



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

As of December 31, 2021
(In thousands of United States dollars)

The current reasoned analysis has been prepared for the period ending December 31, 2021, compared with the financial statements as of December 31, 2020 (Dec21 and Dec20, 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 six months of the 21/22 and 20/21 seasons (Jul21-Dec21 and Jul20-Dec20, respectively).

1. HIGHLIGHTS OF THE PERIOD AND SUBSEQUENT FACTS

Purchase of Atlantic Blue

Dated December 01, Hortifrut Inversiones Internacionales S.A. signed a sale-purchase contract with Atlantic Blue Group, to purchase 100% of Atlantic Blue, S.L. and its subsidiaries' share capital, a berries genetics development, processing, producing and commercializing company, with operations in Spain, Morocco and Peru. With said transaction, the Atlantic Blue Group became part of Hortifrut S.A.'s consolidated Financial Statements from the date of the sale-purchase contract.

With this transaction Hortifrut incorporates to its productive assets 400 hectares in Spain, 248 hectares in Morocco, and consolidates the 100% interest in 400 hectares at Olmos, where Hortifrut currently owns 50%. It also consolidates the property of Euroberry Marketing's commercial platform and the SAT Hortifrut processing plant located in Spain. In the transaction the whole berries and cherries genetics program will also be included, where the Rocío and Corona varieties stand out, as well as advanced selections of cherries with a low cold requirement.

For this transaction a price of EUR 241 million was agreed (subject to own adjustments of this type of operations), whose value will be paid in installments in a total term of 10 years. The payment calendar consists of: i) EUR 24 million, paid on September 30, 2021, ii) EUR 72.3 million already paid on December 01, 2021, closing date, and iii) the balance in 10 equal annual installments from the closing, subject to an annual interest rate equal to Spanish inflation plus 0.25%. Furthermore, as of the closing date EUR 7.9 million were paid from adjustments corresponding to this type of operations, mainly net cash, working capital and leakages.

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 is essential and 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 the end of Dec21, the fields where the Company is harvesting are Peru, Chile and Mexico, whose operations have not been greatly affected.

2. SUMMARY OF THE PERIOD

The calculation of the EBITDA is detailed below:

	CALENDAR YEAR (12 months)		SEASON (6 months)	
	Jan21 - Dec21	Jan20 - Dec20	Jul21 - Dec21	Jul20 - Dec20
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
EBITDA DETERMINING				
Income from operating activities	831.633	683.366	434.955	424.063
Other income, per function	13.628	5.461	10.368	(796)
Total Income	845.261	688.827	445.323	423.267
Cost of sales	(643.859)	(516.928)	(332.367)	(303.675)
Administration expenses	(69.094)	(53.211)	(37.515)	(28.589)
Other expenses, per function *	(9.464)	(5.523)	(6.033)	(2.689)
Total Costs and Expenses	(722.417)	(575.662)	(375.915)	(334.953)
Operating Result	122.844	113.165	69.408	88.314
Depreciation and amortization	71.954	61.968	49.804	41.145
EBITDA	194.798	175.133	119.212	129.459
EBITDA without Fair Value	192.403	175.885	117.005	130.952

* Excludes impairment in the value of assets

Accumulated analysis as of December 2021

The EBITDA as of Dec21 reached US\$194.8 million, which represents an 11.23% increase compared with the US\$175.1 million recorded as of Dec20. The higher EBITDA is mainly due to: 1) the strength of its genetics programs and maturing of the fields planted during recent years, which has contributed to a 17,40% increase in commercialized volume of Fresh Fruit, mainly blueberries from Mexico, China and Peru; and raspberries from Mexico, which have mostly been planted with Hortifrut genetics (own and licensed), 2) increase in volume of Value Added Products at Vitafoods, and 3) a greater *fair value* of fruit hanging on bearer plants adjustment (+US\$3.15 million), mainly associated to the higher recognition in Peru explained by the decision to extend the production curve to the first quarter of 2022.

Accumulated EBITDA as of Dec21 without *fair value* of fruit effect reached US\$192.40 million, which represents a 9.39% increase compared with the US\$175.89 million obtained in the same period of 2020.

As of Dec21 a US\$61.68 million profit attributable to the parent company shareholders was recorded, representing an increase of US\$7.65 million compared to the US\$54.02 million profit recorded as of Dec20, despite the higher impairment of assets realized during 2021 for US\$22.17 million, compared with the impairments realized during 2020 for US\$13.72 million. Furthermore, a negative exchange rate fluctuation was recorded as of Dec21 for US\$3.70 million, compared with the negative exchange rate fluctuation as of Dec20 for US\$ 0.64 million. For its part, Income tax expenses includes US\$5.66



million of deferred tax profit as a result of having placed the company HFE Berries Perú S.A.C. as available for sale.

The aforementioned was offset by the already mentioned increase in volumes, by the decrease of net financial cost (+US\$6.09 million), and by the higher *fair value* of fruit adjustment recognized during this period (+US\$3.15 million).

Analysis of the July 2021 – December 2021 season

Also, EBITDA during 2H21 reached US\$119.21 million, decreasing 7.92% compared to the US\$129.46 million EBITDA recorded in the same period of S20/21. The EBITDA decreased due to a lower gross margin, associated to lower average prices of Peruvian fruit, and the increase in administrative expense explained by the growth of operations in Mexico and China, plus the consolidation in December of the administrative expense of the acquired companies Atlantic Blue and subsidiaries. This was partially offset by the higher *fair value* of fruit on bearer plants adjustment (+US\$3.70), associated to the extension of the production curve in Peru until the first quarter of 2022 (more fruit on plant as of Dec21 compared to Dec20).

Average prices decreased 9.65%, mainly explained by lower market prices, associated to the concentration of fruit volumes in the industry (later and more concentrated harvesting curve for Peruvian fruit associated to a colder climate).

During the 2H21, volumes increased 20.43% mainly explained by growth in volumes of blueberries in Peru, thanks to production decisions that impacted on a greater plant performance per hectare. Furthermore, a growth in volumes of raspberries in Mexico was observed, due to the maturing of plantations; and the growth in the Value Added Products segment thanks to the merger performed during 2020 of the frozen food business (Vitafoods).

