



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

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

The current reasoned analysis has been prepared for the period ending September 30, 2022, compared with the financial statements as of December 31, 2021, and September 30, 2021 (Dec21 and Sep21, 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 three-month comparison of the 22/23 and 21/22 ("3M S22/23" and "3M S21/22", respectively).

1. HIGHLIGHTS OF THE PERIOD AND SUBSEQUENT FACTS

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.

Bondholders' Meeting

On October 13, 2022, the Comisión para el Mercado Financiero (CMF) was informed that the Series A and Series B Bondholders' Meeting were held, the purpose of which was to propose the modification of the respective issuance contracts, regarding the definition of "Adjusted EBITDA" with effect as of June 30, 2022, which was unanimously approved, clarifying the discrepancies that arose between the Company and the Bondholders' Representative, regarding the calculation of the covenants defined in the issuance contract.

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

On May 25, 2022, a sale was materialized to a subsidiary of PSP ("Public Sector Pension Investment Board"), one of the largest pension funds 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 Perú S.A.C. of US\$117.3 million and generated a net profit of US\$37.20 million.

Association with IG Berries in India

On 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 for the local market.

2. SUMMARY OF THE PERIOD

The calculation of the EBITDA is detailed below:

	CALENDAR YEAR (9 months)		SEASON (3 months)	
	Jan22 - Sep22	Jan21 - Sep21	Jul22 - Sep22	Jul21 - Sep21
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
EBITDA DETERMINING				
Income from operating activities	626,725	542,318	172,771	145,640
Other income, per function	6,510	22,369	4,731	19,109
Total Income	633,235	564,687	177,502	164,749
Cost of sales	(527,521)	(422,669)	(150,346)	(111,177)
Administration expenses	(53,571)	(46,889)	(16,576)	(15,310)
Other expenses, per function *	(7,804)	(5,038)	(3,195)	(1,607)
Total Costs and Expenses	(588,896)	(474,596)	(170,117)	(128,094)
Operating Result	44,339	90,091	7,385	36,655
Depreciation and amortization	50,971	43,996	22,186	21,846
EBITDA	95,310	134,087	29,571	58,501
EBITDA without Fair Value	94,583	120,497	25,800	45,099

*Excluding impairment in the value of assets.

Accumulated analysis as of September 2022

EBITDA as of Sep22 reached US\$95.31 million, which represents a 28.92% reduction compared to the US\$134.09 million recorded as of Sep21. Also, accumulated EBITDA as of Sep22 without the fruit *fair value* effect reached US\$94.58 million, which represents a 21.51% reduction, compared with the US\$120.50 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 July to September 2021 period reached US\$10.44 million. Furthermore, the Company experienced a 24.81% increase in sales costs, while total income increased 12.14%. The greater increase in costs is associated with the increase in logistical costs (mainly export freight), in the operation's main supplies, such as for example fertilizer, and in labor costs. Furthermore, a 14.25% increase was observed in



Administration expenses due to the purchase of Atlantic Blue, new operation in Ecuador and growth in Mexico, among others. In relation to total income, these increased 12.14%, mainly due to the increase in commercialized volume.

Income from operating activities increased 15.56% thanks to the 37.43% increase in commercialized volume of fresh fruit due to 1) the increase in volumes in Peru associated to own volumes due to the higher productivity of plants and the decision to extend the production curve to the first quarter of 2022, as well as bringing forward the production curve in S22/23; to which we add the increase in commercialized volumes of third-party fruit over which the company has a margin due to commercialization, 2) due to the commercializing of blueberry volumes from Morocco and Spain associated to the purchase of Atlantic Blue, 3) due to the maturing of blueberry fields in China, which have mostly been planted with Hortifrut genetics (owned and licensed), and 4) due to the maturing of raspberry plantations in Mexico, with Hortifrut's own variety, *Centennial*, which has had a very good performance. Also, higher income is also explained by the increase in the volume of value-added products, which increased 18.21% due to the strong demand in this segment.

Analysis of the July 2022 – September 2022 season

The S22/23 EBITDA reached US\$29.57 million, decreasing 49.45% compared to the US\$58.50 million EBITDA recorded in the S21/22. Also, EBITDA without the fruit *fair value* effect in S22/23 reached US\$25.80 million, which represents a 42.79% decrease, compared with the US\$45.10 million obtained in S21/22.

