



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

As of December 31, 2022
(In thousands of United States dollars)

The current reasoned analysis has been prepared for the period ending December 31, 2022, compared with the financial statements as of December 31, 2021 (Dec22 and Dec21, 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 six-month comparison of the 22/23 and 21/22 seasons ("6M S22/23" and "6M S21/22", respectively).

1. HIGHLIGHTS OF THE PERIOD AND SUBSEQUENT FACTS

Extraordinary Shareholders' Meeting

Dated February 03, 2023, the Company held an Extraordinary Shareholders' Meeting, where the following matters were agreed:

1) Increase the number of shares that the Company's capital is divided into and create a new series of shares, without increasing capital. It was agreed to increase the number of shares by which capital will be divided from 577,323,671 to 57,732,367,100,000, without increasing corporate capital, which will be distributed among two series of shares, denominated Series A and Series B. Series A will be made up of 577,323,671 shares and Series B will be made up of 57,731,789,776,329 shares. New Series A shares will have the same economic rights as the Company's current shares, but will have a limited right to vote, in the sense that they will only be considered in the voting for the election of the Company's Board, without a right to vote in relation to all other matters. Also, new Series B shares, which even though they will also have full economic rights, they will have a limited right to vote, in the sense that they won't be considered in the voting for the Company's Board election, maintaining full right to vote in relation to all other matters. The preference of Series A and Series B shares will have a duration of 5 years counted from the date of the Meeting, extendable upon agreement by the Extraordinary Shareholders' Meeting.

In virtue of the aforementioned, a swap relationship was also agreed between the current shares and the new shares, in virtue of which for each share that a shareholder owns, they will have the right to receive 1 new Series A share, and 99,999 new Series B shares. Considering the swap and the rights of the new share series, no shareholder will be in a deteriorated condition compared to their current situation, both in political and economic rights. Their participation in the Company will simply be distributed among a higher number of shares.

The implementing of these agreements will be subject to the suspensive condition that 14602889 Canada Inc., together with the other entity that the latter indicates, publishes the result notification of the public offer launched by these for 100% of the Company's shares ("Tender Offer") declaring it successful, as per its terms.

2) Controller's purchase right. It was agreed to incorporate the right to purchase of the Controller as per the terms of article 71 bis of law 18.046 regarding Corporations.



3) Naming of alternate directors. It was agreed to establish that the shareholders must name an alternate for each Board member.

4) Modification of the Company's Statutes and Revised Statutes. It was agreed to replace the Fifth Article of the corporate statutes that establish the number of shares that capital is divided into and the series of shares and their privileges, to consign that corporate capital will be divided into 57,732,367,100,000 nominative and without nominal value shares, that will be distributed in two series of shares, respectively denominated Series A and Series B.

It was also agreed to insert a new Thirty Second article in the corporate statutes, in order to establish the controller's right to purchase as per the terms of article 71 bis of law 18.046 regarding corporations.

Likewise, it was agreed to grant and approve a refunded text of the Company's corporate statutes that incorporate the aforementioned modifications, as well as others that may be agreed at the Meeting.

The implementing of these agreements will be subject to the consistent suspensive condition that 14602889 Canada Inc., together with another entity indicated by the latter, publishes the notification of the result of the public offer launched by them for 100% of the Company's shares (the "Tender offer") declaring it successful, as per its terms.

5) Board Authorization. It was agreed to widely empower the Board to issue the corresponding shares as a result of the previous agreements, to perform the share swap and proceed with the other steps and formalities that correspond to execute the proposed agreements, before the Commission for the Financial Market, the Santiago Stock Exchange and any other pertinent authority.

6) Information regarding operations with related parties. The shareholders were informed regarding the agreements related with Other Operations with Related Parties referred to in Title XVI of Law N°18.046 regarding Corporations, held during the period that passed from Hortifrut S.A.'s last shareholders meeting, with indications from the directors that had approved.

Public Offer for Purchase ("Tender Offer") of Shares on behalf of PSP Investments

Dated December 16, 2023, Hortifrut's controlling group (the "Controlling Group"), owner of 53.82% of the share capital, informed the Company that it subscribed an *Investment Agreement* contract with 14602889 Canada Inc., an affiliate company of the Canadian pension fund administrator Public Sector Pension Investment Board ("PSP Investments"), where PSP Investments is obliged to launch, directly or through an affiliate company, a public offer for the purchase of shares ("Tender Offer"), under the following terms:

- **Price:** US\$1.63 (uno point sixty-three United States of America dollars) per share.
- **Success condition:** usual for this type of transactions, including the receipt of acceptances that, added to the 4.88% that PSP Investments currently maintains in the Company, allows it to reach at least 36% of the Company's share capital.
- **Obligation to not sell:** the Controlling Group has been obligated to sell in the Tender Offer 3.72% of its participation and to maintain the rest, so that if the Tender Offer is declared successful, its participation will reach 50.1% of the Company's shares.



- **Pro rate:** there is none. The Tender Offer will be directed to the total of the company's shareholders, offering to purchase 100% of the shares, so, if all the shareholders accept to sell, PSP Investments could reach 49.9% of the Company's shares.
- **Unlisted:** subject to the Tender Offer being declared successful, it is the intention of the parties for Hortifrut to stop being an open corporation and to be able to cancel its inscription in the Securities Registry and to be removed from local stock markets.

The *Investment Agreement* contains conditions for the closing, affirmative and negative covenant between signing and closure, and declarations and guarantees, all usual for transactions of this nature.

The launching of the Tender Offer on behalf of PSP Investments is subject to the usual preceding conditions for this type of transactions including, among others, the following: (i) that the regulatory authorizations are obtained at the applicable jurisdictions, and (ii) that a reforming of Hortifrut's statutes is approved and implemented, dividing the share capital in two series of shares, in order to allow PSP Investments to comply with the applicable laws.

The parties expect the finalizing of the transaction to take place within the first quarter of 2023.

At the same time, but only effective if the Tender Offer is successful, the Controlling Group has subscribed with PSP Investments a *Shareholders Agreement* that regulates, while both parties are titleholders of at least 35% of the share capital, Hortifrut's corporate governance and the transfer of shares. The most relevant terms and conditions are:

- **Corporate Governance:**
 - Reserved matters that require a mutual agreement on behalf of the parties to be implemented are established.
 - The parties have agreed the number of directors that each one of them will have the right to choose, with the Controlling Group maintaining the right to choose most of the board. Also, one of the directors must be independent.
 - The board chairman, who does not have a casting vote, will be designated by the Controlling Group.
- **Transfer of shares:**
 - **Lock-Up:** except for certain exceptions, the parties assume a sale prohibition of shares for the one-year term from the end of the Tender Offer.
 - **ROFO:** before being able to transfer their shares to a third-party, a party must comply with the right for first offer in favor of the other party.
 - **Tag Along – Drag Along:** the right and the obligation to join the sale is established, in case of a total transfer of the share interest of a party to a third-party.
 - **Re-IPO:** five years after the end of the Tender Offer, any of the parties can, subject to the fulfillment of certain conditions and financial parameters, require that the company be listed on a stock market of traditional standing.
 - **Put Option:**
 - During the three-year term after the lock-up period expires, the Controlling Group will have the right, but not the obligation, to sell Hortifrut shares to PSP Investments.
 - The aforementioned is subject to the limitation that the Controlling Group does not decrease its 35% interest in share capital due to the sale. Also, this liquidity option is subject to a maximum amount of investment committed by PSP Investments of US\$660 million, which is distributed among (a) the Tender Offer, (b) subsequent purchases of Hortifrut shares, and (c) the sale option. If PSP Investments requests future increases in capital, said subscriptions will also be included in the total investment limit.