Accumulated EBITDA without the fruit *fair value* effect during 2H21 reached US\$117.01 million, which represents a 10.65% decrease, compared with the US\$130.95 million obtained in the same period of 2020 due to the aforementioned reasons (lower gross margin compared to 2H20 associated to lower market prices, and higher administrative expenses due to a growth in operations in Mexico, China and Europe).

Profit attributable to the parent company shareholders reached US\$50.40 million in the 2H21, which represents a US\$1.12 million decrease compared to the same period in 2020 mainly due to: 1) an increase in Administrative Expenses (+US\$8.93 million) due to the Company's new operations and 2) an increase in Depreciation (+US\$8.66 million) associated to investments realized in the last year, mainly in China and Mexico, which are already depreciated but have not reached their productive maturity.

The previous negative effects were partially offset by 1) Other gains for US\$3.17 million (+US\$3.40 million compared to 2H20) mainly associated to the benefit due to the finalizing of the Earn-out payment obligation to the Rocío Group, offset by expenses related to the purchase of Atlantic Blue, 2) positive exchange rate fluctuation for US\$1.04 million (+US\$3.00 million compared to the 2H20), 3) *fair value* of fruit adjustment for US\$2.21 million (+US\$3.70 million compared to the 2H20), 4) lower net financial expenses than the 2H20 at US\$1.61 million and 5) deferred tax profit of US\$5.66 million that impacts on a reduction in income tax expenses as a result of having placed the company HFE Berries Perú S.A.C. as available for sale.

Net financial debt determining	31-Dec-21	31-Dec-20
Items	ThUS\$	ThUS\$
Other current financial liabilities	210.786	111.226
Current lease liabilities*	5.774	8.408
Other non-current financial liabilities	467.040	378.636
Non-current lease liabilities*	81.874	62.972
Total financial liability	765.474	561.242
Minus:		
Cash and cash equivalents	104.701	101.637
Total net financial debt	660.773	459.605

**Operating Leases are considered, which as of 2019 must be recognized as assets and liabilities in it (IFRS 16). To calculate bond covenants, the impact of Operating Lease accounting is not considered (IFRS 16).*

The Company's net financial debt increased from US\$459.61 million as of December 31, 2020, to US\$660.77 million as of December 31, 2021, which is mainly explained by the US\$126.60 million debt to finance the initial payment for the purchase of the Atlantic Blue Group, due to the increase in PAE credits associated to the financing of working capital and the financing of investments in China. Furthermore, there is an increase in financial debt due to the Mark to Market increase of the Cross Currency Swap. As of December 2021, liability associated to the operating lease contracts that the Company has reach US\$84.64 million, which is compared with US\$65.76 million as of December 2020.

3. ANALYSIS OF INCOME STATEMENT

In the 12 months ending December 31, 2021, gains attributable to parent company shareholders were recorded for US\$61.68 million, representing a US\$7.65 million increase in relation to the US\$54.02 million profit in the same period of 2020. This decrease is mainly explained by: 1) the strength of its genetics programs and the maturity of the fields planted during recent years, which have contributed to the 17.40% increase in commercialized volume of Fresh Fruit, mainly blueberries from Mexico, China and Peru; and raspberries from Mexico, fields that have mostly been planted with Hortifrut genetics (own and licensed), 2) increase in volume of Value Added Products at Vitafoods, and 3) higher *fair value* of fruit adjustment (+US\$3.15 million), mainly associated to higher recognition in Peru explained by the decision to extend the production curve of a certain surface until the first quarter of 2022 and thereby complement the Chilean offer in said period.

These favorable effects were affected by impairments of assets realized during 2021 for US\$22.17 million, compared with impairments realized during 2020 for US\$13.72 million. In this period write-offs were recognized of plantations in Chile and Peru associated to a varietal turnover program, in order to increase productivity and profitability of these fields in the future, and in the United States by the stripping of hectares that were not profitable. Furthermore, a negative exchange rate fluctuation was recorded as of Dec21 for US\$3.70 million, compared with the negative exchange rate fluctuation as of Dec20 for US\$0.64 million, mainly associated to the devaluation of the Peruvian nuevo sol and the Chilean peso in said period.

EBITDA as of Dec21 reached US\$194.80 million, which represents an 11.23% increase compared with the US\$175.13 million recorded as of Dec20. The higher EBITDA is mainly due to the aforementioned operating factors.

a) **Main Components of Income**

Income from operating activities reached US\$831.63 million as of Dec21, representing a 21.70% increase in relation to Dec20. This increase is mainly due to the 36.23% increase in sales volume, which offset the 8.02% fall in average price per kilo. The average price passed from 7.21 US\$/kg to 6.64 US\$/kg (average LTM as of Dec20 and Dec21, respectively), due to lower market prices, as previously mentioned, and to the change in the mix of products (greater proportion of fruit from the Value Added Products segment, which has a lower sale price).

Income from operating activities of the 2H21 increased 2.57% (+US\$10.89 million) in relation to the same period of the previous season, reaching US\$434.96 million, explained by the 20.43% increase in distributed volume to 62,164 tons, which offset the fall in the average price by 9.65%.

	Jan21 - Dec21	Jan20 - Dec20	Variation	Jul21 - Dec21	Jul20 - Dec20	Variation
Total Operating Income	ThUS\$	ThUS\$	%	ThUS\$	ThUS\$	%
Income from operating activities	831.633	683.366	21,70%	434.955	424.063	2,57%
Other income, per function	13.628	5.461	149,55%	10.368	(796)	-1402,51%
Total Operating Income	845.261	688.827	22,71%	445.323	423.267	5,21%

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

	Jan21 - Dec21	Jan20 - Dec20	Variation	Jul21 - Dec21	Jul20 - Dec20	Variation
Income per Segment	ThUS\$	ThUS\$	%	ThUS\$	ThUS\$	%
Fresh Fruit	741.710	649.192	14,25%	400.142	402.100	-0,49%
Blueberries	639.035	583.521	9,51%	351.039	361.822	-2,98%
Raspberries	78.086	46.557	67,72%	38.259	30.784	24,28%
Blackberries	13.156	11.004	19,56%	7.465	6.651	12,24%
Strawberries	4.075	2.433	67,49%	2.499	1.262	98,02%
Cherries	7.358	5.677	29,61%	880	1.581	-44,34%
Value Added Products	103.551	39.635	161,26%	45.181	21.167	113,45%
Value Added Products	103.551	39.635	161,26%	45.181	21.167	113,45%
Total Operating Income	845.261	688.827	22,71%	445.323	423.267	5,21%

In blueberry sales, as of Dec21 a 9.51% increase was observed compared with the previous period, explained by a 14.76% increase in the commercialized volume associated to higher volumes in Mexico, China and Peru; offsetting the 2.36% decrease in the average price per kilo, passing from 8.01 US\$/kg in 2020 to 7.82 US\$/kg in 2021 mainly associated to lower market prices due to the concentration of the volume curve of blueberries produced in Peru at an industry level.

