



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

As of June 30, 2022
(In thousands of United States dollars)

The current reasoned analysis has been prepared for the period ending June 30, 2022, compared with the financial statements as of December 31, 2021, and June 30, 2021 (Jun22 and Jun21, 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 twelve-month comparison of the 21/22 and 20/21 seasons ("T21/22" and "T20/21", respectively).

1. HIGHLIGHTS OF THE PERIOD AND SUBSEQUENT FACTS

Sale of 75% of HFE Berries Perú S.A.C.'s shares

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

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

Association with IG Berries in India

Hortifrut established an alliance with IG Berries in India, setting the basis for a significant growth in the region. This means an investment commitment by Hortifrut for US\$20 million in the following years and a 50% participation 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 is expected 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 (6 months)		SEASON (12 months)	
	Jan22 - Jun22	Jan21 - Jun21	Jul21 - Jun22	Jul20 - Jun21
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
EBITDA DETERMINING				
Income from operating activities	453,954	396,678	888,909	820,741
Other income, per function	1,779	3,260	12,147	2,464
Total Income	455,733	399,938	901,056	823,205
Cost of sales	(377,175)	(311,492)	(709,542)	(615,167)
Administration expenses	(36,995)	(31,579)	(74,510)	(60,168)
Other expenses, per function *	(4,609)	(3,431)	(10,642)	(6,120)
Total Costs and Expenses	(418,779)	(346,502)	(794,694)	(681,455)
Operating Result	36,954	53,436	106,362	141,750
Depreciation and amortization	28,785	22,150	78,589	63,295
EBITDA	65,739	75,586	184,951	205,045
EBITDA without Fair Value	68,783	75,398	185,788	206,350

*Excluding impairment in the value of assets

Accumulated analysis as of June 2022

The EBITDA as of Jun22 reached US\$65.74 million, which represents a 13.03% reduction compared to the US\$75.59 million recorded as of Jun21. This reduction is explained by a 20.24% increase in Costs and Expenses (excluding impairment in assets, depreciation and amortizations), while income increased 13.95%. Income did not grow in the same proportion as costs because they were decreased by blueberry volumes that were lower than expected in Chile and Mexico, mainly associated to climatic conditions, that also affected the quality of the fruit. Also, costs experienced a higher growth associated to higher logistical costs (mainly export freight), and due to the increase in costs of some agricultural supplies such as fertilizers, among others.

Also, the 13.95% increase in income is explained thanks to the 31.82% increase in commercialized volume of fresh fruit due to 1) the increase in volumes in Peru associated to the higher productivity of plants and the decision to extend the production curve until the first quarter of 2022, 2) the commercialization of blueberry volumes from Morocco and Spain associated to the purchase of Atlantic Blue, and 3) the maturity of blueberry fields in China, which have mostly been planted with Hortifrut genetics (own and licensed). Furthermore, higher income is also explained by the increase in volume of value-added products, which increased 24.55% due to the strong demand in this segment.

Accumulated EBITDA as of Jun22 without the *fair value* effect of fruit reached US\$68.78 million, which represented an 8.77% reduction, compared with the US\$75.40 million obtained in the same period of 2021.

Analysis of the July 2021 – June 2022 season

The EBITDA of the S21/22 reached US\$184.95 million, decreasing 9.80% compared to the US\$205.05 million EBITDA recorded in the S20/21. Also, EBITDA without the fair value of fruit effect in the S21/22 reached US\$185.79 million, which represents a 9.96% decrease, compared with the US\$206.35 million obtained in the S20/21.

Said reduction in the EBITDA is explained by the higher increase in Sales Costs and Expenses (without including depreciation, amortizations or impairment of assets) of 15.84%, while income increased 9.46%. The higher increase in Costs and Expenses is associated to the consolidation of companies purchased from Atlantic Blue, higher sales costs and expenses due to the increase in operations in México y China, as well as higher logistics costs and increase in the costs of some agricultural supplies, especially fertilizers. Also, income did not increase in the same magnitude since it decreased mainly due to weather conditions in Chile and Mexico that affected volumes and fruit quality.

The 9.46% increase in income in the S21/22 compared with S20/21 is associated to the 26.10% increase in volumes is explained by the increase in fresh fruit volumes (+19.86%) thanks to 1) production decisions that resulted in higher performance per planted hectare in Peru, 2) the commercialization of blueberry volumes from Morocco and Spain associated to the purchase of Atlantic Blue, and 3) growth of raspberry volumes in Mexico and blueberries in China due to the maturing of the plantations. Also, in the Value-Added Products segment, a 45,47% growth was observed due to the merger realized during 2020 of the frozen food business (Vitafoods), plus a strong demand for this product.

Gains attributable to the parent company shareholder reached US\$71.08 million in the S21/22, which represents an US\$8.29 million increase compared to S20/21 mainly due to the following positive effects; 1) Other profits for US\$45.18 million mainly due to the profit from the sale of HFE Berries Perú S.A.C. for US\$45.70 million (US\$37.20 million net), and 2) Positive exchange rate fluctuation for US\$16.70 million, compared with a negative exchange rate fluctuation for US\$6.71 million in S20/21.

The previous effects were partially offset by 1) a reduction in the EBITDA due to the aforementioned reasons (increase in sales costs and administration expenses due to the growth of the Company's operations, and lower growth of income due to lower prices for Chilean and Mexican fruit), 2) increase in Depreciation (+US\$15.29 million) associated to investments performed in the last year, mainly in China and Mexico, which are already being depreciated but have not reached their productive maturity, as well as due to the consolidation of the purchased companies of Atlantic Blue (Spain and Morocco), 3) increase in net financial costs (+US\$7.37 million) mainly associated to higher Net Financial Debt due to the purchase of Atlantic Blue, and 4) higher Impairment of Assets (US\$55.14 million in the S21/22 which is compared with US\$27.99 million in S20/21).

The impairment of assets recorded during S21/22 is mainly explained by the write-off of bearer plants in Peru, Chile and Mexico associated to varietal turnover plans, with the objective of substituting unprofitable varieties for new varieties which in the future will provide higher levels of productivity per hectare, efficiency in production costs and the possibility to arrive with quality fruit to distant markets, satisfying the requirements of our customers in the best manner and improving the profitability of the business.