- The sale price of shares subject to the option is not guaranteed, and it will be the price that is determined by the parties with the assistance of two or more external appraisers.
- In case the Controller Group decides to use this right, the other shareholders can join the sale, subject to the same terms and limitations.

On the same date, the communications reserve that was sent with the character of Reserved Essential Fact to the CMF on July 21, November 8 and December 6, 2022, was lifted, whose content is revised in the transaction informed here.

Naming of Board Chairman

Dated January 4, 2023, the Company informed the CMF as an essential fact that, in relation to the vacancy informed on November 8, 2022, due to the passing away of Mr. Víctor Moller Schiavetti, at session dated January 4, 2023, the board has named Mr. Nicolás Moller Opazo as his replacement, who at the same session and by the unanimity of the present directors was named Board Chairman.

Company reorganization

Dated November 09, 2022, the Company materialized the reorganization authorized by Hortifrut S.A.'s Extraordinary Shareholders Meeting held on May 19, 2022, where a company reorganization was approved, which imports the transfer of the Company's local and international subsidiaries to one or more societies constituted in Ireland, with Hortifrut S.A. maintaining its position as parent company that will concentrate the indirect interest of operations and the final destination of cash flows.

Passing away of Víctor Moller Schiavetti

On October 19, 2022, our dear Chairman, Mr. Víctor Moller Schiavetti (†) passed away, he will be remembered for his leadership, concern for people, good judgment in the making of decisions and strategic vision, qualities that allowed him to successfully direct the Company's progress since its creation in 1983.

Subsequently, Hortifrut S.A.'s Board, at session held on November 08, 2022, was formally informed of the vacancy due to his passing away, and decided not to exercise, for the time being, the faculty to name a replacement, as per the foreseen in article 32 of Law N° 18.046 regarding Corporations.

Sale of 75% of HFE Berries Perú SAC's shares

On May 25 the sale was materialized to a subsidiary of PSP ("Public Sector Pension Investment Board"), one of the largest pension fund administrators in Canada, of 75% of HFE Berries Perú S.A.C.'s property, owner of 100% of the field at Olmos, located in Peru and which has a planted surface of 397 hectares.

The operation involves an equity value for 100% of HFE Berries Peru of US\$117.3 million and generated a net profit of US\$37.20 million.

Association with IG Berries in India

In May 2022 Hortifrut established an alliance with IG Berries in India, establishing the basis for significant growth in the region. This means an investment commitment on behalf of Hortifrut for US\$20 million in the following years and a 50% interest in the company, which will allow expansion in said country. IG Berries is a unique company in its type, focused on the production of high technology blueberries in India, offering a large platform for Hortifrut in this new market. IG Berries began its operations in 2017 with the production of blueberries at its three fields in the country.

IG Berries now has 34 hectares planted with blueberries and it expects to reach at least 100 hectares in the short term. At the beginning, production will be destined to the local market.

2. SUMMARY OF THE PERIOD

The calculation of the EBITDA is detailed below:

	CALENDAR YEAR (12 months)		SEASON (6 months)	
	Jan22 - Dec22	Jan21 - Dec21	Jul22 - Dec22	Jul21 - Dec21
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
EBITDA DETERMINING				
Income from operating activities	955.979	831.633	502.025	434.955
Other income, per function	6.354	13.628	4.575	10.368
Total Income	962.333	845.261	506.600	445.323
Cost of sales	(822.062)	(643.859)	(444.887)	(332.367)
Administration expenses	(76.913)	(69.094)	(39.918)	(37.515)
Other expenses, per function *	(7.421)	(9.464)	(2.812)	(6.033)
Total Costs and Expenses	(906.396)	(722.417)	(487.617)	(375.915)
Operating Result	55.937	122.844	18.983	69.408
Depreciation and amortization	81.876	71.954	53.091	49.804
EBITDA	137.813	194.798	72.074	119.212
EBITDA without Fair Value	139.056	192.403	70.273	117.005

*Excluding impairment in the value of assets

Accumulated analysis as of December 2022

EBITDA as of Dec22 reached US\$137.81 million, which represents a 29.25% reduction compared to the US\$194.80 million recorded as of Dec21. Also, accumulated EBITDA as of Dec22 without the *fair value* of fruit effect reached US\$139.06 million, which represents a 27.73% reduction, compared with the US\$192.40 million obtained in the same period of 2021.

This reduction is explained first by the sale of 75% of HFE Berries Perú S.A.C. in May 2022, whose EBITDA is no longer considered within Hortifrut's consolidation perimeter and which in the January to December 2021 period reached US\$23.50 million. Furthermore, the Company experienced a 27.68% increase in sales costs, while total income increased 13.85%. The greater increase in costs is associated with the increase in logistical costs (mainly export freight), the operations main supplies costs, such as fertilizers and packaging materials, and labor costs. Furthermore, an 11.32% increase was observed in administration expenses, which is mainly explained by the purchase of Atlantic Blue, new companies in Ireland, new operation in Ecuador and growth in Mexico. In relation to total income, these increased 13.85%, mainly due to the 23.42% increase in the commercialized volume of

fresh fruit, associated to higher volumes of blueberries from Peru, Morocco and Spain, and raspberries from Mexico, as well as an 18.19% increase in the volume of value-added products. This period was also impacted by various unforeseen events beyond the control of the Company, such as one of the worst seasons in terms of quality in the Chilean fresh blueberry industry, pests in Mexico whose control led to pollination problems in our fields in Sinaloa, and the blockade of roads and the concentration of the production curve of the Peruvian industry, which were mitigated by the excellent work of the teams in reducing costs and maximizing income.

Analysis of the July 2022 – December 2022 season

The 6M S22/23 EBITDA reached US\$72.07 million, decreasing 39.54% compared to the US\$119.21 million EBITDA recorded in the 6M S21/22. Also, EBITDA without the *fair value* of fruit effect in 6M S22/23 reached US\$70.27 million, which represents a 39.94% decrease, compared with the US\$117.01 million obtained in 6M S21/22.