Said reduction in EBITDA is explained first by the sale of 75% of HFE Berries Perú S.A.C. in May 2022, as was previously explained. Plus, we add the 35.23% increase in Sales costs while income from operating activities increased 18.63%. Higher income from Sales costs is associated to the increase in volumes (+32.39%), as well as an increase in logistical costs, agricultural supplies costs, especially fertilizers, and labor costs. In relation to income, these have not increased in the same magnitude as volumes, mainly associated to lower prices at the different destination markets. Also, an 8.27% increase in administration expenses has been experienced associated to growth at different operations, mainly due to the purchase of Atlantic Blue which in this first stage of the season has still not begun production.

Income from operating activities increased 18.63% in S22/23 compared to S21/22 associated to the 32.39% increase in volumes, explained by the increase in fresh fruit volumes (+54.96%) thanks to 1) higher volumes from Peru both from own fields and fruit from third party exporters, and due to 2) growth in raspberry volumes in Mexico. Also, a 5.07% increase was observed in Value Added Products segment associated to the increase in market demand for this type of product. This increase in volumes has not been totally transferred to income, associated to the lower average prices as per what was previously explained.

Gains attributable to the parent company shareholder reached US\$8.13 million in the first three months of S22/23, which represents a US\$9.26 million reduction compared to the first three months of S21/22 due to the lower EBITDA because of the aforementioned reasons and the increase in net financial costs (+US\$3.23 million) mainly associated to the debt due to the purchase of Atlantic Blue. The aforementioned effects were partially offset by a positive exchange rate difference for US\$12.48 million, compared with a positive exchange rate difference for US\$1.28 million in S21/22, and higher participation in profit of associates, which reaches US\$2.19 million in S22/23, mainly corresponding to the result of HFE Berries Perú S.A.C. for US\$2.07 million in said period.

Net financial debt determining	30-Sep-22	31-Dec-21
Items	ThUS\$	ThUS\$
Other current financial liabilities	307,145	210,786
Current lease liabilities*	6,452	5,774
Other non-current financial liabilities	387,204	467,040
Non-current lease liabilities*	81,849	81,874
Total financial liability	782,650	765,474
Minus:		
Cash and cash equivalents	70,101	104,701
Total net financial debt	712,549	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\$712.55 million as of September 30, 2022, mainly explained by the use of cash to finance growth investments in several countries (China, Portugal, Colombia, Ecuador and Chile-Vitafoods), as well as to finance working capital needs for the frozen and fresh fruit business. As of September 2022, the lease liability reached US\$88.30 million, of which US\$86.56 million corresponds to rent liability and the remaining US\$5.46 million to leasing liabilities. Also, as of September 2021, the rent liability reached US\$87.65 million, of which US\$84.64 million were rent liabilities and US\$3.01 million were associated to leasing liabilities.

3. ANALYSIS OF INCOME STATEMENT

During the 9 months ending Sep22 a profit attributable to the parent company shareholders was recorded at US\$28.81 million, which is in line with the result recorded as of Sep21, which reached US\$28.67 million.

The effects that explain this result are: 1) reduction in the EBITDA without *fair value* of US\$25.90 million due to the aforementioned factors (higher costs and expenses), 2) higher expenses due to depreciation (+US\$6.98 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 Sep22 reached US\$23.13 million, compared with the US\$10.92 million in the same period of 2021 (+US\$12.21 million) mainly associated to increase in the debt associated to the obtaining of financing for the purchase of Atlantic Blue, 4) higher expense due to impairment in the value of assets, which reached US\$48.12 million as of Sep22, compared with the US\$15.30 million as of Sep21, associated with the varietal turnover in Peru, Chile and Mexico and 5) lower net effect of *fair value* adjustment of fruit, which reached US\$0.73 million as of Sep22, compared with +US\$13.59 million as of Sep21 (-US\$12.86 million) mainly explained by lower recognition of fruit on bearer plants in Peru in Sep22.

The aforementioned was offset by the following positive effects: 1) Other profits for US\$40.89 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\$28.13 million, compared with a negative exchange rate difference of US\$3.47 million as of Sep21, and 3) an increase in the interest in profits of associated companies for US\$2.41 million mainly explained by HFE Berries Perú S.A.C.'s result.

a) **Main components of Income**

Income from operating activities reached US\$626.73 million as of Sep22, representing a 15.56% increase compared to Sep21. This increase is mainly due to the 30.11% growth in sales volume. Also, the average price experienced a slight increase passing from 6.65 US\$/Kg to 6.72 US\$/Kg (average as of Sep21 and Sep22, respectively), mainly explained by the increase in the price of the Value-Added Products segment, thanks to the strong demand for this segment.