Raspberries experienced an increase in sales income of 67.72%, due to the higher commercialized volume (+45.24%), mainly because of new hectares planted in Mexico with *Centennial*, own raspberry variety developed by Hortifrut's genetics program at own and third-party fields. The commercialized volume passed from 5,347 tons as of Dec20 to 7,766 tons as of Dec21. Despite the important increase in volume, the average price per kilo increased 15.47% compared to the previous year.

The blackberries segment recorded a 19.56% increase in income compared to Dec20, explained by better average prices of 30.91%, mainly associated to efforts made to reach destination with improved quality. Said increase in prices offsets the 8.67% reduction in commercialized volumes, also explained by the increase in quality standards for the obtaining of fruit in Mexico.

Strawberries experienced a 67.49% increase in sales as of Dec21 compared to the same period the previous year, variation that is mainly explained by the increase in average price per kilo and the 26.73% increase in distributed volume, mainly associated to the good productive performance of fields in Chile.

Cherries recorded a 29.60% increase in sales income compared to Dec20. This increase in income is due to an increase in commercialized volumes which passed from 939 tons as of Dec20 to 1,652 tons as of Dec21 (+75.85%), which was offset by a decrease in the average price per kilo of 26.30%. This decrease in prices during the 2020/2021 season is generated because of the rumors regarding traces of COVID-19 in Chilean cherries imported in China during the first quarter of 2021, news that had a strong presence in social networks and media.

Value added products recorded an increase in sales income of 161.26% compared to income recorded in the same period of 2020. This variation is explained by a 132.55% increase in volume, associated to the merger of the frozen food segment with Alifrut, which started to impact results the last quarter of 2020. There was also an increase in the average price per kilo of 12.13% associated to the strong demand for this segment.

b) Main Components of Costs and Expenses

Costs and Expenses	Jan21 -	Jan20 -	Variation	Jul21 -	Jul20 -	Variation
	Dec21	Dec20		Dec21	Dec20	
	ThUS\$	ThUS\$	%	ThUS\$	ThUS\$	%
Cost of sales	(643.859)	(516.928)	24,55%	(332.367)	(303.675)	9,45%
Administration expenses	(69.094)	(53.211)	29,85%	(37.515)	(28.589)	31,22%
Other expenses, per function, excluding impairment of value of assets	(9.464)	(5.523)	71,36%	(6.033)	(2.689)	124,36%
Other operating costs and expenses	(78.558)	(58.734)	33,75%	(43.548)	(31.278)	39,23%
Impairment of value of assets	(22.167)	(13.724)	61,52%	(7.020)	(12.847)	-45,36%
Total Costs and Expenses	(744.584)	(589.386)	26,33%	(382.935)	(347.800)	10,10%

Main Components of Sales Costs

Sales costs as of Dec21 reached US\$643.86 million, presenting a 24.55% increase compared to the US\$516.93 million recorded as of Dec20. Higher costs are mainly explained by the higher commercialized volume as of Dec21 (+36.23%). Sales costs represented 77.42% of income from operating activities as of Dec21, while as of Dec20 it reached 75.64%, which reflects a slight decrease in the gross margin of 1.78 percent. This decrease in margin is associated to lower average prices (-8.02% compared to 2021), as per the aforementioned. Also, lower costs per kilo of sold fruit are being recorded, mainly explained by the higher weight of Value Added Products within the mix of products, which have a lower unit cost compared to the other products.

Sales costs of the 2H21 reached US\$332.37 million, increasing 9.45% (+US\$28.69 million) compared to the 2H20. The increase is mainly explained by the higher commercialized volume (+20.43%). Sales costs represented 76.41% of income from operating activities in the 2H21, while in the 2H20 it reached 71.61%, resulting in a lower gross margin. As was previously mentioned, this decrease in the margin is associated to the reduction in average prices in the accumulated of the season (-9.65% in relation to the average prices of the 2H20), and not to higher sales costs. Unit costs are decreasing in the 2H21 compared with the 2H20 associated to the increase in volumes of Value Added Products (frozen), with unit costs lower to those of Fresh Fruit.

Main Components of Administrative Expenses

Administrative expenses as of Dec21 reached US\$69.09 million, representing a 29.85% increase in relation to Dec20. Higher expenses are due to the impact in growth of operations in China and Mexico, and the incorporation of Vitafoods (merger of the frozen good business which during 2020 only consolidated for five months). Furthermore, from December 2021 the recently acquired companies from the Atlantic Blue Group started to consolidate.

Main Components of Other Expenses, per function

Other expenses, per function, increased US\$12,38 million, reaching US\$31.63 million as of Dec21 mainly due to the aforementioned write-off of bearer plants in Chile, Peru and the United States. In the case of Chile, 128 hectares were stripped and in Peru 135 hectares, within a varietal turnover plan, whose objective is to substitute old varieties for new varieties, which not only allow to obtain better performance in volumes per hectare, but they also result in better quality fruit and returns. In the case of the United States, 17 hectares were stripped, which were not profitable because of the continuous increase in production costs in that country.

c) Other Components of Income Statement

	Jan21 - Dec21	Jan20 - Dec20	Variation	Jul21 - Dec21	Jul20 - Dec20	Variation
Other Income (expenses)	ThUS\$	ThUS\$	%	ThUS\$	ThUS\$	%
Other profit (loss)	3.357	(558)	-701,61%	3.174	(224)	-1516,96%
Financial income	2.002	1.435	39,51%	1.340	817	64,01%
Financial expenses	(17.578)	(23.105)	-23,92%	(10.785)	(11.870)	-9,14%
Interest in profit (loss) of associated companies	448	(114)	-492,98%	369	318	16,04%
Exchange rate fluctuations	(3.704)	(642)	476,95%	1.045	(1.960)	-153,32%
Other Income (expenses)	(15.475)	(22.984)	-32,67%	(4.857)	(12.919)	-62,40%

The other components of the income statement decreased from a US\$22.98 million loss as of Dec20, to a US\$15.48 million loss as of Dec21 (+US\$7.51 million).