Said reduction in EBITDA is explained first by the sale of 75% of HFE Berries Perú S.A.C. in May 2022, whose EBITDA in the 6M S21/22 reached US\$21.71 million. We add to the aforementioned an increase in sales costs of 33.85% associated to the increase in commercialized volumes (+15.89%), as well as higher costs in the operation's main supplies, such as fertilizers, agrochemicals and packaging materials, as well labor costs and export freight. Also, operating income increased 15.42% in 6M S22/23, slightly below the increase in volumes associated to lower prices at the different destination markets. Furthermore, a 6.41% increase in administration expenses had been experienced associated to growth at different operations, mainly due to the purchase of Atlantic Blue, new societies in Ireland and growth in Mexico and Ecuador. In addition, in 6M S22/23, the operation in Peru was affected by the aforementioned roadblocks and the concentration of the production curve of the industry in that country, effects that were mitigated by the excellent work of the teams in reducing production costs and maximizing income at the level of commercial platforms, thus achieving the expected result.

Gains attributable to the parent company shareholder recorded a US\$2.99 million loss in 6M S22/23 compared to US\$50.40 million in the 6M S21/22. This is explained by the lower EBITDA due to the aforementioned reasons; higher net financial expenses (+US\$8.64 million) associated to higher average debt as a result of the purchase of Atlantic Blue and the increase in market interest rates; other loss for US\$-2.85 million in the 6M S22/23 corresponding to restructuring expenses; and a negative exchange rate fluctuation of US\$9.24 million in the 6M S22/23, compared with a positive exchange rate fluctuation of US\$1.05 million in the 6M S21/22. The previous effects were partially offset by the higher interest in profits of associated companies, which reached US\$4.00 million in 6M S22/23, mainly corresponding to the result of HFE Berries Perú S.A.C. and the result of the new company in China, Honghe Joyvio Berry Co., Ltd.

Net financial debt determining	31-Dec-22	31-Dec-21
Items	ThUS\$	ThUS\$
Other current financial liabilities	209.938	210.786
Current lease liabilities*	6.939	5.774
Other non-current financial liabilities	430.943	467.040
Non-current lease liabilities*	82.074	81.874
Total financial liability	729.894	765.474
Minus:		
Cash and cash equivalents	63.454	104.701
Total net financial debt	666.440	660.773

*Operating Leases are considered, which as of 2019 must be recognized as assets and liabilities in it (IFRS 16).



The Company's net financial debt increased from US\$660.77 million as of December 31, 2021, to US\$666.44 million as of December 31, 2022, mainly explained by the financing of growth investments in several countries (China, Portugal, Colombia, Ecuador and Chile), as well as to finance working capital needs for the frozen and fresh food business. As of December 2022, the lease liability reached US\$89.01 million, of which US\$87.51 million correspond to rent liabilities and the remaining US\$1.50 million to leasing liabilities. Also, as of December 2021 lease liability reached US\$87.65 million, of which US\$84.64 million corresponded to rent liabilities and US\$3.01 million associated to leasing liabilities.

3. ANALYSIS OF INCOME STATEMENT

During the 12 months ending Dec22 a profit attributable to the parent company shareholders was recorded at US\$17.69 million, which represents a US\$43.98 million reduction compared to the result recorded as of Dec21, which reached US\$61.68 million.

The effects that explain this result are: 1) reduction in the EBITDA without *fair value* of fruit of US\$53.35 million due to the aforementioned factors (higher costs and expenses, and lower average prices), 2) higher expenses due to depreciation (+US\$9.92 million) mainly associated to the consolidation of companies purchased from Atlantic Blue and the depreciation of investments recently realized in China and Mexico, 3) higher net financial costs as of Dec22 reached US\$33.19 million, compared with US\$15.58 million in the same period of 2021 (+US\$17.61 million) associated to an increase in average debt associated to the obtaining of financing for the purchase of Atlantic Blue and the increase in market interest rates, 4) higher expense due to impairment in assets, which reached US\$51.14 million as of Dec22, compared with the US\$22.17 million as of Dec21, associated to the varietal turnover in Peru, Chile and Mexico, 5) lower income recognized for *fair value* of fruit, which reached US\$1.80 million as of Dec22, compared with +US\$3.04 million as of Dec21 (-US\$1.24 million) mainly explained by lower recognition of fruit on bearer plants in Peru as of Dec22, and 6) previously detailed unforeseen events.

The aforementioned was offset by the following positive effects: 1) Other profits for US\$39.16 million mainly associated to profit from the sale of 75% of HFE Berries Perú S.A.C.'s property for US\$45.70 million gross (US\$37.20 million net), 2) Positive exchange rate difference of US\$6.415 million, compared with a negative exchange rate difference of US\$3.70 million as of Dec21, and 3) increase in the interest in profits of associated companies for US\$3.88 million mainly explained by HFE Berries Perú S.A.C.'s result and by the result of the new society in China, Honghe Joyvio Berry Co., Ltd.

a) Main components of Income

Income from operating activities reached US\$955.98 million as of Dec22, representing a 14.95% increase compared to Dec21. This increase is mainly due to the 21.96% increase in sales volume. Also, the average price experienced a slight reduction passing from 6.64 US\$/Kg to 6.56 US\$/Kg (average as of Dec21 and Dec22, respectively), mainly explained by lower market prices of blueberries and raspberries.

The 21.96% increase in sales volume is explained by the 23.42% increase in the commercialized volume of fresh fruit due to 1) the increase in blueberry volumes in Peru (+9,060 tons) associated to higher volumes in the first quarter of 2022 compared with the first quarter of 2021 because of the extension of the production curve; to the aforementioned we add the increase in commercialized fruit volumes from third-party exporters (corresponds to Hortifrut genetics, own or licensed) over which the Company obtains a margin due to commercializing, 2) the commercializing of blueberry volumes from Morocco and Spain associated to the purchase of Atlantic Blue (+7,456 tons), 3) the maturing

of blueberry fields in China (+2,455 tons), which has mostly been planted with Hortifrut genetics (own and licensed), and 4) the maturing of raspberry plantations in Mexico (+4,125 tons), with own Hortifrut variety, *Centennial*, which has had a very good performance at own fields and third-party producers. Furthermore, higher income is also explained by the increase in the volume of value-added products, which increased 18.19% to 37,577 tons.

Income from operating activities in 6M S22/23 increased 15.42% (+US\$67.07 million) compared to the same period of the previous season, reaching US\$502.03 million, explained by the 15.89% increase in distributed volume to 72,043 tons, which offsets the fall in the average price by 4.05%, mainly associated to lower market prices of blueberries and raspberries. The 15.89% increase in volumes is explained by the increase in fresh fruit volumes (+17.65%) thanks to 1) higher volumes from Peru both at own fields and fruit from third-party exporters (+3,732 tons), and 2) the increase in raspberry volumes in Mexico (+3,048 tons), mainly from third-party producers. Also, the value-added products segment showed a 9.56% increase associated to the increase in market demand for this type of product.

