



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

As of September 30, 2021
(In thousands of United States dollars)

The current reasoned analysis has been prepared for the period ending September 30, 2021, compared with the financial statements as of December 31, 2020 and as of September 30, 2020.

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 three months of the seasons ("3M 21/22" and "3M 20/21").

1. HIGHLIGHTS OF THE PERIOD AND SUBSEQUENT FACTS

Subscription of binding agreement for the purchase of 100% of Atlantic Blue, S.L.

Dated September 30, 2021, Hortifrut agreed the purchase of 100% of Atlantic Blue S.L., which has interest in genetic development, processing, production and commercialization of berries through its operations in Spain, Morocco and Peru.

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 the Euroberry 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) EUR72.3 million payable on closing, estimated for November 30, 2021, and iii) the balance in 10 equal annual installments from the closing, subject to an annual interest rate of between 1% and 4% depending on the consumer price index of Spain (0.5% + inflation).

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 Sep21, 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 (9 months)		SEASON (3 months)	
	Jan21 - Sep21	Jan20 - Sep20	Jul21 - Sep21	Jul20 - Sep20
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
EBITDA DETERMINING				
Income from operating activities	542,318	385,080	145,640	125,777
Other income, per function	22,369	26,408	19,109	20,151
Total Income	564,687	411,488	164,749	145,928
Cost of sales	(422,669)	(294,551)	(111,177)	(81,298)
Administration expenses	(46,889)	(37,206)	(15,310)	(12,584)
Other expenses, per function *	(5,038)	(4,522)	(1,607)	(1,688)
Total Costs and Expenses	(474,596)	(336,279)	(128,094)	(95,570)
Operating Result	90,091	75,209	36,655	50,358
Depreciation and amortization	43,996	41,174	21,846	20,351
EBITDA	134,087	116,383	58,501	70,709
EBITDA without Fair Value	120,497	95,535	45,099	50,602

* Excludes impairment of the value of assets

Accumulated analysis as of September 2021

The EBITDA as of Sep21 reached US\$134.09 million, which represents a 15.21% increase compared with the US\$116.38 million recorded as of Sep20. 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 6.07% increase in the average sale price of the Fresh Fruit segment, 2) the strength of its genetics programs and maturing of the fields planted during recent years, which has contributed to an increase in commercialized volume of 54.57%, mainly blueberries from Mexico and China, and raspberries from Mexico, which have mostly been planted with Hortifrut genetics (own and licensed), 3) increase in volume of value added products due to merger of this segment, and 4) the innovation and application of production and operation technologies, generating sales cost per kilo efficiencies and improvements in the quality of the fruit. These positive effects are offset by the lower fair value of fruit adjustment (-US\$8.01 million), and a late production curve in Peru.

Accumulated EBITDA as of Sep21 without fair value of fruit effect reached US\$120.50 million, which represents a 26.13% increase, compared with US\$95.54 million obtained in the same period of 2020. The main aforementioned effects were partially offset by a later start-up of the season in Peru compared to 2020, due to colder weather at the start of the Peruvian campaign.

As of Sep21, profit attributable to the parent company shareholders was recorded for US\$28.67 million, representing a US\$9.63 million decrease in relation to the US\$38.30 million profit recorded as of Sep20. This is the result of the impairment of assets realized during the first half of 2021 (US\$15.15 million), the lower adjustment to fair value of fruit recognized during this period (-US\$8.01 million), and the negative exchange rate difference (US\$3.47 million). In this period write-offs of plantations in Chile associated to the replanting program with new varieties were recognized, which should increase productivity and profitability in these fields in the future, and in the United States due to the stripping of hectares that were not profitable. This was offset by the aforementioned relevant increase in volumes and prices, and by the decrease in net financial cost (-US\$5.36 million).

Analysis of the July 2021 – September 2021 season

Also, the EBITDA during 3M S21/22 reached US\$58.50 million, decreasing 17.27% compared to the US\$70.71 million EBITDA recorded in the same period of S20/21. The EBITDA mainly decreased due to a later harvest curve in Peru, associated to climatic factors, the lower fair value of fruit on bearer plants adjustment, and due to the increase in Administrative Expenses associated to the growth of operations in Mexico and China. This was offset by the increase in results because of the higher volumes of raspberries in Mexico due to the maturing of plantations and increase in the Value Added Products segment thanks to the merger realized during 2020 in the frozen food business (Vitafoods). Additionally, there is a 3.98% increase in the average price of the fruit mix, which allowed for income from operating activities of the 3M S21/22 to reach US\$145.64 million, which represents a 15.79% increase in relation to 3M S20/21, all thanks to the excellence of its commercial platforms that provide customer services with new and diverse product formats.