Net financial debt determining	30-Jun-22	30-Jun-21
Items	ThUS\$	ThUS\$
Other current financial liabilities	262,152	210,786
Current lease liabilities*	5,605	5,774
Other non-current financial liabilities	396,257	467,040
Non-current lease liabilities*	85,560	81,874
Total financial liability	749,574	765,474
Minus:		
Cash and cash equivalents	63,797	104,701
Total net financial debt	685,777	660,773

*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\$660.77 million as of December 31, 2021, to US\$685.78 million as of June 30, 2022, mainly explained by the taking of debt to finance working capital (fruit purchase) for the frozen food business (Vitafoods) and the fresh food business in Mexico, China, Spain and Morocco; plus the financing of investments in Mexico, China and Portugal. As of June 2022, the liability associated to the operating lease contracts that the Company has reach US\$89.13 million, which is compared with US\$84.64 million as of December 2021.

3. ANALYSIS OF INCOME STATEMENT

As of June 22, gains attributable to parent company shareholders are recorded for US\$20.68 million, representing a US\$9.41 million increase compared to an US\$11.27 million profit recorded as of Jun21. The positive effects that explain this higher profit are: 1) Other profits for US\$42.01 million mainly associated to profit due to the sale of HFE Berries Perú S.A.C. for US\$45.70 million gross (US\$37.20 million net) and 2) Positive exchange rate fluctuation of US\$15.65 million, compared with a negative exchange rate fluctuation of US\$4.75 million in S20/21.

The aforementioned effects were partially offset by 1) a US\$9.85 million reduction in the EBITDA due to the already explained factors, 2) higher depreciation expense (+US\$6.64 million) mainly associated to the consolidation of companies purchased from Atlantic Blue and the depreciation of investments realized recently in China and Mexico, 3) higher net financial costs as of Jun22 reached US\$15.11 million, compared with US\$6.13 million in the same period of 2021 (+US\$8.97 million) mainly associated to an increase in Net Financial Debt due to the obtaining of additional financing due to the purchase of Atlantic Blue, and 4) higher expense due to the impairment of assets, which reached US\$48.12 million as of Jun22, compared with the US\$15.15 million as of Jun21, explained by the write off of bearer plants in Peru, Chile and Mexico, in order to perform varietal turnovers that increases productivity and thereby the profitability of said plantations.

a) Main Components of Income

Income from operating activities reached US\$453.95 million as of Jun22, representing a 14.44% increase compared to Jun21. This increase is mainly due to the 29.25% increase in sales volume, plus the 1.67% increase in average price per kilo. The average price passed from 6.73 US\$/Kg to 6.85 US\$/Kg (average 1H21 to 1H22, respectively), mainly explained by the increase in the price of the Value-Added Product segment, thanks to the strong demand for this segment.

The 29.25% increase in sales volume is explained thanks to the 31.82% increase in the commercialized volume of fresh fruit due to 1) the increase in volumes in Peru associated to higher productivity of plants and by the decision to extend the production curve until the first quarter of 2022, 2) the commercialization of blueberry volumes from Morocco and Spain associated to the purchase of Atlantic Blue, and 3) the maturity of blueberry fields in China, which have mostly been planted with Hortifrut genetics (own and licensed). Also, volumes of the value-added products segment increased 24.55% due to the strong demand in this segment.

Income from operating activities of S21/22 increased 8.31% (+US\$68.17 million) compared to the same period of the previous season, reaching US\$888.91 million, explained by the 26.10% increase in distributed volume to 129,070 tons, which offset the fall in the average price by 4.09% associated to lower blueberry prices due to more concentrated volumes in the Peruvian industry and lower prices for Chilean fruit due to lower quality, which was affected by climate conditions.

	Jan22 - Jun22	Jan21 - Jun21	Variation	Jul21 - Jun22	Jul20 - Jun21	Variation
Total Operating Income	ThUS\$	ThUS\$	%	ThUS\$	ThUS\$	%
Income from operating activities	453,954	396,678	14.44%	888,909	820,741	8.31%
Other income, per function	1,779	3,260	-45.43%	12,147	2,464	392.98%
Total Operating Income	455,733	399,938	13.95%	901,056	823,205	9.46%

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

Income per Segment	Jan22 - Jun22	Jan21 - Jun21	Variation	Jul21 - Jun22	Jul20 - Jun21	Variation
	ThUS\$	ThUS\$	%	ThUS\$	ThUS\$	%
Fresh Fruit	371,290	341,568	8.70%	771,432	743,668	3.73%
Blueberries	303,534	287,996	5.40%	654,573	649,818	0.73%
Raspberries	50,224	39,827	26.11%	88,483	70,611	25.31%
Blackberries	7,641	5,691	34.26%	15,106	12,342	22.40%
Strawberries	1,983	1,576	25.82%	4,482	2,838	57.93%
Cherries	7,908	6,478	22.07%	8,788	8,059	9.05%
Value Added Products	84,443	58,370	44.67%	129,624	79,537	62.97%
Value Added Products	84,443	58,370	44.67%	129,624	79,537	62.97%
Total Operating Income	455,733	399,938	13.95%	901,056	823,205	9.46%

In blueberry sales, as of Jun22 we observed a 5.40% increase compared to the previous period, explained by a 33.99% increase in commercialized volume associated to higher volumes in Peru, Morocco, China and Spain; offset by the decrease in the average price per kilo of 3.54%, passing from 8.67 US\$/kg as of Jun21 to 8.36 US\$/kg as of Jun22, mainly associated to lower market prices for Chilean fruit due to climatic conditions that affected the quality of the fruit.

Raspberries experienced an increase in sales income of 26.11%, due to the higher commercialized volume (+35.95%), mainly because of new hectares planted in Mexico with *Centennial*, own raspberry variety developed by Hortifrut's genetics program at own and third-party fields. The commercialized volume passed from 3,672 tons in 1H21 to 4,992 tons in 1H22. Also, price decreased 7.24%, passing from 10.85 US\$/kg in 1H21 to 10.06 US\$/kg in 1H22, associated to higher volumes.

The blackberries segment recorded a 34.26% increase in income compared to 1H21, explained by higher commercialized volume (+50.05%) due to the good obtention of third-party fruit in Mexico, which offset the 10.52% decrease in average price.

Strawberries experienced a 25.82% increase in sales in the 1H22 compared to the same period the previous year, variation that is explained by the 15.35% increase in distributed volume due to the good performance of fields in Chile, as well as the 9.10% increase in average price per kilo thanks to the good market prices and the quality of the fruit.