	Jan22 - Dec22	Jan21 - Dec21	Variation	Jul22 - Dec22	Jul21 - Dec21	Variation
Total Operating Income	ThUS\$	ThUS\$	%	ThUS\$	ThUS\$	%
Income from operating activities	955.979	831.633	14,95%	502.025	434.955	15,42%
Other income, per function	6.354	13.628	-53,38%	4.575	10.368	-55,87%
Total Operating Income	962.333	845.261	13,85%	506.600	445.323	13,76%

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

	Jan22 - Dec22	Jan21 - Dec21	Variation	Jul22 - Dec22	Jul21 - Dec21	Variation
Income per Segment	ThUS\$	ThUS\$	%	ThUS\$	ThUS\$	%
Fresh Fruit	823.376	741.710	11,01%	452.086	400.142	12,98%
Blueberries	678.114	639.035	6,12%	374.580	351.039	6,71%
Raspberries	112.333	78.086	43,86%	62.109	38.259	62,34%
Blackberries	18.052	13.156	37,21%	10.411	7.465	39,46%
Strawberries	3.968	4.075	-2,63%	1.985	2.499	-20,57%
Cherries	10.909	7.358	48,26%	3.001	880	241,02%
Value Added Products	138.957	103.551	34,19%	54.514	45.181	20,66%
Value Added Products	138.957	103.551	34,19%	54.514	45.181	20,66%
Total Operating Income	962.333	845.261	13,85%	506.600	445.323	13,76%

In blueberry sales, as of Dec22 a 6.12% increase was observed compared to the previous period, explained by a 19.47% increase in commercialized volumes associated to higher volumes from Peru, Morocco, China and Spain, mainly; offsetting the decrease in the average price per kilo of 4.56%, passing from 7.82 US\$/kg as of Dec21 to 7.47 US\$/kg as of Dec22, mainly associated to lower market prices.

Raspberries experienced a 43.86% increase in sales income as of Dec22, due to higher commercialized volume (+60.54%), mainly due to new hectares and the maturing of plantations in Mexico of *Centennial*, own raspberry variety developed by Hortifrut's genetics program at own and third-party fields. The commercialized volume passed from 7,766 tons as of Dec21 to 12,467 tons as of Dec22. Also, the price decreased 10.39%, passing from 10.06 US\$/kg as of Dec21 to 9.01 US\$/kg as of Dec22, associated to lower prices because of the important increase in commercialized volume.

The blackberries segment recorded a 37.21% increase in income compared to Dec21, explained by the higher commercialized volume (+53.32%) associated to the higher obtention of fruit from third-parties in Mexico, which offset the 10.51% decrease in average price reaching 7.05 US\$/kg as of Dec22.

Strawberries experienced a 2.63% reduction in sales as of Dec22 compared to the previous year, variation that is explained by a 4.94% reduction in commercialized volume associated to lower production at own fields, which is partially offset by the 2.43% increase in price.

Cherries recorded a 48.26% increase in sales income compared to Dec21. This increase in income is due to a 48.05% increase in average price per kilo passing from 4.45 US\$/kg to 6.59 US\$/kg. This increase is explained by good market prices associated to the important demand for this fruit, and because the previous year the price had been affected by rumors of traces of COVID-19 in Chilean cherries imported by China. Thereby, volumes remained stable, increasing 0.14%.

Value-added products recorded an increase in sales income of 34.19% compared to income recorded in the same period of 2021. This variation is explained by the 18.19% increase in volume, and the 13.54% increase in average price per kilo.

b) Main Components of Costs and Expenses

Costs and Expenses	Jan22 -	Jan21 -	Variation	Jul22 -	Jul21 -	Variation
	Dec22	Dec21		Dec22	Dec21	
	ThUS\$	ThUS\$	%	ThUS\$	ThUS\$	%
Cost of sales	(822.062)	(643.859)	27,68%	(444.887)	(332.367)	33,85%
Administration expenses	(76.913)	(69.094)	11,32%	(39.918)	(37.515)	6,41%
Other expenses, per function, excluding impairment of value of assets	(7.421)	(9.464)	-21,59%	(2.812)	(6.033)	-53,39%
Other operating costs and expenses	(84.334)	(78.558)	7,35%	(42.730)	(43.548)	-1,88%
Impairment of value of assets	(51.138)	(22.167)	130,69%	(3.021)	(7.020)	-56,97%
Total Costs and Expenses	(957.534)	(744.584)	28,60%	(490.638)	(382.935)	28,13%

Main Components of Sales Costs

Sales costs as of Dec22 reached US\$822.06 million, presenting a 27.68% increase compared to the US\$643.86 million recorded as of Dec21. Higher sales costs are mainly explained by the higher volume commercialized in this period compared with the same period the previous year (+21.96%), also the non-consolidation of HFE Berries Perú S.A.C. from June 2022, so fruit commercialized from this operation must be purchased as if it were from a third-party producer. Sales costs represented 85.99% of income from operating activities as of Dec22, while as of Dec21 it reached 77.42%, mainly associated to the increase in costs of some supplies, such as fertilizers, agrochemicals, packaging materials, increase in export freight fees, increase in labor costs and the previously explained impact of the sale of HFE Berries Perú S.A.C..



Sales costs of 6M S22/23 reached US\$444.89 million, increasing 33.85% compared to 6M S21/22. The increase is mainly explained by higher commercialized volume (+15.89%), as well as the impact of the non-consolidation of HFE Berries Perú S.A.C. and the aforementioned increase in costs. Sales costs represented 88.62% of income from operating activities in 6M S22/23, while in 6M S21/22 they reached 76.41%, resulting in a lower gross margin. This increase in the proportion of sales costs regarding income is also explained by the aforementioned factors.

Main Components of Administrative Expenses

As of Dec22 administrative expenses reached US\$76.91 million, representing an 11.32% increase compared to Dec21. Higher expenses are mainly due to the impact of the purchase of Atlantic Blue, new societies in Ireland and growth of the operation in Ecuador and Mexico.

Main Components of Other Expenses, per function

Other expenses, per function (excluding Impairment in the value of assets) decreased US\$2.04 million, reaching US\$7.42 million as of Dec22, mainly explained by the reversal of the *fair value* of fruit on bearer plants adjustment, reaching -US\$3.04 million as of Dec22, compared with the -US\$0.65 million recorded as of Dec21 explained by higher recognition of fruit on plant as of Dec21 compared with the *fair value* of fruit recognition realized as of Dec20.