Accumulated EBITDA without the fruit fair value effect during 3M S21/22 reached US\$45.10 million, which represents a 10.88% decrease, compared with the US\$50.60 million obtained in the same period of 2020 due to the lower volume in Peru caused by the later start up in the season. It is important to consider that these volumes should recover during the next months of the season.

Profit attributable to the parent company shareholders reached US\$17.39 million in 3M S21/22, which represents a decrease of US\$18.41 million compared to the same period of 2020 due to: 1) the delay in the production curve in Peru, 2) the lower fruit fair value adjustment (-US\$8.01mn), 3) the increase in gains tax expense (+US\$2.10 million) mainly due to an impact in deferred taxes associated to the depreciation of the Peruvian nuevo sol and Chilean peso compared to the United States dollar, 4) the increase in Administrative Expenses (+US\$2.73 million) due to the Company's new operations, and 5) decrease in Other gains (-US\$2.43 million). The increase in volumes of the Added Value segment did not offset the impact in results due to the decrease in volume in Peru because the margins of this segment are lower than Fresh Fruit in Peru. Furthermore, during this period the Company had a positive exchange rate fluctuation (+US\$2.53 million), a decrease in net financial costs (-US\$0.87 million) and an increase in interest in profit of associated (+US\$0.59 million).

Net financial debt determining	30-Sep-21	31-Dec-20
Items	ThUS\$	ThUS\$
Other current financial liabilities	192,786	111,226
Current lease liabilities*	5,836	8,408
Other non-current financial liabilities	377,420	378,636
Non-current lease liabilities*	74,399	62,972
Total financial liability	650,441	561,242
Minus:		
Cash and cash equivalents	108,510	101,637
Total net financial debt	541,931	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\$541.93 million as of September 30, 2021, which is mainly explained by the increase in PAE credits associated to working capital financing, and by the financing of investments in China. Furthermore, there is an increase in financial debt due to the increase of Cross Currency Swap Mark



to Market of bonds which meant the constitution of collateral recorded in Other financial assets (US\$4.32 million). These effects were partly offset by the higher available cash balance (+US\$6.87 million). As of September 2021, the liability associated to the operating lease contracts that the Company has reach US\$76.96 million, which is compared with US\$65.76 million as of December 2020.

3. ANALYSIS OF INCOME STATEMENT

During the 9 months ending September 30, 2021, gains attributable to parent company shareholders were recorded for US\$28.67 million, representing a US\$9.63 million decrease in relation to US\$38.30 million profits in the same period of 2020.

The decrease in profit attributable to the parent company shareholders compared to Sep20 are mainly due to the write-off of plantations mainly recognized in Chile and the United States (US\$15.30 million); in Chile it was realized with the objective of performing a varietal turnover plan, which should increase productivity and profitability of the replanted fields in the medium term, while in the United States hectares that were not profitable were stripped. To this we must add the lower fruit fair value adjustment, the delay in Peru's production curve, and the increase in Administrative Expenses associated to the consolidation of new operations at Vitafoods and the increase in operations in China and Mexico. The aforementioned was offset by: 1) the execution of its commercial strategy through Hortifrut's platforms at destination markets, allowing to record a 6.07% increase in the average sale price of the Fresh Fruit segment, 2) the strength of its genetics programs and maturity of the fields planted during recent years, which have contributed to the 54.57% increase in commercialized volume, mainly blueberries from Mexico and China, and raspberries from Mexico, which have mostly been planted with Hortifrut genetics (own and licensed), 3) increase in volume of Value Added Products due to the merger of this segment, 4) innovation and application of production and operation technologies, generating sale cost efficiencies per kilo and improving the quality of the fruit, and 5) a decrease in net financial costs of US\$5.36 million.