The main items that explain this variation are the following:

- A US\$6.09 million decrease in net financial expenses, reaching US\$15.58 million as of Dec21. This variation is mainly explained by the improved financing conditions as a result of lower rates and the reversal of a financial expense provision associated to taxes of non-residents in Peru (US\$2.73 million).
- Interest in profit (loss) of associated companies presented a US\$0.45 million profit as of Dec21, which is compared with a US\$0.11 million loss in the same period of the previous year, mainly due to better performance of the associated Naturipe Value Added Fresh (sale of "Ready to Eat" fruit in USA).
- As of Dec21 a loss due to exchange rate difference was recorded for US\$3.70 million, which is compared with the US\$0.64 million loss of the same period in 2020, mostly associated to the depreciation of the Peruvian Nuevo Sol and the Chilean Peso.

d) Gains tax expense

Gains tax expense reached -US\$8.78 million as of Dec21, while it was -US\$12.14 million as of Dec20. Tax expense of the period is mainly itemized by current tax expense of -US\$22.92 million (-US\$22.38 million as of Dec20), deferred tax profit of US\$15.00 million (US\$4.84 million as of Dec20), and other adjustments for -US\$0.86 million (US\$0.77 million as of Dec20). Of the US\$15.00 million corresponding to deferred tax gain, US\$5.66 million correspond to the impact of having placed the company HFE Berries Perú S.A.C. as available for sale.

e) Other Result Indicators

Activity Indicators:

Indicator	Unit	Jan21 - Dec21	Jan20 - Dec20
Activity			
Rotation of Assets	times	0,53	0,49
<i>Operating revenue / Total average assets of the period</i>			
Rotation of Inventory	times	6,70	8,29
<i>Cost of sales / Average inventory</i>			
Permanence of inventory (days)	days	54	43
<i>Inventory / Annual cost of sale (360 day base)</i>			

The rotation of assets between the periods ending December 31, 2021, and 2020, increased because income grows in greater proportion than average total assets in the same period (income growth +22.71% vs. average total asset growth +13.72%).

Likewise, the inventory rotation ratio decreased because of the increase in the inventory of frozen products due to the merger between Hortifrut and Alifrut within this segment, partially offset by an increase in sales costs. Average inventories increased from US\$62.33 million as of Dec20 to US\$96.04 million as of Dec21 (+54.07%), while sales costs passed from US\$516.93 million as of Dec20 to US\$643.86 million as of Dec21 (+24.55%).

4. COMPARATIVE ANALYSIS OF MAIN TENDENCIES

The evolution of the main financial indicators is the following:

Indicator	Unit	31-Dec-21	31-Dec-20	Variations %
Current Liquidity	times	1,33	1,53	-12,56%
<i>Current Asset / Current Liability</i>				
Acid Ratio	times	0,93	1,09	-14,83%
<i>Current assets (-) Other non-financial assets, inventories and current biological assets / Current liability</i>				
Debt Ratio	times	2,04	1,26	61,83%
<i>Total liabilities / Equity attributable to Parent Company</i>				
Short term debt		35,92%	30,60%	17,41%
<i>Total current liabilities / Total liabilities</i>				
Long term debt		64,08%	69,40%	-7,68%
<i>Total non-current liabilities / Total liabilities</i>				
Book value of the share (US\$)	Dollars per share	1,0383	1,0880	-4,57%
<i>Equity attributable to parent company / N° shares</i>				

- Current liquidity was 1.33 times as of Dec21, which represents a decrease in relation to Dec20. The acid ratio reached 0.93 times experiencing a decrease of 14.83% in relation with the period ending December 31, 2020. This decrease in liquidity ratios is mainly explained by the increase in current liabilities by US\$196.75 million, associated to 1) increase in Other Financial Liabilities, current (+US\$99.56 million) due to the debt for financing of working capital and the current debt portion taken to finance the purchase of Atlantic Blue's operations, and 2) increase in Commercial Accounts and Other Accounts Payable (+US\$51.37 million), mainly associated to Hortifrut Spain's debt due to

the purchase of Atlantic Blue and the growth in the frozen food business, as a result of the merger between Hortifrut and Vitafoods.

- The debt ratio increased compared to December 31, 2020, explained by the growth in total liabilities of US\$430.42 million and a reduction in Parent Company Equity of US\$28.69 million. Total liabilities increased as a result of the aforementioned increase in current liabilities and, on the other hand, by an increase in non-current liabilities of US\$233.67 million. Said increase in non-current liabilities is explained by the increase in Other accounts payable, non-current (+US\$136.34 million) and in Other financial liabilities, non-current (+US\$88.40 million) mainly associated to debt due to the purchase of Atlantic Blue. Also, the reduction in equity attributable to the parent company are mostly due to the recording of negative reserves for US\$47.58 million for the purchase of non-controlling interest, which corresponds to the difference between the price assigned to the non-controlling interest acquired in the companies Euroberry Marketing S.A., Hortifrut España Southern Sun S.L.U. and HFE Berries Perú S.A.C. and its equity book value, all associated to the purchase of Atlantic Blue Group; this was partially offset by the recognizing of profit attributable to the parent company shareholders generated in 2021.
- The percentage of current liabilities as of Dec21 was 35.92% compared with total liabilities, higher in relation to the 30.60% as of December 2020, explained by the increase in aforementioned current liabilities for said period. In the meantime, the percentage of non-current liabilities as of Dec21 was 64.08% compared to total liabilities, lower than the 69.40% as of December 31, 2020.
- The book value of the share decreased 4.57%, passing from 1.0880 US\$/share in December 2020 to 1.0383 US\$/share as of December 2021, associated to the decrease in equal proportion of the parent company equity.