Impairment in the value of assets

Impairment in the value of assets reached US\$51.32 million as of closing in Dec22, a US\$28.97 million increase compared with Dec21, increase that is due to turnover plans in Peru, Chile and Mexico. This renewal of genetics will allow the company to increase productivity, reduce production costs and maintain the preference of our customers.

c) Other Components of Income Statement

	Jan22 - Dec22	Jan21 - Dec21	Variation	Jul22 - Dec22	Jul21 - Dec21	Variation
Other Income (expenses)	ThUS\$	ThUS\$	%	ThUS\$	ThUS\$	%
Other profit (loss)	39.160	3.357	1066,52%	(2.849)	3.174	-189,76%
Financial income	1.905	2.002	-4,85%	1.863	1.340	39,03%
Financial expenses	(35.095)	(17.578)	99,65%	(19.947)	(10.785)	84,95%
Interest in profit (loss) of associated companies	4.330	448	866,52%	4.000	369	984,01%
Exchange rate fluctuations	6.413	(3.704)	-273,14%	(9.239)	1.045	-984,11%
Other Income (expenses)	16.713	(15.475)	-208,00%	(26.172)	(4.857)	438,85%

The other components of income increased from a US\$15.47 million loss as of Dec21 to a US\$16.71 million profit as of Dec22 (+US\$32.19 million).

The main items that explain this variation are the following:

- a. Other profit for US\$39.16 million, mainly explained by profit from the sale of HFE Berries Perú S.A.C. for US\$45.56 million, partially offset by reorganization expenses for US\$5.89 million and other expenses for US\$0.51 million.

- b. The US\$17.61 million increase in net financial expenses, reaching US\$33.19 million as of Dec22. This variation is mainly explained by the increase in average debt associated to the financing of the purchase of the Atlantic Blue companies and the higher market interest rates.
- c. US\$3.88 million increase in interest in profit (loss) of associated companies, reaching US\$4.33 million as of Dec22, mainly due to profit generated by HFE Berries Perú S.A.C. in said period (as of Dec21 this company consolidated in Hortifrut's financial statements) and by the new company Honghe Joyvio Berry Co., Ltd. in China.
- d. Profit due to exchange rate difference for US\$6.41 million as of Dec22, compared with a US\$3.70 million loss recorded in the same period of 2021, due to the impact of exchange rate fluctuations over the balances in currencies different to the functional currency.

d) Gains tax expense

Gains tax expense reached US\$2.81 million as of Dec22 of profit, compared to the -US\$8.78 million as of Dec21. Tax expense of the period is mainly itemized by current tax expense of US\$15.55 million (US\$22.92 million as of Dec21), expense due to the sale of shares in Peru for US\$5.59 million (without impact in 2021); offset by deferred tax gains for US\$23.04 million (US\$15.00 million as of Dec21), and other tax benefits and adjustments for -US\$0.90 million (US\$0.86 million as of Dec21).

e) Other Result Indicators

Activity Indicators:

Indicator	Unit	Jan22 - Dec22	Jan21 - Dec21
Activity			
Rotation of Assets	Times	0,51	0,53
<i>Operating revenue / Total average assets of the period</i>			
Rotation of Inventory	Times	5,77	6,70
<i>Cost of sales / Average inventory</i>			
Permanence of inventory (days)	Days	62	54
<i>Inventory / Annual cost of sale (360 day base)</i>			

Rotation of assets between the periods ending December 31, 2022, and 2021 decreased slightly because income increased in lower proportion than total average assets (income growth +13.85% vs. average total asset growth +19.24%). The growth in assets is associated to the consolidation of companies purchased from Atlantic Blue and investments realized at new plantations in China, Ecuador, Portugal and Colombia, whose positive effect on income will be reflected during the following years, since these plantations have not yet reached maturity.

Likewise, inventory rotation ratio decreased mainly due to the increase in inventory of frozen products associated to the growth in commercialized volumes of this segment and thereby in purchases, partially offset by an increase in sales costs. Average inventories increased from US\$96.04 million as of Dec21 to US\$142.52 million as of Dec22 (+48.40%), while sales costs passed from US\$643.86 million as of Dec21 to US\$822.06 million as of Dec22 (+27.68%).

4. COMPARATIVE ANALYSIS OF MAIN TENDENCIES

The evolution of the main financial indicators is as follows:

Indicator	Unit	31-Dec-22	31-Dec-21	Variations %
Current Liquidity <i>Current Asset / Current Liability</i>	Times	1,31	1,33	-1,81%
Acid Ratio <i>Current assets (-) Other non-financial assets, inventories and current biological assets / Current liability</i>	Times	0,73	0,93	-21,34%
Debt Ratio <i>Total liabilities / Equity attributable to Parent Company</i>	Times	1,84	2,07	-11,12%
Short term debt <i>Total current liabilities / Total liabilities</i>		34,43%	35,34%	-2,58%
Long term debt <i>Total non-current liabilities / Total liabilities</i>		65,57%	64,66%	1,41%
Book value of the share (US\$) <i>Equity attributable to parent company / N° shares</i>	Dollars per share	1,0543	1,0383	1,54%

- Current liquidity was 1.31 times as of Dec22, which represents a slight decrease in relation to Dec21 (1.33 times). Also, the acid ratio reached 0.73 times experiencing a decrease of 21.17% in relation to the period ending December 31, 2021. This decrease in ratios is due to a decrease in current assets of US\$80.00 million, in contrast with the US\$52.95 million decrease in current liabilities.

Current assets decreased US\$80.00 million mainly explained by the sale of the 75% interest in HFE Berries Perú S.A.C., since as of December 31, 2021, it had recognized current assets, classified as held for sale for US\$95.38 million. Also, the US\$52.95 million decrease in current liabilities is mainly explained by a fall in liabilities included in groups of assets for disposal classified as held for sale of US\$36.41 million, associated to HFE Berries Perú S.A.C.'s group of liabilities.

- The debt ratio decreased compared to December 31, 2021, explained by the decrease in Total Liabilities of 9.75% (-US\$120.99 million) thanks to the sale of HFE Berries Perú S.A.C., which allowed to use cash generated for the payment of financial liabilities, and additionally the Liabilities account included in groups of assets for disposal classified as held for sale was eliminated, which reached US\$36.41 million as of December 31, 2021. Also, Controlling Equity increased from US\$599.45 million in Dec21 to US\$608.69 million in Dec22 (+1.54%). This increase is mainly explained by accumulated controlling profit in 2022 of US\$17.69 million.
- The percentage of current liabilities as of Dec22 was 34.43% compared to total liabilities, slightly lower than 35.34% as of December 2021, explained by the change in the composition of financial liabilities, decreasing current liabilities by US\$52.95 million, and reducing non-current liabilities by US\$68.04 million.
- The book value of the share increased 1.54%, passing from 1.0383 US\$/share in December 2021 to 1.0543 US\$/share as of Dec22 associated to the increase in equal proportion of the parent company equity.