EBITDA as of Sep21 reached US\$134.09 million, which represented a 15.21% increase compared to the US\$116.38 million recorded as of Sep20. The higher EBITDA is mainly due to the aforementioned operational factors.

a) **Main Components of Income**

Income from operating activities reached US\$542.32 million as of Sep21, representing a 40.83% increase compared to Sep20. This increase is mainly due to the 54.57% increase in sales volume and the 6.07% increase in the average price per kilo of the Fresh Fruit mix due to the aforementioned factors, with which the average price passed from 8.21 US\$/Kg to 8.71 US\$/Kg (average as of Sep20 and Sep21, respectively).

Income from operating activities of the 3M S21/22 increased 15.79% (+US\$19.86 million) in relation to the same period of the previous season, reaching US\$145.64 million, explained by the 38.45% increase in distributed volume to 19,547 tons and the 3.98% increase in average price per kilo of Fresh Fruit.

	Sep21	Sep20	Variation	Jul21 - Sep21	Jul20 - Sep20	Variation
	ThUS\$	ThUS\$	%	ThUS\$	ThUS\$	%
Total Operating Income						
Income from operating activities	542,318	385,080	40.83%	145,640	125,777	15.79%
Other income, per function	22,369	26,408	-15.29%	19,109	20,151	-5.17%
Total Operating Income	564,687	411,488	37.23%	164,749	145,928	12.90%

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

	Sep21	Sep20	Variation	Jul21 - Sep21	Jul20 - Sep20	Variation
	ThUS\$	ThUS\$	%	ThUS\$	ThUS\$	%
Income per Segment						
Fresh Fruit	475,147	383,187	24.00%	133,579	136,095	-1.85%
Blueberries	404,010	348,275	16.00%	116,014	126,576	-8.34%
Raspberries	54,912	23,981	128.98%	15,085	8,208	83.78%
Blackberries	6,925	5,075	36.45%	1,234	722	70.91%
Strawberries	2,822	1,760	60.34%	1,246	589	111.54%
Cherries	6,478	4,096	58.15%	-	-	0.00%
Value Added Products	89,540	28,301	216.38%	31,170	9,833	216.99%
Value Added Products	89,540	28,301	216.38%	31,170	9,833	216.99%
Total Operating Income	564,687	411,488	37.23%	164,749	145,928	12.90%

In blueberry sales, as of Sep21 a 16.00% increase was observed compared with the previous period, explained by a 10.74% increase in commercialized volume, and by the increase in average price per kilo of 4.67%, passing from 8.32 US\$/kg in 2020 to 8.71 US\$/kg in 2021.

Raspberries experienced an increase in sales income of 128.98%, due to the higher commercialized volume (+109.28%), mainly because of new 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 2,545 tons as of Sep20 to 5,325 tons as of Sep21. Despite the important increase in volume, the average price per kilo increased 9.41% compared to the previous year.

The blackberries segment recorded a 36.45% increase in income compared to Sep20, explained by the increase in average price which was offset by a 17.47% decrease in commercialized volumes, mainly due to lower availability of quality fruit in Mexico.

Strawberries experienced a 60.34% increase in sales as of Sep21 in relation to the same period the previous year, variation that is mainly explained by the increase in average price per kilo and by the 14.27% increase in distributed volume, mainly associated to the good productive performance of fields in Chile.

Cherries recorded an increase in sales income of 58.15% compared to Sep20. This increase in income is due to an increase in commercialized volumes which passed from 736 tons as of Sep20 to 1,533 tons as of Sep21 (+108.48%), which was offset by a decrease in average price per kilo of 24.15%. 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, news that had a strong presence in social networks and media.

Value added products recorded an increase in sales income of 216.38% compared to income recorded in the same period of 2020. This variation is explained by a 203.55% 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 4.23% for this segment.

b) Main Components of Costs and Expenses

Costs and Expenses	Sep21 ThUS\$	Sep20 ThUS\$	Variation %	Jul21 - Sep21 ThUS\$	Jul20 - Sep20 ThUS\$	Variation %
Cost of sales	(422,669)	(294,551)	43.50%	(111,177)	(81,298)	36.75%
Administration expenses	(46,889)	(37,206)	26.03%	(15,310)	(12,584)	21.66%
Other expenses, per function, excluding impairment of value of assets	(5,038)	(4,522)	11.41%	(1,607)	(1,688)	-4.80%
Other operating costs and expenses	(51,927)	(41,728)	24.44%	(16,917)	(14,272)	18.53%
Impairment of value of assets	(15,296)	(1,384)	1005.20%	(149)	(507)	-70.61%
Total Costs and Expenses	(489,892)	(337,663)	45.08%	(128,243)	(96,077)	33.48%