Indicator	Unit	Jan21 - Dec21	Jan20 - Dec20	Variations %
Financial expense coverage <i>(Before tax profit+Financial costs)/Financial costs</i>	times	5,85	4,31	35,69%
Profitability of parent company equity <i>Parent company gains/Parent company equity</i>		10,29%	8,60%	19,63%
Profitability of equity <i>Profit of the period/Total equity</i>		10,99%	8,84%	24,34%

- The increase in the financial expense hedging index as of Dec21 in relation to the same period in 2020 is due to lower financial expenses, which passed from US\$23.11 million as of Dec20 to US\$17.58 million as of Dec21, which is added to the increase in before tax result of US\$8.75 million.
- The profitability of parent company equity shows an increase explained by the reduction in parent company equity (-US\$28.69 million), mainly associated to the recognizing of the aforementioned negative reserve and the higher profit attributable to the parent company shareholders compared to December 2020 (+US\$7.65 million).
- Also, higher equity profitability is attributed to the reduction in total equity, also explained by similar factors to those that explain the reduction in equity attributable to the parent company. In the meantime, profit of the period as of Dec21 increased +US\$12.11 million in relation to the previous year.

5. ANALYSIS OF STATEMENT OF FINANCIAL POSITION

Main items of the consolidated Statement of Financial Position

Statement of Financial Position	31-Dec-21	31-Dec-20	Variation	
	ThUS\$	ThUS\$	ThUS\$	%
Total current assets	585.574	369.339	216.235	58,55%
Total non-current assets	1.330.664	1.148.761	181.903	15,83%
Total assets	1.916.238	1.518.100	398.138	26,23%
Total current liabilities	438.663	241.914	196.749	81,33%
Total non-current liabilities	782.392	548.725	233.667	42,58%
Total liabilities	1.221.055	790.639	430.416	54,44%
Equity attributable to parent company equity holders	599.446	628.135	(28.689)	-4,57%
Non-controlling interest	95.737	99.326	(3.589)	-3,61%
Total equity	695.183	727.461	(32.278)	-4,44%

As of December 31, 2021, total assets increased US\$398.14 million (+26.23%) in relation to those existing as of December 31, 2020, as a result of the increase in current assets for US\$216.24 million (+58.55%), mainly due to an increase in: 1) Trade debtors and Other accounts Receivable (+US\$42.52 million) mainly due to the incorporation of Vitafoods and Atlantic Blue, and due to higher sales in Peru in the last months of 2021 compared to 2020, associated to a late curve and higher volumes, 2) Inventories (+US\$41.02 million) due to higher volumes in transit of Peruvian and Chilean fruit, and the incorporation of Vitafoods so there are higher inventories of frozen foods and 3) Biological Assets, current (+US\$20.27 million) associated to the incorporation of Atlantic Blue and a greater *fair value* of fruit on bearer plants adjustment.

In the meantime, non-current assets increased US\$181.90 million (+15.83%) due to the increase in: 1) Goodwill (+US\$144.68 million) associated to the purchase of Atlantic Blue, 2) Deferred tax assets (+US\$13.75 million), and 3) Right of Use Assets (+US\$19.94 million) associated to new lease contracts.

Current liabilities increased US\$196.75 million (+81.33%), reaching US\$438.66 million as of Dec21. Higher current liabilities are mainly associated to 1) increase in financial liabilities as a result of the financing of working capital and the current debt portion taken to finance the purchase of Atlantic Blue's operations, and 2) increase in Trade Accounts and Other Accounts Payable (+US\$51.37 million) mainly associated to Hortifrut España's debt due to the purchase of Atlantic Blue and the increase in the frozen food business, due to the merger between Hortifrut and Vitafoods.

Also, non-current liabilities increased US\$233.67 million (+42.58%) explained by the increase in Other accounts payable, non-current (+US\$136.34 million) and in Other financial liabilities, non-current (+US\$88.40 million) mainly associated to debt due to the purchase of Atlantic Blue.

The Company's total equity decreased US\$32.28 million compared to December 31, 2020, reaching US\$695.18 million (-4.44%) mainly explained by the recording of negative reserves for US\$47.58 million due to the purchase of a minority interest, which corresponds to the difference between the price assigned to the minority interest acquired in the companies Euroberry Marketing S.A., Hortifrut España Southern Sun S.L.U. and HFE Berries Perú S.A.C. and its equity book value, all

associated to the purchase of Atlantic Blue Group; this was partially offset by the recognizing of the profit (loss) of the analyzed period.

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

Main sources and uses of funds in the period (US\$ million)	January- December 2021	January- December 2020	Comments
Charges from the sale of goods and providing of services	788	698	Increase in sales is due to maturity of investments in China and Mexico, and the merger in the value added segment (Vitafoods).
Payment to suppliers for supplying of goods and services	(410)	(376)	Increase in suppliers payments is due to maturity of investment in China and Mexico, and the merger in the value added segment (Vitafoods).
Payment for and on behalf of employees	(203)	(134)	Increase because of consolidation and growth of new businesses and season bonus payment.
Net interests	(16)	(14)	
Taxes	(26)	(8)	Increase in tax payment is due to higher earnings during prior fiscal year.
Others	2	(0)	
(1) Total Cash Flow for Operating Activities	134	165	
Sale and purchase of property, plant and equipment	(93)	(110)	
Other investment activities (sum of all the rest)	(175)	10	Investment related to Atlantic Blue purchase, mainly.
(2) Total Cash Flow for Investment Activities	(268)	(100)	
Income from financing	444	390	Higher income from debt to finance the purchase of Atlantic Blue and higher working capital needs.
Payment of loans and financial leasings	(280)	(376)	
Paid dividends and other investment flows	(27)	(18)	Higher dividend due to higher distributable net income for 2020.
(3) Total Cash Flow for Financing Activities	137	(4)	
Net Increase of Cash and Cash Equivalents (1) + (2) + (3)	3	61	
Effect of exchange rate fluctuation	0	(2)	
Cash and Cash Equivalent at the start of the period	102	42	
Cash and Cash Equivalent at the End of the Period	105	102	



7. RISK FACTOR ANALYSIS

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

7.1 Financial Risk

7.1.1 Credit Risk

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 S.A. sells fresh fruit and others, diversified in several countries with an important presence in the North American, European and Asian markets.

The accounts receivable portfolio is mainly made up of large retail chains, its 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.