Cherries recorded a 22.07% increase in sales income compared to 1H21. This increase in income is due to an increase in the average price per kilo of 53.47%, passing from 4.22 US\$/kg to 6.48 US\$/kg. The increase is explained by good market prices associated to 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 in China. Also, volumes were reduced by 20.45% mainly associated to lower availability of fruit from third-parties.

Value-added products recorded an increase in sales income of 44.67% compared to income recorded in the same period of 2021. This variation is explained by the 24.55% increase in volume associated to the growth of the frozen food segment due to the merger with Alifrut. Also, there is an increase in the average price per kilo of 16.15% associated to the strong demand for this segment.

b) Main Components of Costs and Expenses

Costs and Expenses	Jan22 -	Jan21 -	Variation	Jul21 -	Jul20 -	Variation
	Jun22	Jun21		Jun22	Jun21	
	ThUS\$	ThUS\$	%	ThUS\$	ThUS\$	%
Cost of sales	(377,175)	(311,492)	21.09%	(709,542)	(615,167)	15.34%
Administration expenses	(36,995)	(31,579)	17.15%	(74,510)	(60,168)	23.84%
Other expenses, per function, excluding impairment of value of assets	(4,609)	(3,431)	34.33%	(10,642)	(6,120)	73.89%
Other operating costs and expenses	(41,604)	(35,010)	18.83%	(85,152)	(66,288)	28.46%
Impairment of value of assets	(48,117)	(15,147)	217.67%	(55,137)	(27,994)	96.96%
Total Costs and Expenses	(466,896)	(361,649)	29.10%	(849,831)	(709,449)	19.79%

Main Components of Sales Costs

Sales costs as of Jun22 reached US\$377.18 million, presenting a 21.09% increase compared to the US\$311.49 million recorded as of Jun21. Higher sales costs are explained mainly by the higher volume commercialized in this period compared with the same period the previous year (+29.25%). Sales costs represented 83.09% of income from operating activities as of Jun22, while as of Jun21 they reached 78.53%, mainly associated to the increase in the costs of some supplies, such as fertilizers, and the increase in export freight fees.

Sales costs of the S21/22 reached US\$709.54 million, increasing 15.34% (+US\$94.38 million) compared to S20/21. The increase is mainly explained by the higher commercialized volume (+26.10%). Sales costs represented 79.82% of income from operating activities in the S21/22, while in the S20/21 it reached 74.95%, resulting in a lower gross margin. This increase in the proportion of sales costs compared to income is also explained by the increase in the cost of agricultural supplies and export freight fees. Despite the aforementioned, unit cost decreased in the S21/22 compared with S20/21 mainly associated to the increase in Value-Added Products (frozen) volumes, whose unit costs are inferior to those of Fresh Fruit.

Main Components of Administrative Expenses

As of Jun22 administrative expenses reached US\$37.00 million, representing a 17.15% increase compared to Jun21. Higher expenses are due to the impact in growth of operations in China, Mexico and Ecuador, as well as expenses of the recently acquired companies from the Atlantic Blue Group.

Main Components of Other Expenses, per function

Other expenses per function (excluding impairment in assets) increased US\$1.18 million, reaching US\$4.61 million as of Jun22, mainly explained by a greater reversal of the fair value of fruit on bearer plants adjustment which reached -US\$3.04 million as of Jun22, compared with the -US\$0.65 million recorded as of Jun21.

c) Other Components of Income Statement

	Jan22 - Jun22	Jan21 - Jun21	Variation	Jul21 - Jun22	Jul20 - Jun21	Variation
Other Income (expenses)	ThUS\$	ThUS\$	%	ThUS\$	ThUS\$	%
Other profit (loss)	42,009	183	22855.74%	45,183	(41)	-110302.44%
Financial income	42	662	-93.66%	1,382	1,479	-6.56%
Financial expenses	(15,148)	(6,793)	122.99%	(25,933)	(18,663)	38.95%
Interest in profit (loss) of associated companies	330	79	317.72%	699	397	76.07%
Exchange rate fluctuations	15,652	(4,749)	-429.59%	16,697	(6,709)	-348.87%
Other Income (expenses)	42,885	(10,618)	-503.89%	38,028	(23,537)	-261.57%

The other components of income increased from a US\$10.62 million loss as of Jun21 to a US\$42.89 million profit as of Jun22 (+US\$53.50 million).

The main items that explain this variation are the following:

- a. Other profit for US\$42.01 million, mainly explained by profit from the sale of HFE Berries Perú S.A.C. for US\$45.70 million, partially offset by reorganization expenses for US\$3.20 million and others for US\$0.49 million.

- b. US\$8.97 million increase in net financial expenses, reaching US\$15.11 million as of Jun22. This variation is mainly explained by the increase in Net Financial Debt associated to additional financing due to the purchase of Atlantic Blue's companies.
- c. Profit from exchange rate fluctuation of US\$15.65 million as of Jun22, mainly associated to accounts payable due to the purchase of Atlantic Blue Group, generating a US\$20.40 million increase compared to the US\$4.75 million loss recorded in the same period of 2021.

d) Gains tax expense

Gains tax expense reached -US\$5.11 million as of Jun22, compared to the -US\$5.71 million as of Jun21. Tax expense of the period is mainly itemized by current tax expense of US\$14.99 million (US\$7.07 million as of Jun21), deferred tax profit of US\$8.92 million (US\$2.36 million as of Jun21), and other adjustments for US\$0.97 million (-US\$1.00 million as of Jun21). The US\$8.92 million corresponding to deferred tax profit is mainly generated by the impact in the variation of the exchange rate of non-monetary assets in Peru and Mexico, as well as the realization of derivatives during the period.

e) Other Result Indicators

Activity Indicators:

Indicator	Unit	Jan22 - Jun22	Jan21 - Jun21
Activity			
Rotation of Assets	Times	0.24	0.26
<i>Operating revenue / Total average assets of the period</i>			
Rotation of Inventory	Times	2.65	3.46
<i>Cost of sales / Average inventory</i>			
Permanence of inventory (days)	Days	34	26
<i>Inventory / Annual cost of sale (360 day base)</i>			

The rotation of assets between the periods ending June 30, 2022, and 2021 decreased slightly because income increased in lower proportion than total average assets (income growth +13.95% vs. average total asset growth +27.38%). The important growth in assets is associated to the consolidation of companies purchased from Atlantic Blue, and the investments realized in new plantations in China, Ecuador, Portugal and Colombia, whose positive effect in income will be reflected during the following years, since these plantations have not yet reached maturity.