Main Components of Sales Costs

Sales costs as of Sep21 reached US\$422.67 million, presenting a 43.50% increase compared to the US\$294.55 million recorded as of Sep20. Higher costs are mainly explained by the higher commercialized volume as of Sep21 (+54.57%). Sales costs represented 77.94% of income from operating activities as of Sep21, while as of Sep20 it reached 76.49%, which reflects a slight decrease in the gross margin of 1.45 percent, mainly due to the delay in the production curve in Peru and the growth of the Value Added Products segment which has lower margins.

Sales costs of the 3M S21/22 reached US\$111.18 million, increasing 36.75% (+US\$29.88 million) compared to 3M S20/21. The increase is mainly explained by the higher commercialized volume of the Value Added Products segment and due to higher depreciation, which was offset by the 13.24% decrease in volumes of fresh blueberries due to the aforementioned delay in the production curve in Peru. As a result of the aforementioned, this first quarter of the 21/22 season, the gross margin decreased because the volumes of the Value Added Products segment have lower percentage margins than fresh blueberries.

Main Components of Administrative Expenses

Administrative expenses decreased in relative terms from 9.04% of income as of Sep20, to 8.30% as of Sep21, due to the maturity of investments realized in recent years. Administrative Expenses as of Sep21 reached US\$46.89 million, representing a 26.03% increase compared to Sep20. Higher expenses are due to the growth impact of operations in China and Mexico, and to the accounting recognition of consolidated expenses of Vitafoods and its subsidiaries, and to the payment of the season bonus associated to the fulfillment of the Company's objectives.

Main Components of Other Expenses, per function

Other expenses, per function, increased US\$14.43 million, reaching US\$20.33 million as of Sep21 mainly due to the write-off of bearer plants in Chile and the United States. In the case of Chile, 128 hectares were stripped within the plan of this varietal turnover, whose objective is to substitute old varieties with 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 labor costs in that country.

c) Other Components of Income Statement

Other Income (expenses)	Sep21	Sep20	Variation	Jul21 - Sep21	Jul20 - Sep20	Variation
	ThUS\$	ThUS\$	%	ThUS\$	ThUS\$	%
Other profit (loss)	(847)	1,063	-179.68%	(1,030)	1,397	-173.73%
Financial income	736	980	-24.90%	74	362	-79.56%
Financial expenses	(11,656)	(17,258)	-32.46%	(4,863)	(6,023)	-19.26%
Interest in profit (loss) of associated companies	111	(990)	-111.21%	32	(558)	-105.73%
Exchange rate fluctuations	(3,473)	62	-5701.61%	1,276	(1,256)	-201.59%
Other Income (expenses)	(15,129)	(16,143)	-6.28%	(4,511)	(6,078)	-25.78%

The other components of the income statement decreased from a loss of US\$16.14 million as of Sep20, to a US\$15.13 million loss as of Sep21 (-US\$1.01 million).

The main items that explain this variation are the following:

- A US\$5.36 million decrease in net financial expenses, reaching US\$10.92 million as of Sep21. This variation is mainly explained by the improved financing conditions as a result of lower rates and the lifting 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\$0.11 million profit as of Sep21, which is compared with a US\$0.99 million loss in the same period the previous year, mainly due to better performance of the associated Hortifrut Berries Maroc (raspberries in Morocco).
- As of Sep21 a loss due to exchange rate difference was recorded for US\$3.47 million, compared with the US\$0.06 million profit in the same period of 2020. As of Sep21 the Chilean peso, Peruvian nuevo sol and Mexican peso depreciated against the United States dollar, while the Euro appreciated against the United States dollar.