To mitigate the risks of international fresh fruit sales and considering the behavior of trade relationships with its customers, Hortifrut S.A. can administer other credit management instruments, such as advanced payments, guarantees or letters of credit obtained on behalf of the customers to assure the exporting of the products to the different destinations where the fruit is commercialized. Commercial reality indicates that the use of these mechanisms is specifically used for sales to some markets and that, in general, the Company performs credit management with control over the sending of fruit overseas, considering that a non-payment behavior on behalf of customers, results in the immediate suspension of new overseas deliveries.



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. As a means to mitigate this risk, the Company has contracted credit insurances for the parent company and subsidiaries.

In order to mitigate this risk, the Company has contracted 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 S.L.U., 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 obligations due to lease in the related calculation formula.

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 working capital, which as of December 31, 2021, reach the amount of US\$277.68 million (US\$233.66 million as of December 31, 2020) distributed among 17 banks. The used amount reaches US\$119.35 million, with an available balance of US\$158.33 million. Credit lines are distributed among the following companies: Hortifrut Chile S.A. with US\$261 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\$7.33 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 working 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, 2021, based on undiscounted contractual flows:

Creditor Bank	Cash Flows						
	Capital	Interests	From 0 to 3 months	Between 3 and 12 months	Between 1 and 5 years	Over 5 years	Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Banco de Crédito e Inversiones	78.893	1.122	19.021	10.358	42.268	17.910	89.557
Banco RaboFinance Chile	45.196	298	338	9.935	37.758	782	48.813
Banco Estado	39.968	26	13.298	7.390	20.865	-	41.553
Banco Santander Chile	49.244	352	19.990	567	31.741	-	52.298
Banco Industrial and Commercial Bank of China Lin	29.888	345	496	488	31.726	-	32.710
Postal Savings Bank of China	28.366	1	-	5.301	24.256	-	29.557
Banco de Chile	32.594	66	12.006	5.533	16.587	-	34.126
Communications Bank Yunnan Branch	18.821	23	-	9.434	12.524	-	21.958
Coöperatieve Rabobank U.A.	-	-	-	-	-	-	-
Banco Latinoamericano de Comercio Exterior, S.A.	32.951	149	215	211	35.665	-	36.091
Banco China Construction Bank Corp.	6.000	-	6.001	-	-	-	6.001
Metropolitan Life Insurance Company	9.428	153	92	522	1.846	11.222	13.682
Banco Scotiabank	36.591	22	35.788	451	387	-	36.626
Banco Bilbao Vizcaya Argentaria	3.125	7	64	1.644	1.016	487	3.211
Banco de Occidente S.A.	7.970	92	132	130	8.460	-	8.722
Banco Santander Central Hispano S.A.	10.520	5	145	4.679	5.569	452	10.845
Banco ITAU	10.011	6	10.011	8	-	-	10.019
La Caixa	14.664	2	1.208	2.997	11.255	424	15.884
Banco Sabadell	432	-	147	286	-	-	433
Bankinter	2.483	-	218	2.266	-	-	2.484
Banco Santander de Negocios Colombia S.A	339	-	-	348	-	-	348
Banco BBVA Perú SA.	6.642	17	35	6.613	20	-	6.668
Banco Interamericano de Finanzas S.A.	4.000	8	1	4.008	-	-	4.009
GC Rent Chile SpA.	133	2	17	62	66	-	145
Banco Internacional del Perú S.A.	24.113	46	21	4.203	20.613	-	24.837
Banco Consorcio	21	-	10	11	-	-	21
Credicorp Capital	288	-	162	88	38	-	288
Banco de Crédito del Perú	59.000	98	185	29.314	30.879	-	60.378
Caja Rural del Sur	4.015	-	152	514	2.716	805	4.187
HSBC México SA, Institución de Banca Múltiple	3.111	-	-	3.155	-	-	3.155
Cooperatieve Rabobank U.A., New York Branch	25.000	-	-	-	28.240	-	28.240
Banco Internacional	127	-	28	92	7	-	127
Total as of December 31, 2021	583.934	2.840	119.781	110.608	364.502	32.082	626.973

Below is a summary of the maturities of total financial liabilities as of December 31, 2021:

Detail	Capital	Fair Value	Cash Flows				Total
			From 0 to 3 months	Between 3 and 12 months	Between 1 and 5 years	Over 5 years	
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Bank loans	580.970	583.768	119.501	109.146	363.134	32.082	623.863
Bonds - obligations with the publich	92.991	94.058	864	3.396	103.567	-	107.827
Leasing Liabilities	2.964	3.006	280	1.462	1.368	-	3.110
Operating Lease Liabilities	82.648	84.642	943	5.360	18.220	38.115	62.638
Trade accounts and other accounts payable	303.192	303.192	141.773	18.369	143.050	-	303.192
Accounts payable to related companies	19.378	19.378	-	11.888	7.490	-	19.378

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, 2021:

	<u>Chilean</u>	<u>Nuevo Sol</u>	<u>Euro</u>	<u>Mexican Pesos</u>	<u>Yuan</u>	<u>Dirham</u>	<u>Others</u>
	<u>ThUS\$</u>	<u>ThUS\$</u>	<u>ThUS\$</u>	<u>ThUS\$</u>	<u>ThUS\$</u>	<u>ThUS\$</u>	<u>ThUS\$</u>
As of December 31, 2021							
Financial Assets							
Cash and Cash Equivalents	903	850	15.441	709	12.242	4.742	1.072
Current trade debtors and other accounts receivable	28.083	8.718	21.240	4.343	6.130	5.610	1.510
Current accounts receivable with related entities	68	55	697	-	-	-	-
Non-current fees receivable	951	-	84	-	-	-	95
Total Financial Assets	30.005	9.623	37.462	5.052	18.372	10.352	2.677
Financial Liabilities							
Other current financial liabilities	50	-	11.047	-	14.735	2.667	339
Current lease liabilities	393	-	836	219	473	222	36
Current trade accounts and other accounts payable	32.883	10.173	34.744	6.116	4.641	4.133	895
Current accounts payable to related entities	59	980	-	-	-	-	-
Other current provisions	3.062	92	-	-	-	-	-
Current provisions for employee benefits	1.375	2.538	74	1.576	-	-	138
Other non-current financial liabilities	-	-	12.529	-	32.476	9.010	-
Non-current lease liabilities	1.529	-	2.823	1.623	50.034	5.357	417
Other non-current accounts payable	-	-	143.050	-	-	-	-
Non-current accounts payable to related entities	7.203	-	-	-	-	-	-
Total Financial Liabilities	46.554	13.783	205.103	9.534	102.359	21.389	1.825
Net exposure as of December 31, 2021	(16.549)	(4.160)	(167.641)	(4.482)	(83.987)	(11.037)	852

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\$28,701 (ThUS\$7,928 as of December 31, 2020), 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.