Likewise, the inventory rotation ratio decreased mainly due to the increase in inventory of frozen products due to the merger between Hortifrut and Alifrut within this segment, partially offset by an increase in the cost of sales. Average inventories increased from US\$90.10 million as of Jun21 to US\$142.21 million as of Jun22 (+57.83%), while sales costs passed from US\$311.49 million as of Jun21 to US\$377.18 million as of Jun22 (+21.09%).

4. COMPARATIVE ANALYSIS OF MAIN TENDENCIES

The evolution of the main financial indicators is the following:

Indicator	Unit	30-Jun-22	31-Dec-21	Variations %
Current Liquidity <i>Current Asset / Current Liability</i>	Times	1.24	1.33	-6.89%
Acid Ratio <i>Current assets (-) Other non-financial assets, inventories and current biological assets / Current liability</i>	Times	0.77	0.93	-17.75%
Debt Ratio <i>Total liabilities / Equity attributable to Parent Company</i>	Times	1.81	2.04	-11.08%
Short term debt <i>Total current liabilities / Total liabilities</i>		35.59%	35.92%	-0.92%
Long term debt <i>Total non-current liabilities / Total liabilities</i>		64.41%	64.08%	0.52%
Book value of the share (US\$) <i>Equity attributable to parent company / N° shares</i>	Dollars per share	1.0579	1.0383	1.88%

- Current liquidity was 1.24 times as of Jun22, which represents a decrease in relation to Dec21 (1.33 times). Also, the acid ratio reached 0.77 times experiencing a decrease of 17.75% in relation to the period ending December 31, 2021. This decrease in ratios is due to a greater decrease in current assets of US\$96.15 million, compared with the reduction in current liabilities of only US\$44.90 million.

Current assets decreased US\$96.15 million mainly explained by the sale of 75% of 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 decrease in current assets of US\$44.90 million is also explained by the sale of 75% of HFE Berries Perú S.A.C., since as of December 31, 2021, liabilities included in group of assets classified as held for sale for US\$36.41 million were recorded, and due to the decrease in trade accounts and other current accounts payable associated to lower debt with suppliers in Peru, Chile and Spain due to the end of the season.

- The debt ratio decreased compared to December 31, 2021, explained by the decrease in Total Liabilities of 9.40% (-US\$114.79 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 it eliminates the Liabilities account included in groups of assets for their disposal classified as held for sale, which reaches US\$36.41 million as of December 31, 2021. Furthermore, Controlling Equity increased from US\$599,45 million in Dec21 to US\$610.74 million in Jun22 (+1.88%). This increase is mainly explained by the controlling profit of the first half of 2022 for US\$20.68 million.
- The current liabilities percentage as of Jun22 was 35.59% compared to total liabilities, slightly lower than 35.92% as of December 2021, explained by a reduction in current liabilities of greater proportion (-10.24%) compared to the reduction recorded under total liabilities (-9.40%).
- The book value of the share increased 1.88%, passing from 1.0383 US\$/share in December 2021 to 1.0579 US\$/share as of June 2022 associated to the increase in equal proportion of the parent company equity.

Indicator	Unit	Jan22 - Jun22	Jan21 - Jun21	Variations %
Financial expense coverage <i>(Before tax profit+Financial costs)/Financial costs</i>	Times	3.09	5.07	-39.01%
Profitability of parent company equity <i>Parent company gains/Parent company equity</i>		3.39%	1.78%	90.74%
Profitability of equity <i>Profit of the period/Total equity</i>		3.76%	2.95%	27.51%

- The reduction in financial expense hedging index as of Jun22 compared to Jun21 is mainly due to the increase in financial costs, which passed from US\$6.79 million as of Jun21 to US\$15.15 million as of Jun22, mainly due to the obtaining of financing for the purchase of Atlantic Blue and the increase in working capital debt, which is expected to improve before tax results in the following periods.
- The profitability of parent company equity for the first half increased from 1.78% in 2021 to 3.39% in 2022 mainly explained by the reduction in parent company equity from US\$635.04 million in Jun21 to US\$ 610.74 million in Jun22 (-US\$24.30 million). Also, parent company Profit as of Jun22 was at US\$20.68 million, higher than parent company profit as of Jun21 which was located at US\$11.27 million.

The mentioned reduction in parent company Equity is explained by the record of negative reserves in Dec21 due to the difference between the price assigned to the minority participation purchased from the Euroberry Marketing S.A, Hortifrut España Southern Sun S.L.U. and HFE Berries Perú S.A.C. companies and their equity book value, all of this associated to the purchase of Atlantic Blue Group. The aforementioned was partially offset by the higher accumulated profit attributable to the parent company shareholders (US\$216.81 million as of Jun22, compared with US\$196.13 as of Jun21).

- Total Equity Profitability in the 1H22 is located at 3.76%, compared to 2.95% in 1H21. This increase is explained by the higher profit of the period in 1H22 in relation to the 1H21 (+US\$4.66 million), associated to the improved non-operating result mainly due to the sale of 75% of HFE Berries Perú S.A.C.

5. ANALYSIS OF STATEMENT OF FINANCIAL POSITION

Main items of the Consolidated Statement of Financial Position

Statement of Financial Position	30-Jun-22	31-Dec-21	Variation	
	ThUS\$	ThUS\$	ThUS\$	%
Total current assets	489,420	585,574	(96,154)	-16.42%
Total non-current assets	1,325,508	1,330,664	(5,156)	-0.39%
Total assets	1,814,928	1,916,238	(101,310)	-5.29%
Total current liabilities	393,762	438,663	(44,901)	-10.24%
Total non-current liabilities	712,508	782,392	(69,884)	-8.93%
Total liabilities	1,106,270	1,221,055	(114,785)	-9.40%
Equity attributable to parent company equity holders	610,742	599,446	11,296	1.88%
Non-controlling interest	97,916	95,737	2,179	2.28%
Total equity	708,658	695,183	13,475	1.94%

As of June 30, 2022, total assets decreased US\$101.31 million (-5.29%) 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 of assets associated to the stripping of hectares in Peru, Chile and Mexico. Current assets decreased US\$96.15 million mainly explained by: 1) Group of assets for disposal classified as held for sale (-US\$92.95 million) associated to the mentioned sale of 75% of the interest in HFE Berries Perú S.A.C. company, so it stopped consolidating in Hortifrut's Financial Statements, 2) Cash and cash equivalent (-US\$40.90 million) due to the use of cash from the sale of the interest in HFE Berries Perú S.A.C. to pay the financial liabilities, 3) Accounts payable to related entities (-US\$19.42 million) mainly explained by lower accounts receivable to the associated Naturipe Farms LLC., which as of December 31, 2021, was fairly significant because of the sale of fruit from Peru, Chile and Mexico, and 4) Current tax assets (-US\$5.85 million).