d) Gains tax expense

Gains tax expense reached US\$13.37 million as of Sep21, while it was US\$10.97 million as of Sep20. Tax expense in the period is mainly itemized by current tax expense of -US\$13.15 million (-US\$8.27 million as of Sep20), deferred tax profit of +US\$1.08 million (-US\$2.71 million as of Sep20), and other adjustments for -US\$1.30 million (+US\$0.02 million as of Sep20).

e) Other Result Indicators

Activity Indicators:

Indicator	Unit	Sep21	Sep20
Activity			
Rotation of Assets	times	0.37	0.30
<i>Operating revenue / Total average assets of the period</i>			
Rotation of Inventory	times	4.68	5.45
<i>Cost of sales / Average inventory</i>			
Permanence of inventory (days)	days	58	50
<i>Inventory / Annual cost of sale (360 day base)</i>			

The rotation of assets between the periods ending September 30, 2021 and 2020, increased because income grows in greater proportion than average total assets in the same period (income growth +37.23% vs. average total asset growth +11.98%).

Likewise, the rotation ratio of inventories decreased because of the increase in the inventory of frozen products due to the merger of this segment between Hortifrut and Alifrut, partially offset by an increase in sales costs. Average inventories increased from US\$54.08 million as of Sep20 to US\$90.23 million as of Sep21 (+66.85%), while sales costs passed from US\$294.55 million as of Sep20 to US\$422.67 million as of Sep21 (+43.50%).

4. COMPARATIVE ANALYSIS OF MAIN TENDENCIES

The evolution of the main financial indicators are the following:

Indicator	Unit	30-Sep-21	31-Dec-20	Variations %
Current Liquidity	times	1.55	1.53	1.65%
<i>Current Asset / Current Liability</i>				
Acid Ratio	times	0.97	1.09	-11.72%
<i>Current assets (-) Other non-financial assets, inventories and current biological assets / Current liability</i>				
Debt Ratio	times	1.32	1.26	5.17%
<i>Total liabilities / Equity attributable to Parent Company</i>				
Short term debt		33.50%	30.60%	9.50%
<i>Total current liabilities / Total liabilities</i>				
Long term debt		66.50%	69.40%	-4.19%
<i>Total non-current liabilities / Total liabilities</i>				
Book value of the share (US\$)	Dollars per share	1.1133	1.0880	2.33%
<i>Equity attributable to parent company / N° shares</i>				

- Current liquidity was 1.55 times as of Sep21, which represents a slight increase in relation to Dec20. The acid ratio reached 0.97 times experiencing a decrease of 11.72% in relation with the period ending December 31, 2020. Current liabilities increased US\$43.14 million mainly due to the increase in Other Financial Liabilities, current (+US\$81.56 million) because of financing of working capital due to the seasonality of the business and debt taken to pay a first portion of the purchase of Atlantic Blue's operations announced by the Company in October 2021. This was offset by the decrease in Commercial Accounts and Other Accounts Payable (-US\$35.63 million) that are also affected by the

seasonality of the business and by the payment of dividend provisioned as of Dec20 (US\$27.31 million).

- The debt ratio increased slightly compared to December 31, 2020, explained by an increase in total liabilities of US\$60.19 million as a result of the increase in aforementioned Other current Financial Liabilities, and higher Lease Liabilities (+US\$8.86 million). This was offset by the decrease in Accounts payable and an increase in Equity attributable to the parent company (+US\$14.61 million) due to profit attributable to the parent company of the period (+US\$28.67 million), because of a positive operating result during the current period.
- The percentage of current liabilities as of Sep21 was 33.50% 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 Sep21 was 66.50% compared to total liabilities, higher than the 69.40% as of December 31, 2020.
- The book value of the share increased 2.33%, passing from 1.0880 US\$/share in December 2020 to 1.1133 US\$/share as of September 2021, associated to the 2.33% increase in parent company equity.

Indicator	Unit	Sep21	Sep20	Variations %
Financial expense coverage <i>(Before tax profit+Financial costs)/Financial costs</i>	times	6.12	4.34	40.91%
Profitability of parent company equity <i>Parent company gains/Parent company equity</i>		4.46%	6.09%	-26.78%
Profitability of equity <i>Profit of the period/Total equity</i>		6.09%	6.45%	-5.58%

- The increase in the financial expense hedging index as of Sep21 in relation to the same period in 2020 is due to lower financial expenses, which passed from US\$17.26 million as of Sep20 to US\$11.66 million as of Sep21, which is added to the increase in before tax result of US\$1.98 million.
- The profitability of parent company equity shows a decrease due to lower profit attributable to the parent company shareholders in relation to September 2020 (-US\$9.64 million), which is added to the increase in parent company Equity (+US\$13.89 million) compared to Sep20.
- Also, lower profitability of equity is attributed to the increase in total equity, mainly associated to profit obtained in 2021. In the meantime, profit of the period as of Sep21 remains in line with the result of the previous year.

