets (-) Other non-financial assets, inventories and current biological assets / Current liability*	times	1.09	0.77	42.82%
Debt Ratio *Total liabilities / Equity attributable to Parent Company*	times	1.26	1.15	9.81%
Short term debt *Total current liabilities / Total liabilities*		30.60%	40.32%	-24.12%
Long term debt *Total non-current liabilities / Total liabilities*		69.40%	59.68%	16.30%
Book value of the share (US$) *Equity attributable to parent company / N° shares*	Dollars per share	1.0880	1.0806	0.69%

- Current liquidity and acid ratio, were 1.53 and 1.09 times as of December 2020, experiencing a growth of 36.21% and 42.82%, respectively, in relation to the period ending December 31, 2019. Current liabilities decreased US$32.97 million mainly due to the refinancing of short-term debt. Likewise, current assets increased US$61.23 million (+19.87%), mainly due to an increase in cash from the campaign in Peru, and cash that the new frozen foods operation (Vitafoods) maintains at the closing as of December 2020 for fruit purchase to be commercialized during 2021.

- The debt ratio increased 9.81% as of December 31, 2019, explained by an increase in total liabilities of US$108.95 million (+15.98%) for the financing of investments in Mexico and China, the increase in work capital required due to growth of the operation and the recognition of the aforementioned lease liabilities in China. The growth of total liabilities could not be offset by the increase in equity attributable to the parent company of US$33.41 million (+5.62%). Equity attributable to the parent company increased by the profit attributable to the parent company of the period (+US$54.02 million), by the positive impact of derivative hedging (+US$2.20 million), and the higher result of subsidiaries and associated companies whose functional currency is different to the United States dollar, which generates an adjustment of positive conversion due to the depreciation of the United States dollar against said currencies during the period (+US$4.50 million). This increase in equity was offset by the impact of minimum dividend provision of US$27.31 million.

- The percentage of current liabilities as of December 2020 was 30.60% in relation to total liabilities, lower compared to the 40.32% as of December 2019, mainly explained by short-term debt refinancing realized in August 2020 (US$101 million).

- The percentage of non-current liabilities as of December 2020 was 69.40% in relation to total liabilities, higher than the 59.68% as of December 31, 2019, mainly due to the increase in non-current liabilities associated to refinancing for US$101 million destined to the payment of short-term debt and the recognizing of lease liabilities in China (US$45.86 million non-current).

- The book value of the share increased 0.69%, passing from 1.0806 US$/share in December 2019 to 1.0880 US$/share as of December 2020, mainly associated to the 5.62% increase in parent company equity, which is offset by the higher number of average shares due to the increase in capital performed in August 2019.

Indicator	**Unit**	**31-Dec-20**	**31-Dec-19**	**Variations %**
Financial expense coverage *(Before tax profit-Financial costs)/Financial costs*	times	4.31	1.43	201.47%
Profitability of parent company equity *Parent company gains/Parent company equity*		8.60%	0.60%	1338.42%
Profitability of equity *Profit of the period/Total equity*		8.84%	1.63%	443.65%

- The increase in the financial expense hedging index as of December 2020 in relation to the same period in 2019 is due to the increase in the before tax result of US$64.83 million, which is added to lower financial expenses, which passed from US$27.07 million as of Dec19 to US$23.11 million as of Dec20.

- The profitability of parent company equity shows an increase of US$50.47 million in profit attributable to the parent company shareholders in relation to December 2019, mainly due to the improved operating and non-operating result, both previously explained.

- Also, the higher profitability of equity is attributed to the positive result of profit in the period for US$64.32 million as of December 2020, which is compared with a US$10.70 million profit in the same period in 2019. The improved results are partially offset by the increase in total equity, mainly associated to the increase in capital realized in August 2019.