The aforementioned is partially offset by 1) Trade debtors and Other accounts Receivable (+US\$48.17 million) mainly associated to higher frozen food business sales and, 2) Current biological assets (+US\$7.63 million) explained by the activating of costs incurred for the production of fruit that will be sold in the second half of 2022, and 3) Inventories (+US\$6.74 million) mainly associated to stock of frozen fruit, also for sale in the second half of 2022.

In the meantime, non-current assets were reduced by US\$5.16 million (-0.39%) in relation to December 31, 2021, due to the reduction in: 1) adjustment in Goodwill from US\$324.45 million as of Dec21 to US\$266.2 million as of Jun22, since as of the closing of the financial statements on December 31, 2021, the Company was checking the valuation to fair value of the assets and liabilities purchased from the Atlantic Blue Group, process that is concluded as of June 30, 2022, 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, and 3) Deferred tax assets (-US\$2.63 million).

The aforementioned was offset by the increase in 1) Intangible assets other than goodwill (+US\$27.70 million) mainly associated to the incorporation of varietal licenses and genetic programs of blueberries and cherries of the Atlantic Blue Group, 2) Investments recorded using the interest method (+US\$19.12 million) associated to the recognition for US\$14.01 million of the 25% interest in the company HFE Berries Perú S.A.C., and which as of December 31, 2021, still had 100% of its property, in addition to the US\$4.92 million recognition of its 50% interest in the company Hortifrut

IG Berries Ltd. in India, 3) Property, Plant and Equipment (+US\$15.91 million) associated to the incorporation at fair value of the property, plant and equipment of the companies purchased from the Atlantic Blue Group (+US\$49.36 million), to investments for new plantations realized in China, Colombia, Ecuador, Portugal and Morocco; and partially offset by impairment of assets realized as of Jun22 for US\$48.12 million associated to the write-off of bearer plants in Peru, Chile and Mexico, in order to perform varietal turnovers that increases productivity and thereby the profitability of said business, and 4) Assets for right of use (+US\$3.49 million) associated to new lease contracts.

- Current liabilities decreased US\$44.90 million (-10.24%), reaching US\$393.76 million as of Jun22. The reduction in current liabilities is mainly associated to 1) reduction in Liabilities included in the group of assets classified as held for sale (-US\$36.41 million), associated to the aforementioned sale of HFE Berries Perú S.A.C., 2) reduction in Trade Accounts and Other Accounts Payable (-US\$60.65 million) associated to lower debt with suppliers in Peru, Chile and Spain due to the end of the season, and 3) reduction in Accounts Payable to related entities (-US\$5.87 million) mainly explained by accounts payable to HFE Berries Perú S.A.C. as of December 31, 2021, due to the purchase of fruit from this Company.

The aforementioned is partially offset by the increase in 1) Financial Liabilities (+US\$51.37 million) associated to the obtaining of debt for working capital financing for the frozen food business (Vitafoods), Mexico, China, Spain and Morocco, 2) increase in the current tax Liability (+US\$3.98 million), and 3) increase in Other Provisions (+US\$3.27 million).

- Non-current liabilities decreased US\$69.88 million to US\$712.51 million as of Jun22. Said reduction is mainly due to 1) Financial liabilities (-US\$70.78 million) associated to the transfer to short-term of the debt which was previously classified as long-term, and 2) Other accounts payable (-US\$11.62 million) due to updating of exchange rate fluctuation in the value of the debt due to the purchase of the Atlantic Blue companies. This is partially offset by a US\$9.45 million increase in deferred tax liabilities to US\$92.34 million as of Jun22.
- The Company's total equity increased US\$13.48 million compared to December 31, 2021, reaching US\$708.66 million (+1.94%) mainly explained by total gains as of Jun22 for US\$26.62 million, partially offset by the negative effect of Other reserves (-US\$9.38 million) mainly associated to exchange rate fluctuation reserves.

MAIN COMPONENTS OF NET OPERATING INVESTMENT AND FINANCING CASH FLOWS

Main sources and uses of funds in the period (US\$ million)	January- June 2022	January- June 2021	Comments
Charges from the sale of goods and providing of services	443	457	
Payment to suppliers for supplying of goods and services	(300)	(278)	Increase in suppliers' payments is due to growth of the businesses in China, Mexico, Spain, Morocco and frozen fruit (Vitafoods).
Payment for and on behalf of employees	(97)	(84)	
Net interests	(15)	(6)	
Taxes	(4)	(9)	
Others	0	(0)	
(1) Total Cash Flow for Operating Activities	27	80	
Cashflows from loss of control of subsidiaries or other businesses	35	0	Corresponds to the collection of 40% of the sale price of Olmos.
Cashflows used in the purchase of non-controlling interests	(5)	0	Corresponds to the capital contribution made to enter into the property of IG Berries (India).
Sale and purchase of property, plant and equipment	(57)	(39)	Investments related to plantations in China, Ecuador, Colombia and Portugal.
Other investment activities (sum of all the rest)	(0)	(1)	
(2) Total Cash Flow for Investment Activities	(27)	(39)	
Income from financing	205	123	Higher income mainly from debt refinancing.
Payment of loans and financial leasing	(224)	(151)	Higher payment of loans due to short-term debt maturities.
Paid dividends and other investment flows	(29)	(27)	
(3) Total Cash Flow for Financing Activities	(48)	(55)	
Net Increase of Cash and Cash Equivalents (1) + (2) + (3)	(48)	(15)	
Effect of exchange rate fluctuation	7	0	
Cash and Cash Equivalent at the start of the period	105	102	
Cash and Cash Equivalent at the End of the Period	64	87	



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.



Regardless of the fact that to date Hortifrut has not had any problems in relation to credit risk, it is important to bear in mind that this fact does not guarantee that in the future, the Company may be exposed to this risk. In order to mitigate this risk, the Company has contracted credit insurances for the parent company and subsidiaries.

In order to mitigate this risk, the Company has contracted credit insurance for the parent company and subsidiaries.

7.1.2 Liquidity and Financing Risk

This risk is associated to the probability that Hortifrut S.A. and its subsidiaries cannot comply with their obligations, as a result of insufficient liquidity or the impossibility to obtain credits.