5. ANALYSIS OF STATEMENT OF FINANCIAL POSITION

Main items of the consolidated Statement of Financial Position

Statement of Financial Position	30-Sep-21	31-Dec-20	Variation	
	ThUS\$	ThUS\$	ThUS\$	%
Total current assets	442,384	369,339	73,045	19.78%
Total non-current assets	1,169,232	1,148,761	20,471	1.78%
Total assets	1,611,616	1,518,100	93,516	6.16%
Total current liabilities	285,056	241,914	43,142	17.83%
Total non-current liabilities	565,770	548,725	17,045	3.11%
Total liabilities	850,826	790,639	60,187	7.61%
Equity attributable to parent company equity holders	642,746	628,135	14,611	2.33%
Non-controlling interest	118,044	99,326	18,718	18.85%
Total equity	760,790	727,461	33,329	4.58%

As of September 30, 2021, total assets increased US\$93.52 million (+6.16%) in relation to those existing as of December 31, 2020, as a result of the increase in current assets for US\$73.05 million (+19.78%) mainly due to an increase in: 1) Biological Assets, current (+US\$22.01 million) for the fair value of fruit on bearer plants adjustment, 2) Inventories (+US\$29.25 million) due to the incorporation of Vitafoods, and 3) Trade debtors and other accounts receivable (+US\$17.02 million).

In the meantime, non-current assets increased US\$20.47 million (+1.78%) due to the increase in Deferred tax assets (+US\$12.05 million), Right of use assets (+US\$11.18 million) associated to new lease contracts, and Investments recorded using the equity method (+US\$4.47 million), which was partially offset by the decrease in Property, plant and equipment (-US\$6.15 million) as a result of the depreciation of assets and write-off due to the stripping of bearer plants.

Current liabilities increased US\$43.14 million (+17.83%), reaching US\$285.06 million as of Sep21. Higher current liabilities are mainly associated to the increase in financial liabilities due to financing of working capital at the start of the season of the Company's operations in Peru and the obtained debt to pay a first instalment for the purchase of Atlantic Blue. This was offset by the decrease in commercial accounts and other current accounts payable (-US\$35.63 million) due to the liquidation of pending payments for the 2020/2021 season, corresponding to the seasonality of the business.

Also, non-current liabilities increased US\$17.05 million (+3.11%), mainly due to the increase in non-current lease liabilities (+US\$11.43 million) and deferred tax liabilities (+US\$8.14 million).

The Company's total equity increased US\$33.33 million compared to December 31, 2020, reaching US\$760.79 million (+4.58%). Total equity increased, mostly, due to the result of the current period.

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

Main sources and uses of funds in the period (US\$ million)	January-September 2021	January-September 2020	Notes
Charges from the sale of goods and providing of services	539	419	Increase in sales is due to maturity of investments in Mexico and China, and the merger in the Value Added Segment (Vitafoods).
Payment to suppliers for supplying of goods and services	(359)	(242)	Increase in payment to suppliers is due to maturity of investment in Mexico and China, and the merger in the value added segment (Vitafoods).
Payment for and on behalf of employees	(123)	(80)	Increase because of consolidation of new businesses
Net interests	(11)	(16)	Reduction is due to better financial conditions
Taxes	(14)	(12)	Increase in tax payment is due to higher earnings during prior fiscal year
Others	4	3	
(1) Total Cash Flow for Operating Activities	35	71	
Sale and purchase of property, plant and equipment	(52)	(93)	
Other investment activities (sum of all the rest)	(5)	19	
(2) Total Cash Flow for Investment Activities	(57)	(73)	
Income from financing	247	342	Reduction in working capital needs due to higher sales during S20/21
Payment of loans and financial leasings	(191)	(285)	
Income from the issuance of shares	0	0	
Paid dividends and other investment flows	(27)	(18)	Increase in dividend is due to higher distributed earnings in 2020 compared to 2019
(3) Total Cash Flow for Financing Activities	29	39	
Net Increase of Cash and Cash Equivalents (1) + (2) + (3)	7	37	
Effect of exchange rate fluctuation	(0)	(0)	
Cash and Cash Equivalent at the start of the period	102	42	
Cash and Cash Equivalent at the End of the Period	109	79	



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 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.