BERRIES FOR THE WORLD EVERY DAY

Indicator	Unit	Jan22 - Dec22	Jan21 - Dec21	Variations %
Financial expense coverage <i>(Before tax profit+Financial costs)/Financial costs</i>	Times	1,61	5,85	-72,41%
Profitability of parent company equity <i>Parent company gains/Parent company equity</i>		2,91%	10,29%	-71,75%
Profitability of equity <i>Profit of the period/Total equity</i>		3,47%	10,99%	-68,42%

- The reduction in financial expense hedging index as of Dec22 compared to Dec21 is mainly due to the increase in financial costs, which passed from US\$17.58 million as of Dec21 to US\$35.10 million as of Dec22, mainly due to the obtaining of financing for the purchase of Atlantic Blue and the increase in interest rates.
- The profitability of parent company equity decreased from 10.29% as of Dec21 to 2.91% as of Dec22 mainly explained by the lower profit of the parent company as of Dec22 which was at US\$17.69 million, lower when compared with the controlling profit as of Dec21 that was located at US\$61.68 million, mainly due to the lower EBITDA, greater impairment of assets and higher net financial costs, as was previously explained.

Also, the profitability of total equity as of Dec22 was 3.47%, compared with the 10.99% profitability as of Dec21. This reduction is explained by a lower profit of the period as of Dec22 compared to Dec21 (-US\$52.11 million), also associated to the aforementioned factors.

5. ANALYSIS OF STATEMENT OF FINANCIAL POSITION

Main items of the Consolidated Statement of Financial Position

Statement of Financial Position	31-Dec-22	31-Dec-21	Variation	
	ThUS\$	ThUS\$	ThUS\$	%
Total current assets	505.578	585.574	(79.996)	-13,66%
Total non-current assets	1.315.186	1.350.932	(35.746)	-2,65%
Total assets	1.820.764	1.936.506	(115.742)	-5,98%
Total current liabilities	385.711	438.663	(52.952)	-12,07%
Total non-current liabilities	734.625	802.660	(68.035)	-8,48%
Total liabilities	1.120.336	1.241.323	(120.987)	-9,75%
Equity attributable to parent company equity holders	608.692	599.446	9.246	1,54%
Non-controlling interest	91.736	95.737	(4.001)	-4,18%
Total equity	700.428	695.183	5.245	0,75%

As of December 31, 2022, total assets decreased US\$115.74 million (-5.98%) in relation to those existing as of December 31, 2021, mainly as a result of the sale of 75% of the HFE Berries Perú S.A.C., company, plus the Impairment in value of assets associated to the stripping of hectares in Peru, Chile and Mexico.

Current assets decreased US\$80.00 million mainly explained by: 1) decrease in the account Group of assets for disposal classified as held for sale (-US\$92.88 million) associated to the sale of 75% of the interest in the HFE Berries Perú S.A.C. company, so it stopped consolidating in Hortifrut's Financial Statements, 2) decrease in cash and cash equivalent (-US\$41.25 million) explained by the use of cash for investment financing and working capital, as well as debt payment. The aforementioned was



partially offset by: 1) increase in Trade debtors and Other accounts receivable (+US\$13.90 million) mainly associated to higher sales in the frozen food business, 2) increase in Inventories (+US\$35.69 million) mainly associated to frozen fruit stock also for sale in 2023, 3) increase in current biological assets (+US\$11.02 million) explained by the activation of costs incurred for the production of fruit that will be sold in the following months of S22/23.

In the meantime, non-current assets were reduced by US\$35.75 million (-2.65%) in relation to December 31, 2021 due to the reduction in: 1) Property, plant and equipment of US\$45.47 million due to the Impairment of value of recorded assets associated to the stripping of plantations for the implementing of varietal turnover in Chile, Peru and Mexico, and the depreciation of the period, partially offset by the execution of investment projects, 2) Other non-current financial assets (-US\$10.06 million) because as of December 31, 2021 a term deposit had been obtained as collateral of the hedging derivative associated to the bond issued in UF.

The aforementioned was offset by the increase in Investments recorded using the interest method (+US\$23.20 million), whose increase is mainly associated to the recognition of US\$14.04 million of the 25% participation in the HFE Berries Perú S.A.C. company, and which as of December 31, 2021 still had 100% of its property, also due to the recognition of US\$5.00 million due to the participation in the Hortifrut IG Berries Private Ltd. company in India.

Current liabilities decreased US\$52.95 million (-12.07%), reaching US\$385.71 million as of Dec22. The decrease in current liabilities is associated to: 1) reduction in Liabilities included in Group of assets classified as held for sale, associated to the sale of HFE Berries Perú S.A.C (-US\$36.41 million), 2) decrease in accounts payable to related entities (-US\$7.11 million) mainly explained by decrease in accounts payable with Munger Farms and with HFE Berries Perú S.A.C. due to the purchase of fruit commercialized by Hortifrut, and 3) decrease of trade accounts and other accounts payable (-US\$10.17 million) due to a lower provision of dividend payments due to the fall in gains attributable to the parent company shareholders. The aforementioned is partially offset by 1) increase in lease liabilities (+US\$1.17 million) and 2) increase in Other non-financial liabilities (US\$0.95 million). Also, current financial liabilities did not significantly change, passing from US\$210.79 million in Dec21 to US\$209.94 million in Dec22.

Non-current liabilities decreased US\$68.04 (-8.48%), reaching US\$734.63 million as of Dec22. Said reduction is mainly because of 1) decrease in non-current financial liabilities (-US\$36.10 million) associated to payments due to maturity of structured debt, 2) decrease in Other accounts payable (-US\$22.46 million) due to instalment payment of debt acquired for the purchase of the Atlantic Blue companies, and 3) lower deferred tax Liabilities (-US\$16.59 million). This is partially offset by the increase in accounts payable to related entities of US\$6.91 million mainly due to debt acquired with partners of the subsidiary Hortifrut Ecuador S.A., which will be capitalized soon.

The Company's total equity increased US\$5.25 million compared to December 31, 2021, reaching US\$699.60 million (+0.75%) mainly explained by the increase in accumulated profit (loss) of US\$13.88 million, partially offset by negative effect Other reserves (-US\$4.61 million), mostly associated to reserves due to exchange rate differences, and the reduction in non-parent company interests (-US\$4.00 million).