5. ANALYSIS OF STATEMENT OF FINANCIAL POSITION

Main items of the consolidated Statement of Financial Position

Statement of Financial Position	31-Dec-20 ThUS$	31-Dec-19 ThUS$	Variation ThUS$	Variation %
Total current assets	369,339	308,107	61,232	19.87%
Total non-current assets	1,148,761	1,031,697	117,064	11.35%
Total assets	**1,518,100**	**1,339,804**	**178,296**	**13.31%**
Total current liabilities	241,914	274,880	(32,966)	-11.99%
Total non-current liabilities	548,725	406,808	141,917	34.89%
Total liabilities	**790,639**	**681,688**	**108,951**	**15.98%**
Equity attributable to parent company equity holders	628,135	594,723	33,412	5.62%
Non-controlling interest	99,326	63,393	35,933	56.68%
Total equity	**727,461**	**658,116**	**69,345**	**10.54%**

As of December 31, 2020, total assets increased US$178.30 million (+13.31%) in relation to those existing as of December 31, 2019, as a result of:

US$61.23 million (+19.87%) increase in current assets, mainly due to an increase in 1) Cash and cash equivalents for US$59.64 million from funds received from campaign in Peru and the consolidation of cash at Vitafoods, which will be used to purchase fruit during 2021, and 2) Inventory for US$5.48 million due to the increase in frozen finished products. These effects are offset by decreases in: 1) Current tax assets for US$9.29 million; and 2) Accounts receivable from related entities for US$3.03 million.

Increase in non-current assets of US$117.06 million (11.35%), mainly due to the increase in: 1) Property, plant and equipment for US$61.94 million, mainly linked to investment in projects in Mexico and China, plus the effect of the consolidation of Vitafoods SpA in this item (+US$16.24 million); 2) Right of use assets for US$51.67 million, mainly due to the recognition of lease rights at the operations in China; and 3) Other financial assets, non-current, for US$2.39 million.

Current liabilities decreased US$32.97 million (-11.99%), reaching US$241.91 million as of December 2020. Lower current liabilities are mainly associated to lower Other current financial liabilities (-US$65.12 million), mainly associated to debt refinancing from short-term to long-term, which were offset by the increase in trade accounts and other current accounts payable (+US$29.97 million), due to the dividend payment provision, among other factors.

Also, non-current liabilities increased US$141.92 million (34.89%), mainly due to increases in: 1) Other non-current financial liabilities for US$99.11 million, associated to the refinancing of debt realized in this period, 2) Non-current lease liabilities for US$38.54 million, mainly due to the recognizing of operating lease liability in China, and 3) Accounts payable to related entities for US$5.00 million.

The Company's total equity increased US$69.35 million in relation to December 31, 2019, reaching US$727.46 million (+10.54%). Total equity increased due to the result of the current period, which was offset by the impact of dividend payment provision.

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

Main sources and uses of funds in the period (US$ million)	January-December 2020	January-December 2019	Comments
Charges from the sale of goods and providing of services	698	545	Impact of a good campaign in Peru and a higher assets base. Maturity of plantations in China and Mexico.
Payment to suppliers for supplying of goods and services	(376)	(348)	Higher produced and processed volumes.
Payment for and on behalf of employees	(134)	(125)	
Net interests	(14)	(20)	
Taxes	(8)	(18)	
Others	1	(1)	
(1) Total Cash Flow for Operating Activities	**165**	**33**	
Sale and purchase of property, plant and equipment	(110)	(160)	Addition of assets due to Investment plans mainly in Mexico and China. Additionally the incorporation of Vitafoods frozen assets is considered.
Other investment activities (sum of all the rest)	10	16	
(2) Total Cash Flow for Investment Activities	**(100)**	**(143)**	
Income from financing	390	341	In 2020 a syndicate and bilateral credit is obtained for US$101 mn to refinance short term credits. Additionally, new financing credits are requested for work capital for S20/21. Increase in capital in 2019 decreases need for bank financing.
Payment of loans	(376)	(362)	Debt refinancing
Income from the issuance of shares	0	133	In August 2019 an increase in capital is materialized for US$133 mn
Paid dividends and other investment flows	(18)	(11)	
(3) Total Cash Flow for Financing Activities	**(4)**	**101**	Payments of debt offset by new loans for financing of work capital.
Net Increase of Cash and Cash Equivalents (1) + (2) + (3)	**61**	**(9)**	
Effect of exchange rate fluctuation	(2)	3	
Cash and Cash Equivalent at the start of the period	42	49	
Cash and Cash Equivalent at the End of the Period	**102**	**42**	

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 and Financing Risk

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. Specifically in the case of subsidiaries such as Hortifrut España Southern Sun SL, Honghe Jiayu Agriculture Ltd in China 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, 2020 reach of the amount of US$233.66 million (US$276.79 million as of December 31, 2019) distributed among 16 banks. The used amount reaches US$72.35 million, with an available balance of US$161.31 million. Credit lines are distributed among the following companies: Hortifrut Chile S.A. with US$216.50 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$7.81 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 December 31, 2020, based on undiscounted contractual flows:

			Cash Flows				
Creditor Bank	**Capital ThUS$**	**Interests ThUS$**	**From 0 to 3 months ThUS$**	**Between 3 and 12 months ThUS$**	**Between 1 and 5 years ThUS$**	**Over 5 years ThUS$**	**Total ThUS$**
Banco Santander Chile	32,041	367	2,363	1,130	32,879	-	36,372
Banco RaboFinance Chile	48,317	275	-	4,660	47,765	1,120	53,545
Banco de Crédito e Inversiones	64,038	1,143	20,056	6,288	25,615	24,447	76,406
GC Rent Chile SpA.	128	-	3	53	80	-	136
Banco Scotiabank	26,006	488	6	26,624	-	-	26,630
Banco China Construction Bank Corp.	15,000	360	-	15,468	-	-	15,468
Banco Latinoamericano de Comercio Exterior, S.A.	19,931	158	7,004	446	14,230	-	21,680
Banco Santander Central Hispano S.A.	9,590	10	810	5,056	4,255	-	10,121
Banco Bilbao Vizcaya Argentaria	10,651	38	1,938	2,666	6,305	-	10,909
La Caixa	2,332	7	392	1,177	785	-	2,354
Bankinter	3,623	-	235	3,160	237	-	3,632
Banco Sabadell	1,087	6	157	471	471	-	1,099
Banco de Crédito del Perú	2,035	-	2,036	-	-	-	2,036
Coöperatieve Rabobank U.A.	20,000	134	-	592	16,148	5,614	22,354
Scotiabank Perú S.A.	743	-	64	679	-	-	743
Banco Estado	29,955	23	33	4,120	28,113	-	32,266
Banco de Chile	20,728	23	5	4,722	17,767	-	22,494
Banco Industrial and Commercial Bank of China Lin	29,841	361	-	1,030	32,839	-	33,869
Banco de Occidente S.A.	7,958	96	-	275	8,757	-	9,032
HSBC México SA, Institución de Banca Múltiple	938	-	568	376	-	-	944
Banco Internacional del Perú S.A.	547	-	306	171	81	-	558
Banco Continental BBVA	2,044	-	2,011	19	15	-	2,045
Metropolitan Life Insurance Company	19,831	-	528	739	4,115	22,067	27,449
Communications Bank Yunnan Branch	29,873	45	-	6,700	24,562	-	31,262
Credicorp Capital	108	-	74	34	-	-	108
Total as of December 31, 2020	**397,345**	**3,534**	**38,589**	**86,656**	**265,019**	**53,248**	**443,512**

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

			Cash Flows				
Detail	**Capital ThUS$**	**Fair Value ThUS$**	**From 0 to 3 months ThUS$**	**Between 3 and 12 months ThUS$**	**Between 1 and 5 years ThUS$**	**Over 5 years ThUS$**	**Total ThUS$**
Bank loans	391,756	395,254	37,933	84,275	262,179	53,248	437,635
Bonds - obligations with the publich	93,542	94,608	864	3,395	49,242	58,585	112,086
Leasing Liabilities	5,589	5,625	656	2,381	2,840	-	5,877
Lease Liabilities	62,266	65,755	1,132	4,730	18,632	86,407	110,901
Trade accounts and other accounts payable	115,480	115,480	74,998	33,771	6,711	-	115,480
Accounts payable to related companies	12,861	12,861	-	2,079	10,782	-	12,861

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 Chilean companies by contracting derivative instruments. Likewise, in 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 December 31, 2020:

As of December 31, 2020	Chilean Pesos ThUS$	Nuevo Sol ThUS$	Euro ThUS$	Mexican Pesos ThUS$	Yuan ThUS$	Others ThUS$
Financial Assets						
Cash and Cash Equivalents	2,346	3,286	6,767	441	913	901
Current trade debtors and other accounts receivable	19,154	13,454	23,129	9,748	170	1,861
Current accounts receivable with related entities	10	-	6,733	-	-	-
Non-current accounts receivable with related entities	-	-	5,026	-	-	-
Total Financial Assets	**21,510**	**16,740**	**41,655**	**10,189**	**1,083**	**2,762**
Financial Liabilities						
Other current financial liabilities	213	-	14,457	-	6,449	-
Current lease liabilities	387	-	462	75	1,747	218
Current trade accounts and other accounts payable	29,426	11,459	3,551	4,743	988	339
Current accounts payable to related entities	211	52	-	-	-	-
Current provisions for employee benefits	3,349	3,436	-	1,774	-	112
Other non-current financial liabilities	119	-	6,889	-	23,469	-
Non-current lease liabilities	1,969	-	805	67	45,865	507
Non-current accounts payable to related entities	7,145	-	2,897	-	-	-
Total Financial Liabilities	**42,819**	**14,947**	**29,061**	**6,659**	**78,518**	**1,176**
Net exposure as of December 31, 2020	**(21,309)**	**1,793**	**12,594**	**3,530**	**(77,435)**	**1,586**

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$7,924 as a higher charge to the Company's results as of December 31, 2020 (ThUS$263 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.

Currencies	Assets ThUS$	Liabilities ThUS$	Net ThUS$	Net (10% Devaluation) ThUS$	Variation ThUS$
Chilean Peso	21,510	42,819	(21,309)	(19,178)	2,131
Nuevo Sol	16,740	14,947	1,793	1,614	(179)
Euro	41,655	29,061	12,594	11,335	(1,259)
Mexican Peso	10,189	6,659	3,530	3,177	(353)
Yuan	1,083	78,518	(77,435)	(69,692)	7,743
Others	2,762	1,176	1,586	1,427	(159)
Total as of December 31, 2020	**93,939**	**173,180**	**(79,241)**	**(71,317)**	**7,924**

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, 2020 the variable debt that Hortifrut maintained was US$334.79 million (US$290.18 million 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$0.89 million (US$0.92 million 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. Hortifrut complies with the measures imposed by government organisms and worldwide organizations. In the case of pandemics, 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 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 47.4% of the total plantations as of December 31, 2020, 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. Since the 2020/2021 season, the regions of Bio Bio and Ñuble are part of an inspection process of its fruit and farms (System approach) which allows blueberries from these regions to be able to enter the USA without having to be fumigated.

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 where the opportune availability of quality supplies and services 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.

7.2.11 Regulatory risks of origin and destination markets

The Company, due to its production and export operations, as well as importing and sales in different countries, is exposed to different regulations applied at each of them and the potential changes that they could suffer.

To mitigate this risk, the Company maintains constant monitoring of the applicable regulations and their fulfilment, as well as potential changes that are under discussion. Also, the geographic diversity of the destination markets and productive operations, mitigates these risks by being able to destine fruit from different origins, fruit to different markets, taking into account the applicable regulations and safeguards.

An example of regulatory risk at origin was the derogation of the Agricultural Regime in Peru, which in the short term is translated into higher costs and an increase in tax rate. Also, an example of regulatory risk at destination was the investigation performed by the United States International Trade Commission (USITC), due to the petition of local blueberry producers. In this investigation we worked with lawyers, economists, producers from different origins and importers and it was demonstrated that the importing of blueberries has generated permanent availability of blueberries for the American consumer, thus generating an increase in demand, benefitting the complete industry, including local producers. This was ratified by the pronouncement of the USITC in February 2021.

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, 2020 and December 31, 2019 are the following:

			31-Dec-20		31-Dec-19
COUNTRY	TYPE OF INSURANCE	CURRENCY	COVERED AMOUNT	CURRENCY	COVERED AMOUNT
Chile	Infrastructure fire	UF	1,595,352	UF	1,583,352
Chile	Mobile Agricultural Equipment	UF	47,732	UF	47,732
Chile	Motor Vehicles	UF	74,200	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, 2020, the expected margin of fruit on the Company’s bearer plants was recognized, for the amount of US$0.65 million, which is presented in the income statement under the item Other income per function.

The estimation of this same concept recorded as of December 31, 2019, was for the value of US$1.40 million, which is presented in 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 31-12-2020 (ThUS$)	10% Reduction Volume (ThUS$)	10% Reduction Price (ThUS$)	10% Reduction Volume and Price (ThUS$)
Honghe Jiayu Agriculture Limited	649	584	513	461
Total	**649**	**584**	**513**	**461**

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 an income statement 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.