Additionally, there is the risk that, due to an impairment in its operations or other circumstances, certain financial ratios could reach levels higher than the limits established in the credit contracts, which could limit the debt capacity or accelerate the maturity of the Company's valid financial liabilities.

To mitigate this risk, the Company continuously monitors its financial ratios and other affirmative and negative covenants stipulated in its credit contracts, in order to be able to take opportune actions to avoid the potential negative effects associated to this risk.

Regardless of the fact that to date Hortifrut has not had any problems in relation to exceeding the financial ratios stipulated in the financing contracts, it is important to bear in mind that this fact does not guarantee that in the future, Hortifrut may be exposed to this risk.

The Hortifrut Group centrally administers these risks from the parent company through an appropriate distribution, extension of terms and by limiting the amount of its debt, as well as the maintenance of an adequate liquidity reserve, constantly monitoring the debt of the Subsidiaries and Associated Companies. Specifically in the case of subsidiaries such as 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 June 30, 2022, reach the amount of US\$249.26 million (US\$277.68 million as of December 31, 2021) distributed among 17 banks. The used amount reaches US\$109.35 million, with an available balance of US\$139.91 million. Credit lines are distributed among the following companies: Hortifrut Chile S.A. with US\$233.00 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\$6.91 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 June 30, 2022, based on undiscounted contractual flows:

	Cash Flows						
	Capital	Interests	From 0 to 3 months	Between 3 and 12 months	Between 1 and 5 years	Over 5 years	Total
<u>Creditor Bank</u>	<u>ThUS\$</u>	<u>ThUS\$</u>	<u>ThUS\$</u>	<u>ThUS\$</u>	<u>ThUS\$</u>	<u>ThUS\$</u>	<u>ThUS\$</u>
Banco de Crédito del Perú	57,749	133	38,598	20,150	-	-	58,748
Banco Santander Chile	57,006	427	27,268	6,219	26,485	-	59,972
Banco de Crédito e Inversiones	56,246	64	21,445	6,024	25,609	11,656	64,734
Banco RaboFinance Chile	42,335	344	338	13,282	32,147	767	46,534
Banco de Chile	39,855	189	17,153	8,040	16,888	-	42,081
Banco Estado	38,262	94	10,050	12,806	17,911	-	40,767
Banco Scotiabank	34,011	60	35,052	1	-	-	35,053
Banco Latinoamericano de Comercio Exterior, S.A.	35,083	283	95	3,781	33,391	-	37,267
Banco Industrial and Commercial Bank of China Limited.	29,911	407	-	6,195	26,478	-	32,673
Postal Savings Bank of China	25,773	-	13,940	3,684	8,149	-	25,773
Cooperatieve Rabobank U.A., New York Branch	25,000	159	-	-	28,240	-	28,240
Banco Internacional del Perú S.A.	24,256	32	4,029	4,121	16,667	-	24,817
Communications Bank Yunnan Branch	18,028	-	25	4,470	13,533	-	18,028
Banco ITAU	17,000	6	17,027	-	-	-	17,027
CaixaBank, S.A.	11,648	3	1,060	2,403	8,861	209	12,533
HSBC México SA, Institución de Banca Múltiple	10,000	33	-	10,453	-	-	10,453
Banco Santander Central Hispano S.A.	8,069	80	583	2,920	4,427	383	8,313
Banco China Construction Bank Corp.	8,000	1	8,015	-	-	-	8,015
Banco de Occidente S.A.	7,976	109	-	1,652	7,061	-	8,713
Caja Rural del Sur	5,084	4	1,836	472	2,337	579	5,224
Banco Bilbao Vizcaya Argentaria	8,415	5	555	3,669	3,095	1,303	8,622
Banco BICE	4,000	18	4,025	-	-	-	4,025
Banco Sabadell	337	-	117	220	-	-	337
GC Rent Chile SpA.	77	1	14	45	31	-	90
Banco BBVA Perú SA.	77	-	31	47	-	-	78
Mercedes-Benz Financial Services Portugal -Sociedade fin	17	-	-	3	15	-	18
Bancolumbia S.A.	2	-	-	2	-	-	2
Total as of June 30, 2022	564,217	2,452	201,256	110,659	271,325	14,897	598,137

Below is a summary of the maturities of total financial liabilities as of June 30, 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
<u>Detail</u>	<u>ThUS\$</u>	<u>ThUS\$</u>	<u>ThUS\$</u>	<u>ThUS\$</u>	<u>ThUS\$</u>	<u>ThUS\$</u>	<u>ThUS\$</u>
Bank loans	562,192	564,635	200,971	109,842	270,318	14,897	596,028
Bonds - obligations with the public	92,719	93,774	-	4,260	101,443	-	105,703
Leasing Liabilities	2,025	2,034	285	817	1,007	-	2,109
Operating Lease Liabilities	86,027	89,131	682	6,187	30,875	102,904	140,648
Trade accounts and other accounts payable	230,923	230,923	78,561	20,927	131,435	-	230,923
Accounts payable to related companies	12,887	12,887	-	6,019	6,868	-	12,887

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 June 30, 2022:

	<u>Chilean</u>						
	<u>Pesos</u>	<u>Nuevo Sol</u>	<u>Euro</u>	<u>Mexican Pesos</u>	<u>Yuan</u>	<u>Dirham</u>	<u>Others</u>
<u>As of March 31, 2022</u>	<u>ThUS\$</u>	<u>ThUS\$</u>	<u>ThUS\$</u>	<u>ThUS\$</u>	<u>ThUS\$</u>	<u>ThUS\$</u>	<u>ThUS\$</u>
<u>Financial Assets</u>							
Cash and Cash Equivalents	2,655	659	19,148	1,631	5,470	8,151	956
Current trade debtors and other accounts receivable	13,341	11,536	33,586	16,931	3,532	5,097	1,742
Current accounts receivable with related entities	65	17	638	-	-	-	-
Non-current fees receivable	34	-	138	-	-	-	102
<u>Total Financial Assets</u>	16,095	12,212	53,510	18,562	9,002	13,248	2,800
<u>Financial Liabilities</u>							
Other current financial liabilities	3	-	6,856	-	26,589	2,482	2
Current lease liabilities	293	-	660	317	956	388	210
Current trade accounts and other accounts payable	3,837	4,502	37,383	7,765	5,663	6,279	1,248
Current accounts payable to related entities	139	95	2,103	-	-	-	-
Other current provisions	2,138	207	294	-	-	-	-
Current provisions for employee benefits	1,310	1,774	189	1,701	-	-	233
Other non-current financial liabilities	-	-	13,360	-	17,212	6,972	-
Non-current lease liabilities	1,327	-	2,320	2,197	55,623	4,886	493
Other non-current accounts payable	-	-	131,435	-	-	-	-
Non-current accounts payable to related entities	6,868	-	-	-	-	-	-
<u>Total Financial Liabilities</u>	15,915	6,578	194,600	11,980	106,043	21,007	2,186
Net exposure as of June 30, 2022	180	5,634	(141,090)	6,582	(97,041)	(7,759)	614