MAIN COMPONENTS OF NET OPERATING INVESTMENT AND FINANCING CASH FLOWS

Main sources and uses of funds in the period (US\$ million)	January-December 2022	January-December 2021	Comments
Charges from the sale of goods and providing of services	969	788	Higher collections associated with higher volumes of sold fruit.
Payment to suppliers for supplying of goods and services	(676)	(410)	Increase in suppliers payments also due to growth in volumes sold and in input costs.
Payment for and on behalf of employees	(192)	(203)	
Net interests	(29)	(16)	Rise due to a higher level of debt due to the purchase of Atlantic Blue companies and higher interest rates.
Taxes	(25)	(26)	
Others	0	2	
(1) Total Cash Flow for Operating Activities	48	134	
Cashflows from loss of control of subsidiaries or other businesses	88	0	Corresponds to the collection of the sale price of Olmos.
Cashflows used in the purchase of non-controlling interests	(14)	(184)	Corresponds to the payment of the purchase of Atlantic Blue companies.
Cashflows used in the purchase of non-controlling interests	(5)	(1)	Corresponds to the capital contribution made to enter the property of IG Berries (India).
Sale and purchase of property, plant and equipment	(108)	(93)	Investments related to plantations in China, Ecuador, Colombia and Portugal.
Other investment activities	(1)	10	
(2) Total Cash Flow for Investment Activities	(40)	(268)	
Loans from related entities	7	0	Temporary loan from partners in Ecuador, which will be capitalized later.
Income from financing	634	444	Higher income mainly from debt refinancing.
Payment of loans and financial leasings	(666)	(280)	Higher payment of loans due to short-term debt maturities and debt refinancing.
Paid dividends and other investment flows	(29)	(27)	
(3) Total Cash Flow for Financing Activities	(55)	137	
Net Increase of Cash and Cash Equivalents (1) + (2) + (3)	(47)	3	
Effect of exchange rate fluctuation	6	0	
Cash and Cash Equivalent at the start of the period	105	102	
Cash and Cash Equivalent at the End of the Period	63	105	



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 its 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 its 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 these mechanisms are 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.



Although 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. To mitigate this risk, the Company has contracted credit insurance for the parent company and subsidiaries.

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 Honghe Jiayu Agriculture Ltd. in China, and associated companies such as HFE Berries Perú S.A.C. in Peru, 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 working 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.

Although 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, 2022, reach the amount of US\$434.95 million and EUR16.18 million (US\$277.68 million as of December 31, 2021) distributed among 20 banks. The used amount reaches US\$244.52 million, with an available balance of US\$190.43 million and EUR16.18 million. Credit lines are distributed among the following companies: Hortifrut Chile S.A. with US\$237.50 million, Hortifrut Perú S.A.C. with US\$192.45 million, Euroberry Marketing S.A. with EUR6.68 million, SAT Hortifrut H-0030 de R.L. with EUR5.0 million, Atlantic Blue S.L.U. with EUR1.5 million, Atlantic Green S.L. with EUR1.0 million, Hortifrut España Southern Sun S.L.U. with EUR2.0 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, 2022:

	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\$
Creditor Bank							
Banco Scotiabank	166.897	1.589	18.230	33	116.981	68.757	204.001
Banco Santander Chile	69.610	552	20.131	10	57.702	-	77.843
Banco Internacional del Perú S.A.	46.447	284	10.142	16.731	23.740	-	50.613
Communications Bank Y unnan Branch	36.284	-	-	14.540	21.744	-	36.284
Banco de Crédito del Perú	35.672	115	5.082	15.443	16.543	-	37.068
Banco ITAU	30.000	40	30.159	-	-	-	30.159
Cooperatieve Rabobank U.A., New York Branch	25.000	102	-	3.916	22.289	-	26.205
Banco Latinoamericano de Comercio Exterior, S.A.	20.000	173	-	10.909	10.630	-	21.539
Banco de Chile	19.200	50	16.088	871	2.542	-	19.501
Banco de Crédito e Inversiones	14.933	29	591	7.944	7.263	-	15.798
HSBC México SA, Institución de Banca Múltiple	10.000	62	123	10.246	-	-	10.369
Banco BBVA Perú SA.	9.967	6	10.104	-	-	-	10.104
Banco de Occidente S.A.	9.916	110	-	-	11.536	-	11.536
CaixaBank, S.A.	9.813	2	783	2.346	7.312	31	10.472
Banco Estado	8.000	5	8.037	-	-	-	8.037
Banco China Construction Bank Corp.	7.000	10	7.038	-	-	-	7.038
Banco Santander Central Hispano S.A.	5.430	80	596	889	4.248	362	6.095
Banco Internacional	5.003	7	5.029	1	-	-	5.030
Banco Bilbao Vizcaya Argentaria	4.558	1	67	553	3.179	940	4.739
Postal Savings Bank of China	3.891	-	-	1.642	2.249	-	3.891
Caja Rural del Sur	3.197	2	161	484	2.240	430	3.315
Agricultural Bank of China	2.748	-	-	2.748	-	-	2.748
GC Rent Chile SpA.	55	9	12	38	14	-	64
Credicorp Capital	20	-	16	4	-	-	20
Fifth Third Bank	11	-	-	11	-	-	11
Banco BICE	-	-	-	-	-	-	-
Total as of December 31, 2022	545.586	3.291	132.389	89.790	312.190	70.520	604.889

Below is a summary of the maturities of total financial liabilities as of December 31, 2022:

	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\$
Detail							
Bank loans	544.099	547.373	132.127	89.031	311.671	70.520	603.349
Bonds - obligations with the public	92.580	93.508	-	9.720	93.847	-	103.567
Leasing Liabilities	1.487	1.504	262	7.59	519	-	1.540
Operating Lease Liabilities	87.361	87.509	2.291	6.743	33.360	103.136	145.530
Trade accounts and other accounts payable	270.571	270.571	126.771	23.056	120.594	-	270.421
Accounts payable to related companies	19.169	19.169	-	4.774	14.395	-	19.169

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, costs of the agricultural operation in Continental Europe, bank obligations and liquid funds held in financial instruments. Hortifrut constantly evaluates the need to perform actions to mitigate this risk.

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.

e) Exposure to Moroccan Dirhams

The source of exposure to Moroccan Dirhams mainly comes from agricultural operating costs in Morocco, which are mostly denominated in said currency and, at a lower measure, from liquid funds held in financial instruments. 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, 2022:

As of September 30, 2022	<u>Chilean</u>	<u>Nuevo Sol</u>	<u>Euro</u>	<u>Mexican Pesos</u>	<u>Yuan</u>	<u>Dirham</u>	<u>Others</u>
	<u>Pesos</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	450	5.822	15.271	746	12.332	2.752	1.295
Current trade debtors and other accounts receivable	28.971	1.437	10.972	6.297	1.169	5.600	2.150
Current accounts receivable with related entities	110	14	1.034	-	3.023	-	-
Non-current fees receivable	56	-	57	-	-	-	92
Total Financial Assets	29.587	7.273	27.334	7.043	16.524	8.352	3.537
Financial Liabilities							
Other current financial liabilities	3	15.032	2.919	-	18.945	2.460	1
Current lease liabilities	229	-	605	401	922	561	212
Current trade accounts and other accounts payable	47.452	7.958	24.751	8.080	6.746	4.602	791
Current accounts payable to related entities	147	733	-	-	-	-	-
Other current provisions	1.625	390	280	-	-	-	-
Current provisions for employee benefits	1.675	3.169	49	1.527	-	-	162
Other non-current financial liabilities	-	-	12.114	-	23.978	5.537	-
Non-current lease liabilities	1.300	-	2.534	1.442	53.178	4.568	450
Other non-current accounts payable	-	-	120.594	-	-	-	-
Non-current accounts payable to related entities	7.234	-	-	-	-	-	-
Total Financial Liabilities	59.665	27.282	163.846	11.450	103.769	17.728	1.616
Net exposure as of December 31, 2022	(30.078)	(20.009)	(136.512)	(4.407)	(87.245)	(9.376)	1.921