<u>Currencies</u>	<u>Net (10% Devaluation)</u>				
	<u>Assets</u>	<u>Liabilities</u>	<u>Net</u>	<u>Variation</u>	<u>Variation</u>
	<u>ThUS\$</u>	<u>ThUS\$</u>	<u>ThUS\$</u>	<u>ThUS\$</u>	<u>ThUS\$</u>
Chilean Peso	30.005	46.554	(16.549)	(14.894)	1.655
Nuevo Sol	9.623	13.783	(4.160)	(3.744)	416
Euro	37.462	205.103	(167.641)	(150.877)	16.764
Mexican Peso	5.052	9.534	(4.482)	(4.034)	448
Yuan	18.372	102.359	(83.987)	(75.588)	8.399
Dirham	10.352	21.389	(11.037)	(9.933)	1.104
Others	2.677	1.825	852	767	(85)
Total as of December 31, 2021	113.543	400.547	(287.004)	(258.303)	28.701

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, 2021, the variable debt that Hortifrut maintained was ThUS\$527,526 (ThUS\$334,785 as of December 31, 2020), if it maintained this debt level for a one year term and today the rate increased 10%, the impact on the annual financial cost would be ThUS\$1,047 (ThUS\$894 as of December 31, 2020).

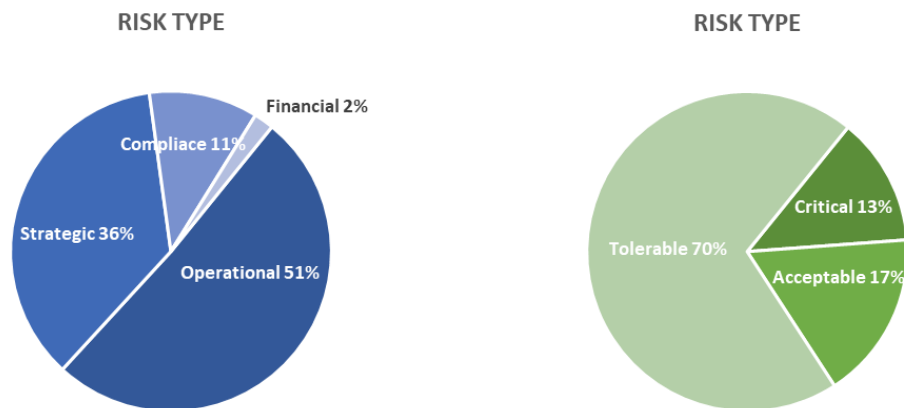
7.2. Operating Risks

Risk management forms part of Hortifrut's normal activities, from an analysis that considers the Company's internal and external context, the interaction with interest groups, analysis of operations and their continuity, to identify and mitigate the most relevant and significant risks.

At Hortifrut there is a quarterly follow up of the action plans associated to all the risk, and a monthly follow up of the action plans associated to critical risks, which is reported with the same regularity to the Board.

Hortifrut's Risk Matrix contains the risks which it faces, classified in 4 large groups: Strategic, Financial, Operational and Compliance. Also, each risk is classified as per its impact in case it is materialized and the probability of occurrence. Implemented controls and action plans in process for its mitigation are identified.

As stated beforehand, risks identified by Hortifrut are distributed in the following manner:



The main risks faced in 2021, were:

RISK	TYPE	DESCRIPTION	CONTROLS AND MITIGATION
Country Risk	Strategic	Financial, political, cultural or other macro-economic events that originate in the different countries where Hortifrut has subsidiaries, which could negatively impact the fulfillment of the business plan (e.g. decrease in investment, contraction of demand and unemployment, among others). Also changes in labor and tax legislation that affect the criteria considered when it was decided to invest in another country.	When Hortifrut enters a new country, it looks for local strategic partners to minimize introduction and adapting costs to local idiosyncrasies. During the process to search for local partners, a detailed investigation takes place, using market references, professional advisory and local lawyers. Once it has established in the country, an exhaustive work is done with the Human Resources area to integrate the new partners into the Company and permanently monitor, in a centralized manner, the performance of each of the overseas operations. Also, it counts with a geographic diversification of operations, but with a certain agricultural concentration in Peru, which it aims to reduce by focusing on the future growth in the genetics, distribution and sales business, and outside Latin America.
Lack of Manpower	Operational	Lack of harvesters at fields and temporary personnel that work at packings.	At Hortifrut there is the Temporary Human Resources Regional Management, which is in charge of hiring temporary personnel in Peru, Chile and Mexico. Strong communication campaigns take place to encourage the enrollment and hiring of said personnel and, during 2021, a digital inscription file was implemented to follow-up the candidates. Furthermore, we participate in work fairs in different areas and perform active recruitment in the communities near the operations. An incentives program was also implemented for the already hired personnel, in order to reduce rotation during the campaign.
Origin-destination logistics chain	Operational	Maritime/land logistics problems at a global level, which impacts the transfer of fruit from the country of origin to the destination markets.	Specifically, during the 2020/21 and 2021/22 seasons there have been problems in the shipping services to the United States and Asia as a consequence of the COVID-19 pandemic. To mitigate said risk, Hortifrut executes a diversification strategy in the transit services (by supplier and destination market) to arrive with the fruit to the market in the lowest time possible considering contingency.
Loss of competitiveness	Strategic	Loss of competitiveness in relevant markets as a result of more competitive actors, new products or genetic development of these, which could impede the increase in market interest expected by the Company.	In Blueberries, Raspberries and Blackberries, Hortifrut works to permanently produce state of the art genetics, focusing on quality, productivity, post-harvest life and market acceptance, among other factors, for fruit from all origins. On the other hand, geographic diversification and of different Berries species, with the objective of supplying customers the whole year with the complete Berries category is boosted. High levels of agricultural and operational costs efficiency is maintained. Debt ratios are monitored on a monthly basis to assure competitiveness in financing. We are constantly looking for good new customers, as well as developing new market segments (e.g.: <i>online</i> sales and value added products).