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\$23.29 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 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	16,095	15,915	180	162	(18)
Nuevo Sol	12,212	6,578	5,634	5,071	(563)
Euro	53,510	194,600	(141,090)	(126,981)	14,109
Mexican Peso	18,562	11,980	6,582	5,924	(658)
Yuan	9,002	106,043	(97,041)	(87,337)	9,704
Dirham	13,248	21,007	(7,759)	(6,983)	776
Others	2,800	2,186	614	553	(61)
Total as of March 31, 2022	125,429	358,309	(232,880)	(209,591)	23,289

7.1.4. Interest Rate Risk

The Hortifrut Group has its long-term financial liabilities linked to long term investments.

Long term liabilities are both at fixed and variable rates and mostly in dollars to avoid cost variations and to be aligned with the Company’s functional currency. Even though short-term financial liabilities, linked to temporary work capital are at a fixed rate, an exposure to fluctuations in the market rates at the moment of its contracting and/or renewal is experienced.

As of June 30, 2022, the debt at variable rate that Hortifrut maintained was US\$469.62 million (US\$527.53 million as of December 31, 2021). 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\$1.10 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.

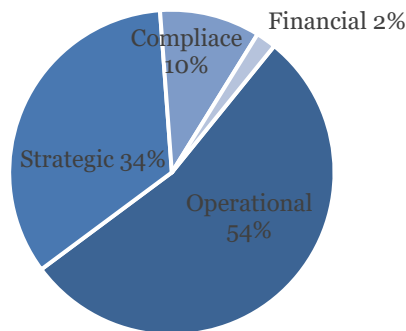
At Hortifrut there is a quarterly follow up of the action plans associated to all the risks, and a monthly follow up of the action plans associated to critical risks, which is reported with the same regularity to the Board.

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

As stated beforehand, as of June 30, 2022, risks identified by Hortifrut are distributed in the following manner:

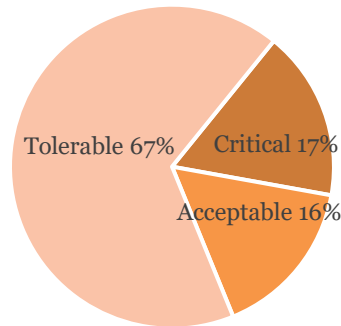
	Operational	Strategic	Compliance	Financial
Type of risk	54%	34%	10%	2%

RISK TYPE



	Critical	Tolerable	Acceptable
Risk Severity	17%	67%	16%

RISK SEVERITY



The main risks faced as of June 30, 2022, were:

RISK	TYPE	DESCRIPTION	CONTROLS AND MITIGATION
Country Risk	Strategic	Financial, political, cultural or other macro-economic events that originate in the different countries where Hortifrut has subsidiaries, which could negatively impact the fulfillment of the business plan (e.g. decrease in investment, contraction of demand and unemployment, among others). Also changes in labor and tax legislation that affect the criteria considered when it was decided to invest in another country.	When Hortifrut enters a new country, it looks for local strategic partners to minimize introduction and adapting costs to local idiosyncrasies. During the process to search for local partners, a detailed investigation takes place, using market references, professional advisory, and local lawyers. Once it has established in the country, an exhaustive work is done with the Human Resources area to integrate the new partners into the Company and permanently monitor, in a centralized manner, the performance of each of the overseas operations. Also, it counts with a geographic diversification of operations, but with a certain agricultural concentration in Peru, which it aims to reduce by focusing on the future growth in the genetics, distribution, and sales business, and outside Latin America.
Organizational Structure	Strategic	Does not count with an adequate organizational structure considering Hortifrut's growth levels.	Working on defining the adequate Organizational Structure considering Hortifrut's growth levels.
Pollination problems	Operational	Bees are affected by climate change, since the climate cannot be controlled, or can be affected by fertilizers.	Quality standards are established for beehives with the suppliers that provide the pollination service. The beehives are constantly checked at the fields and the number of bees per row is monitored.
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, packing materials, as well as fertilizers.	Hortifrut has increased the stock of the most relevant supplies to assure operational continuance.

Food Safety	Compliance	Non-compliance of MRL (Maximum Residue Limit) of pesticides and/or use of non-allowed products.	Hortifrut counts with varied mitigation measures such as: (1) analysis of pesticides before beginning the commercial harvest, as per program at the start of the campaign; subsequently, a routine fortnightly analysis will take place to evaluate subsequent applications; (2) the Food Safety web platform available for customers will be used, which includes a record of the valid certifications and results of the analysis of several producers; (3) count with a restriction software, which allows to block producers in case of any non-compliance; (4) count with a Product Approval Corporate Protocol as per sanitary programs previously approved by the Food Safety area in relation with the corresponding record and other requirements; (5) before beginning the season, producers are given a list of phytosanitary products that are allowed for the destination countries and authorized at origin for their use, with the dose, objective plague, application method, and safety and harvest intervals.
Plagues or disease of the harvests	Operational	High cost or hard to control plagues or disease within the harvests, which could alter the development of the offered products, shorten the productive life and/or affect the quality and quantity of the harvested fruit.	All of Hortifrut's subsidiaries count with plague and disease monitoring systems to be able to detect and attend to the phytosanitary problems when they arise or when favorable conditions are present for their development. We currently count with phytosanitary programs developed for each field/harvest, based on the requirements, always aligned with the food safety compliance required by customers. These phytosanitary programs are approved by the Sanitation area and, also, count with the approval of the phytopathology and entomology advisors. With this, the sanitation of harvests is assured without having residuality and Food Safety problems. On the other hand, we count with a Global Sanitation Committee, which meets weekly and gathers all those responsible for sanitation at each operation and the global sanitation advisors; this Committee serves as a guide for the making of phytosanitary decisions and to share the experiences and practices that have worked at the different subsidiaries. Additionally, the Company performs quality control during the whole process, from the receipt of the fruit at the stockpiles to the receipt on behalf of the client at destination. Our operating standards are oriented to maintaining optimum quality during the whole export process and stock control is applied at destination to assure that the rotation of fruit allows to maintain the demanded quality. Last of all, there are salvaging programs at destination which allow to reduce the risk of arriving with deficient quality to the final customer in case some of the previous controls fail.
Plant supply	Strategic	Depend on few plant/plug suppliers to cater for Hortifrut's growth plan	Hortifrut realizes a detailed planning to assure the plants/plugs necessary for the growth plan.
Origin-destination logistics chain	Operational	Maritime/land logistics problems at a global level, which impacts the transfer of fruit from the country of origin to the destination markets.	Specifically, during the 2020/21 and 2021/22 seasons there have been problems in the shipping services to the United States and Asia because of the COVID-19 pandemic. To mitigate said risk, Hortifrut executes a diversification strategy in the transit services (by supplier and destination market) to arrive with the fruit to the market in the lowest time possible, considering contingency.