As a means to mitigate this risk, the Company has contracted credit insurances 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 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 September 30, 2021 reach the amount of US\$287.81 million (US\$233.66 million as of December 31, 2020) distributed among 17 banks. The used amount reaches US\$137.35 million, with an available balance of US\$150.46 million. Credit lines are distributed among the following companies: Hortifrut Chile S.A. with US\$271.00 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\$7.46 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 September 30, 2021, based on undiscounted contractual flows:

	Cash Flows							Total ThUS\$
	Capital	Interests	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\$	
Creditor Bank								
Banco de Crédito e Inversiones	59,618	591	19,515	6,865	25,379	17,910	69,669	
Banco RaboFinance Chile	48,069	276	3,233	7,105	40,864	782	51,984	
Banco Estado	43,227	196	16,785	3,879	24,411	-	45,075	
Banco Santander Chile	45,497	104	15,192	1,640	31,747	-	48,579	
Banco Industrial and Commercial Bank of China Limite	29,876	97	-	983	31,726	-	32,709	
Postal Savings Bank of China	29,058	36	-	3,743	29,053	-	32,796	
Banco de Chile	36,785	172	12,019	5,378	21,137	-	38,534	
Communications Bank Yunnan Branch	21,587	30	-	8,794	14,604	-	23,398	
Coöperatieve Rabobank U.A.	20,000	259	396	2,225	16,089	4,181	22,891	
Banco Latinoamericano de Comercio Exterior, S.A.	17,946	45	5,005	426	13,748	-	19,179	
Banco China Construction Bank Corp.	15,000	4	15,019	-	-	-	15,019	
Metropolitan Life Insurance Company	9,459	13	138	323	1,867	11,339	13,667	
Banco Scotiabank	35,189	8	34,728	342	142	-	35,212	
Banco Bilbao Vizcaya Argentaria	6,435	15	374	2,570	3,663	-	6,607	
Banco de Occidente S.A.	7,967	26	-	262	8,460	-	8,722	
Banco Santander Central Hispano S.A.	6,254	-	764	1,478	4,316	-	6,558	
Banco ITAU	20,003	6	20,013	3	-	-	20,016	
La Caixa	1,105	3	370	741	-	-	1,111	
Banco Sabadell	589	-	148	444	-	-	592	
Bankinter	444	-	222	223	-	-	445	
Banco Santander de Negocios Colombia S.A	352	-	-	364	-	-	364	
Banco BBVA Perú SA.	6,677	2	47	6,608	49	-	6,704	
Banco Interamericano de Finanzas S.A.	4,000	1	7	4,002	-	-	4,009	
GC Rent Chile SpA.	135	-	16	56	70	-	142	
Banco Internacional del Perú S.A.	136	-	16	78	46	-	140	
Banco Consorcio	5	-	5	-	-	-	5	
Credicorp Capital	391	-	118	250	23	-	391	
Banco de Crédito del Perú	11,972	2	8,025	4,002	-	-	12,027	
Banco Internacional	71	-	49	8	14	-	71	
Total as of September 30, 2021	477,847	1,886	152,204	62,792	267,408	34,212	516,616	

Below is a summary of the maturities of total financial liabilities as of September 30, 2021:

Detail	Cash Flows						
	Capital	Fair Value	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\$
Bank loans	474,629	476,460	151,887	61,383	265,759	34,212	513,241
Bonds - obligations with the public	93,130	93,746	1,266	2,993	104,833	-	109,092
Leasing Liabilities	3,218	3,273	317	1,409	1,649	-	3,375
Operating Lease Liabilities	74,019	76,962	601	5,166	14,778	29,702	50,247
Trade accounts and other accounts payable	79,642	79,642	68,391	4,745	6,506	-	79,642
Accounts payable to related companies	12,246	12,246	-	2,482	9,764	-	12,246