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 US\$28.57 million (US\$28.70 million as of December 31, 2021), the aforementioned maintaining all the other variables constant. The calculation considers the Company's exposure to 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	29.587	59.665	(30.078)	(27.070)	3.008
Nuevo Sol	7.273	27.282	(20.009)	(18.008)	2.001
Euro	27.334	163.846	(136.512)	(122.861)	13.651
Mexican Peso	7.043	11.450	(4.407)	(3.966)	441
Yuan	16.524	103.769	(87.245)	(78.521)	8.724
Dirham	8.352	17.728	(9.376)	(8.438)	938
Others	3.537	1.616	1.921	1.729	(192)
Total as of December 31, 2022	99.650	385.356	(285.706)	(257.135)	28.571

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, exposure to fluctuations in the market rates at the moment of its contracting and/or renewal is experienced.

As of December 31, 2022, the debt at variable rate that Hortifrut maintained was US\$544.39 million (US\$527.53 million as of December 31, 2021), if this debt level is maintained for a one year term and today the rate increased 10%, the impact on the annual financial cost would be US\$2.07 million (US\$1.05 million as of December 31, 2021).

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 risks, 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 into 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.

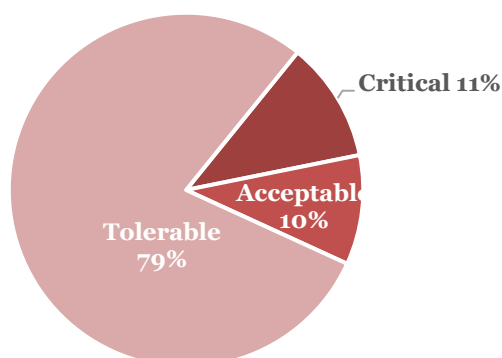
As stated beforehand, as of December 31, 2022, risks identified by Hortifrut are distributed in the following manner:

	Operational	Strategic	Compliance	Financial
Type of risk	57%	32%	9%	2%



	Critical	Tolerable	Acceptable
Risk Severity	11%	79%	10%

RISK SEVERITY



The main risks faced as of December 31, 2022, are the following:

RISK	TYPE	DESCRIPTION	CONTROLS AND MITIGATION
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.

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.
Fall in the price of blueberries at global markets	Strategic	Fall in the price of blueberries at global markets, at levels that affect sustainability and/or continuity of the business, whether it be in a specific/exceptional case or a possible recession.	Hortifrut understands that the increase in supply results in a fall in prices, which is included in the forecast models. This risk is mitigated through the diversification of products and origins, focusing on high quality varieties and operational efficiency.
State of the art genetics	Strategic	For the market to develop start of the art genetics that captures premium customers	Develop viable genetics from the productive point of view, develop licenses for new varieties.
Political Risk due to Russian war in Ukraine	Operational	The Russian war in Ukraine has increased the price of supplies such as petroleum, which affects transport, packaging materials, as well as fertilizers.	Hortifrut has increased the stock of the most relevant supplies to assure operational continuance. Regarding shipping services, participation in shipping lines with greater stability has been guaranteed and we have aimed to avoid standard flows, that are more exposed to congestion and instability.
Plant Supply	Strategic	Depend on few plant/plug suppliers to cater for Hortifrut's growth plan	Hortifrut counts with two plant/plug suppliers, detailed planning is realized to assure the necessary plants/plugs for the growth plan.

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, 2022, and December 31, 2021, are the following:

<u>COUNTRY</u>	<u>TYPE OF INSURANCE</u>	<u>CURRENCY</u>	<u>31-Dec-22</u>	<u>31-Dec-21</u>
			<u>COVERED AMOUNT</u>	<u>COVERED AMOUNT</u>
Chile	Infrastructure fire	UF	1.211.265	1.211.265
Chile	Mobile Agricultural Equipment	UF	42.487	42.487
Chile	Motor Vehicles	UF	27.477	27.477
Chile	General and Product Civil Liability	USD	5.000.000	5.000.000
Chile	Maritime Transport	USD	7.000.000	7.000.000
Chile	Credit Insurance	USD	59.000.000	50.000.000
Chile	Fruit and Materials Insurance	USD	8.500.000	8.500.000
Chile	Terrorism	UF	500.000	500.000
Chile	Business Interruption	UF	1.227.000	1.227.000
USA	Product Civil Liability	USD	5.000.000	5.000.000
Mexico	Transporting of Load	USD	200,000/shipment	200,000/shipment
Mexico	Infrastructure Fire, Theft and Civil Liability	USD	48.000.000	48.000.000
Mexico	Motor Vehicles	USD	Commercial Value	Commercial Value
Spain	Motor Vehicles	EUR	Commercial Value / without limit	Commercial Value / without limit
Spain	Installations	EUR	350,000 per event	350,000 per event
Spain	Goods	EUR	50,000 per event	50,000 per event
Spain	Civil Liability	EUR	6.500.000	6.500.000
Spain	Credit Insurance	EUR	90% unpaid	90% unpaid
Spain	Infrastructure Fire	EUR	24.618.824	N/A
Spain	Motor Vehicles	EUR	514.000	N/A
Spain	General and Product Civil Liability	EUR	48.450.000	N/A
Spain	Fruit and Materials Insurance	EUR	50.000	N/A
Peru	Civil Liability	USD	1.000.000	N/A
Peru	Dishonesty, Disappearance and Destruction	USD	100.000	N/A
Peru	Patrimonial: Fire, Riesgo of Nature, Political Risk	USD	40.000.000	N/A
Peru	Fire	PEN	618.320	618.320
Peru	Motor Vehicles	USD	2.136.124	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, 2022, the *fair value* adjustment of the Company’s fruit on bearer plants has been recognized, for an amount that reaches US\$1.80 million (US\$3.04 million as of December 31, 2021), which is presented under results in the item Other income per function.



Below is the detail of the effect that a 10% reduction in price and volume would have had on the adjustment as of December 31, 2022:

Company	Fair Value adjustment as of 31-Dec-22 (ThUS\$)	10% Reduction Volume (ThUS\$)	10% Reduction Price (ThUS\$)	10% Reduction Volume and Price (ThUS\$)
Hortifrut Perú S.A.C.	391	352	0	0
Honghe Jiayu Agriculture Ltd.	1.117	889	805	608
Atlantic Blue Berries Maroc S.A.R.L.	293	219	205	163
Total	1.801	1.460	1.010	771

As of December 31, 2022, the other agricultural companies did not present relevant amounts for this calculation, remaining outside the adjustment as per what is established in Hortifrut's policy.

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.