Operational Continuance	Strategic	The blueberries industry in Chile is facing several risks: climate change, old varieties, locations that causes loss of competitiveness in front of other countries.	Hortifrut is working in the varietal turnover to assure that the fruit is of better quality to reach destination markets.
Lack of Manpower	Operational	Lack of harvesters at fields and temporary personnel that work at packings.	At Hortifrut there is the Temporary Human Resources Regional Management, which is in charge of hiring temporary personnel in Peru, Chile and Mexico. Strong communication campaigns take place to encourage the enrollment and hiring of said personnel and there is a digital inscription file to follow-up the candidates. Furthermore, we participate in work fairs in different areas and perform active recruitment in the communities near the operations. An incentives program was also implemented for the already hired personnel, in order to reduce rotation during the campaign.
Sell fruit below the quality standard agreed with customers	Compliance	Non-compliance of the quality standard agreed with the customer, as per the market or defined strategy.	Corporate Quality Management depends directly on Corporate General Management, thus reinforcing independence to make decisions in relation to quality. We count with quality corporate reports for the different subsidiaries, which are permanently monitored. In this report immediate traceability can be made of the quality of the inspected lots from origin to destination and vice versa, as well as the evolution of quality per producer, field and variety.
Loss of competitiveness	Strategic	Loss of competitiveness in relevant markets as a result of more competitive actors, new products or genetic development of these, which could impede the increase in market interest expected by the Company.	In Blueberries, Raspberries and Blackberries, Hortifrut works to permanently produce state of the art genetics, focusing on quality, productivity, post-harvest life and market acceptance, among other factors, for fruit from all origins. On the other hand, geographic diversification and of different Berries species, with the objective of supplying customers the whole year with the complete Berries category is boosted. High levels of agricultural and operational costs efficiency are maintained. Debt ratios are monitored monthly to assure competitiveness in financing. We are constantly looking for good new customers, as well as developing new market segments (e.g.: online sales and value-added products).
Climate change, natural disasters, accidents or pandemics	Operational	Natural disasters (e.g.: earthquakes and flash floods), unfavorable climate conditions (e.g.: strong gales) or unexpected events (e.g.: fires, floods or attacks) that damage the plantations and/or installations, affecting production. With the acquisition of Rocio Group's blueberries business in Peru, the Company's plantations in said country reach 42.2% of the total as of December 31, 2021.	The Company has plantations and operations at various geographic locations, that allow it to partially mitigate this risk. The various subsidiaries have developed different mitigation plans to overcome this risk. For example, in Peru firefighting systems and fire walls have been installed at the packings, dividing the processing room, the finished product chamber and security doors to isolate the storage of materials. There are also protection works for the water courses and the critical points are reinforced to protect plantations from the El Nino phenomenon. In Chile, Hortifrut has invested in frost control, shade mesh, hail protection and protection tunnels in case of climate factors. The climate threat and natural disaster areas are constantly evaluated, to propose preventive measures that grant production protection. In Mexico, a business insurance policy has been contracted to assure the assets in the fields, except plantations. To mitigate climate contingencies, different implementations have been performed, for example, drains, mesh and purchase of electrical energy plant, among others.

Water supply	Operational	To not count with the water necessary to water the plantations, due to droughts and/or underground aquifers that have dried up.	The different subsidiaries develop their strategy to follow up this risk and implement mitigation measures. For example, plantations in Peru count with reservoirs in different areas, which allow to assure water for an average 25 days, with a reserve of 2.5 million m ³ . In Mexico, reservoirs have also been built at the various fields. In Chile, dams are maintained to store water, which allows to irrigate for a reasonable time, and water is purchased from neighboring owners that count with duly accredited shares. Furthermore, in certain geographic areas, ground plantations are complemented with plantations in pots, which use up approximately 30% less water than ground plantations.
Cyber security attacks	Operational	Affecting technological platforms and/or information networks that back the key processes of the business. Theft or exposure of the company's information or sensitive information.	If corporate platforms are affected due to a cyber security incident, contingency procedures have been defined to back critical processes in a manual manner. Technological Corporate Management performs an annual cyber security revision and activity at a corporate level, which considers Ethical Hacking, Ethical Phishing and finding of critical vulnerable platforms exposed to internet.

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 June 30, 2022, and December 31, 2021, are the following:

<u>COUNTRY</u>	<u>TYPE OF INSURANCE</u>	<u>CURRENCY</u>	<u>30-Jun-22</u>		<u>31-Dec-21</u>	
			<u>COVERED AMOUNT</u>	<u>CURRENCY</u>	<u>COVERED AMOUNT</u>	<u>CURRENCY</u>
Chile	Infrastructure fire	UF	1,211,265	UF	1,211,265	
Chile	Mobile Agricultural Equipment	UF	42,487	UF	42,487	
Chile	Motor Vehicles	UF	27,477	UF	27,477	
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	59,000,000	USD	50,000,000	
Chile	Fruit and Materials Insurance	USD	8,500,000	USD	8,500,000	
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	5,000,000	
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	
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	PEN	618,320	
Peru	Motor Vehicles	USD	2,136,124	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 June 30, 2022, the Company did not recognize fair value of fruit on bearer plants adjustment, since there are no relevant differences between the book value of the biological asset and its fair value (as of June 30, 2021, the expected margin was recognized for US\$0.84 million, which is presented under results in the item Other revenue per function).

The estimation of this same concept recorded as of December 31, 2021, was for the value of US\$3.04 million, which is presented in Other income, per function.



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.