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 September 30, 2021:

As of September 30, 2021	<u>Chilean</u>	<u>Nuevo Sol</u>	<u>Euro</u>	<u>Mexican Pesos</u>	<u>Yuan</u>	<u>Others</u>
	<u>Pesos</u>	<u>Nuevo Sol</u>	<u>Euro</u>	<u>Mexican Pesos</u>	<u>Yuan</u>	<u>Others</u>
	<u>ThUS\$</u>	<u>ThUS\$</u>	<u>ThUS\$</u>	<u>ThUS\$</u>	<u>ThUS\$</u>	<u>ThUS\$</u>
Financial Assets						
Cash and Cash Equivalents	1,733	4,040	30,731	1,025	25,763	1,488
Current trade debtors and other accounts receivable	11,680	8,329	23,067	9,914	6,340	980
Current accounts receivable with related entities	-	-	3,256	-	-	-
Non-current accounts receivable with related entities	-	-	4,462	-	-	-
Total Financial Assets	13,413	12,369	61,516	10,939	32,103	2,468
Financial Liabilities						
Other current financial liabilities	122	-	5,755	-	10,196	352
Current lease liabilities	312	-	495	322	670	83
Current trade accounts and other accounts payable	9,982	13,000	3,204	3,429	3,570	647
Current accounts payable to related entities	62	150	578	-	-	-
Other current provisions	291	1,757	51	-	-	-
Current provisions for employee benefits	1,305	2,151	-	1,452	-	216
Other non-current financial liabilities	4	-	4,117	-	40,515	-
Non-current lease liabilities	1,699	-	1,135	1,510	50,777	428
Non-current accounts payable to related entities	7,433	-	2,080	-	-	-
Total Financial Liabilities	21,210	17,058	17,415	6,713	105,728	1,726
Net exposure as of September 30, 2021	(7,797)	(4,689)	44,101	4,226	(73,625)	742

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\$3,704 (ThUS\$7,924 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>Assets</u>	<u>Liabilities</u>	<u>Net</u>	<u>Net (10% Devaluation)</u>	<u>Variation</u>
	<u>ThUS\$</u>	<u>ThUS\$</u>	<u>ThUS\$</u>	<u>ThUS\$</u>	<u>ThUS\$</u>
Chilean Peso	13,413	21,210	(7,797)	(7,017)	780
Nuevo Sol	12,369	17,058	(4,689)	(4,220)	469
Euro	61,516	17,415	44,101	39,691	(4,410)
Mexican Peso	10,939	6,713	4,226	3,803	(423)
Yuan	32,103	105,728	(73,625)	(66,263)	7,362
Others	2,468	1,726	742	668	(74)
Total as of September 30, 2021	132,808	169,850	(37,042)	(33,338)	3,704

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 working 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 September 30, 2021, the variable debt that Hortifrut maintained was US\$379.89 million (US\$334.79 million 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 US\$0.92 million (US\$0.89 million as of December 31, 2020).

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 natural disasters, unexpected events (fires, criminal attacks) or 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 global organizations. In the case of pandemics, due to the imminent possibility of contagion, frequent emergency committees are held, where action plans are adjusted, and a constant monitoring of its 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 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 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 47.0% of the total plantations as of September 30, 2021, 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 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 has implemented initiatives that create loyalty with the temporary collaborators and has developed 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. Due to the high demand of shipping services, which affect availability of ships and transit times, Hortifrut looks for diversification alternatives.

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 September 30, 2021 and December 31, 2020 are the following:

<u>COUNTRY</u>	<u>TYPE OF INSURANCE</u>	<u>CURRENCY</u>	<u>30-Sep-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 September 30, 2021, the expected margin of fruit on the Company’s bearer plants was recognized, for the amount of US\$14.24 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 09-30-21 (ThUS\$)	10% Reduction Volume (ThUS\$)	10% Reduction Price (ThUS\$)	10% Reduction Volume and Price (ThUS\$)
Hortifrut Perú S.A.C.	12,118	10,906	8,318	7,487
HFE Berries Perú S.A.C.	2,121	1,909	1,263	1,137
Total	14,239	12,815	9,581	8,624

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.