Food Safety	Compliance	Non-compliance of MRL (Maximum Residue Limit) of pesticides and/or use of non-allowed products.	Hortifrut counts with varied mitigation measures such as: (1) analysis of pesticides before beginning the commercial harvest, as per program at the start of the campaign; subsequently, a routine fortnightly analysis will take place to evaluate subsequent applications; (2) the Food Safety web platform available for customers will be used, which includes a record of the valid certifications and results of the analysis of several producers; (3) count with a restriction software, which allows to block producers in case of any non-compliance; (4) count with a Product Approval Corporate Protocol as per sanitary programs previously approved by the Food Safety area in relation with the corresponding record and other requirements; (5) before beginning the season, producers are given a list of phytosanitary products that are allowed for the destination countries and authorized at origin for their use, with the dose, objective plague, application method, and safety and harvest intervals.
Plagues or disease of the harvests	Operational	High cost or hard to control plagues or disease within the harvests, which could alter the development of the offered products, shorten the productive life and/or affect the quality and quantity of the harvested fruit.	All of Hortifrut's subsidiaries count with plague and disease monitoring systems to be able to detect and attend to the phytosanitary problems when they arise or when favorable conditions are present for their development. We currently count with phytosanitary programs developed for each field/harvest, based on the requirements, always aligned with the food safety compliance required by customers. These phytosanitary programs are approved by the Sanitation area and, also, count with the approval of the phytopathology and entomology advisors. With this, the sanitation of harvests is assured without having residuality and Food Safety problems. On the other hand, we count with a Global Sanitation Committee, which meets weekly and gathers all those responsible for sanitation at each operation and the global sanitation advisors; this Committee serves as a guide for the making of phytosanitary decisions and to share the experiences and practices that have worked at the different subsidiaries. Additionally, the Company performs quality control during the whole process, from the receipt of the fruit at the stockpiles to the receipt on behalf of the client at destination. Our operating standards are oriented to maintaining optimum quality during the whole export process and stock control is applied at destination to assure that the rotation of fruit allows to maintain the demanded quality. Last of all, there are salvaging programs at destination which allow to reduce the risk of arriving with deficient quality to the final customer, in case some of the previous controls fail.
Sell quality fruit under the standard agreed with customers	Compliance	Non-compliance of the quality standard agreed with the customer, as per the market or defined strategy.	Corporate Quality Management directly depends on Corporate General Management, thus reinforcing independence to make decisions in terms of quality. Count with quality corporate reports for the different subsidiaries, which are permanently monitored. In this report immediate tracing can take place of the evaluations of the inspected lots from origin to destination and vice versa, as well as the evolution of quality by producer, farm and variety.

<p>Climate change, natural disasters, accidents or pandemics</p>	<p>Operational</p>	<p>Natural disasters (e.g.: earthquakes and flash floods), unfavorable climate conditions (e.g.: strong gales) or unexpected events (e.g.: fires, floods or attacks) that damage the plantations and/or installations, affecting production.</p> <p>With the acquisition of Rocio Group's blueberries business in Peru, the Company's plantations in said country reach 42.2% of the total as of December 31, 2021.</p>	<p>The Company has plantations and operations at various geographic locations, that allow it to partially mitigate this risk.</p> <p>The various subsidiaries have developed different mitigation plans to overcome this risk. For example, in Peru firefighting systems and fire walls have been installed at the packings, dividing the processing room, the finished product chamber and security doors to isolate the storage of materials. There are also protection works for the water courses and the critical points are reinforced to protect plantations from the El Nino phenomenon.</p> <p>In Chile, Hortifrut has invested in frost control, shade mesh, hail protection and protection tunnels in case of climate factors. The climate threat and natural disaster areas are constantly evaluated, to propose preventive measures that grant production protection.</p> <p>In Mexico, a business insurance policy has been contracted to assure the assets in the fields, except plantations. To mitigate climate contingencies, different implementations have been performed, for example, drains, mesh and purchase of electrical energy plant, among others.</p>
<p>Water supply</p>	<p>Operational</p>	<p>To not count with the water necessary to water the plantations, due to droughts and/or underground aquifers that have dried up.</p>	<p>The different subsidiaries develop their strategy to follow up this risk and implement mitigation measures. For example, plantations in Peru count with reservoirs in different areas, which allow to assure water for an average 25 days, with a reserve of 2.5 million m3. In Mexico, reservoirs have also been built at the various fields. In Chile, dams are maintained to store water, which allows to irrigate for a reasonable time, and water is purchased from neighboring owners that count with duly accredited shares.</p> <p>Furthermore, in certain geographic areas, ground plantations are complemented with plantations in pots, which use up approximately 30% less water than ground plantations.</p>

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, 2021, and December 31, 2020, are the following:

<u>COUNTRY</u>	<u>TYPE OF INSURANCE</u>	<u>CURRENCY</u>	<u>31-Dec-21</u>	<u>CURRENCY</u>	<u>31-Dec-20</u>
			<u>COVERED AMOUNT</u>		<u>COVERED AMOUNT</u>
Chile	Infrastructure fire	UF	1.211.265	UF	1.595.352
Chile	Mobile Agricultural Equipment	UF	42.487	UF	47.732
Chile	Motor Vehicles	UF	27.477	UF	74.200
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	8.500.000	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	5.000.000	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, 2021, the expected margin of fruit on the Company’s bearer plants was recognized, for the amount of US\$3.04 million, which is presented in income statement under the item Other revenue per function.

The estimation of this same concept recorded as of December 31, 2020, was for the value of US\$0.65 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-Dec-21 (ThUS\$)	10% Reduction Volume (ThUS\$)	10% Reduction Price (ThUS\$)	10% Reduction Volume and Price (ThUS\$)
Hortifrut Perú S.A.C.	1.961	1.765	1.321	1.189
Honghe Jiayu Agriculture Ltd.	777	699	554	499
Atlantic Blue Berries Maroc S.A.R.L.	306	275	233	210
Total	3.044	2.739	2.108	1.898



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.