The 30.11% increase in sales volume is explained thanks to the 37.43% increase in the 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, as well as the forwarding of the production curve in S22/23; which is added to the increase in commercialized volumes of third-party fruit over which the Company only obtains a margin due to commercialization, 2) due to the commercialization of blueberry volumes from Morocco and Spain associated to the purchase of Atlantic Blue, 3) due to the maturing of blueberry fields in China, which have mostly been planted with Hortifrut genetics (own and licensed), and 4) due to the maturing of raspberry plantations in Mexico. Also, the volume of the value-added products segment increased 18.21% due to the strong demand in this segment.

Income from operating activities in S22/23 increased 18.63% (+US\$27.13 million) compared to the same period of the previous season, reaching US\$145.64 million, explained by the 32.39% increase in distributed volume to 25,879 tons, which offsets the fall in the average price by 0.41% associated to lower blueberry prices due to the fall in market prices.

	Jan22 - Sep22	Jan21 - Sep21	Variation	Jul22 - Sep22	Jul21 - Sep21	Variation
Total Operating Income	ThUS\$	ThUS\$	%	ThUS\$	ThUS\$	%
Income from operating activities	626,725	542,318	15.56%	172,771	145,640	18.63%
Other income, per function	6,510	22,369	-70.90%	4,731	19,109	-75.24%
Total Operating Income	633,235	564,687	12.14%	177,502	164,749	7.74%

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

	Jan22 - Sep22	Jan21 - Sep21	Variation	Jul22 - Sep22	Jul21 - Sep21	Variation
Income per Segment	ThUS\$	ThUS\$	%	ThUS\$	ThUS\$	%
Fresh Fruit	512,941	475,147	7.95%	141,651	133,579	6.04%
Blueberries	417,070	404,010	3.23%	113,536	116,014	-2.14%
Raspberries	75,992	54,912	38.39%	25,768	15,085	70.82%
Blackberries	9,224	6,925	33.20%	1,583	1,234	28.28%
Strawberries	2,747	2,822	-2.66%	764	1,246	-38.68%
Cherries	7,908	6,478	22.07%	-	-	0.00%
Value Added Products	120,294	89,540	34.35%	35,851	31,170	15.02%
Value Added Products	120,294	89,540	34.35%	35,851	31,170	15.02%
Total Operating Income	633,235	564,687	12.14%	177,502	164,749	7.74%

In blueberry sales, as of Sep22 we observed a 3.23% increase compared to the previous period, explained by a 38.98% increase in commercialized volumes associated to higher volumes from almost all origins, with the main ones being Peru, Morocco, China and Spain; offset by the decrease in the average price per kilo of 6.48%, passing from 8.71 US\$/kg as Sep21 to 8.15 US\$/kg as of Sep22, associated to lower market prices that have affected Peruvian fruit and lower prices for Chilean fruit due to climatic conditions that affect the quality of the fruit.

Raspberries experienced a 38.39% increase in sales income due to the higher commercialized volume (+47.04%), mainly due to new hectares planted in Mexico with *Centennial*, own raspberry variety developed by Hortifrut's genetics programs at own and third-party fields. The commercialized volume passed from 5,325 tons as of Sep21 to 7,830 tons as of Sep22. Also, price decreased 5.89%, passing from 10.31 US\$/kg as of Sep21 to 9.70 US\$/kg as of Sep22, associated to higher volumes.

The blackberries segment recorded a 33.20% increase in income compared to Sep21, mainly explained by higher commercialized volumes (+42.48%) due to the good obtention of third-party fruit in Mexico, which offset the decrease in average price by 6.51%.

Strawberries experienced a 2.66% reduction in sales as of Sep22 compared to the same period of the previous year, variation that is explained by a 3.51% reduction in the commercialized volume associated to lower production at own fields, which was partially offset by the slight 0.88% increase in price.

Cherries recorded a 22.07% increase in sales income compared to Sep21. 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. This 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 34.35% compared to income recorded in the same period of 2021. This variation is explained by the 18.21% increase in volume and the increase in the average price per kilo of 13.65% associated to the strong demand for this segment.

b) Main Component of Costs and Expenses

Costs and Expenses	Jan22 -	Jan21 -	Variation	Jul22 -	Jul21 -	Variation
	Sep22	Sep21		Sep22	Sep21	
	ThUS\$	ThUS\$	%	ThUS\$	ThUS\$	%
Cost of sales	(527,521)	(422,669)	24.81%	(150,346)	(111,177)	35.23%
Administration expenses	(53,571)	(46,889)	14.25%	(16,576)	(15,310)	8.27%
Other expenses, per function, excluding impairment of value of assets	(7,804)	(5,038)	54.90%	(3,195)	(1,607)	98.82%
Other operating costs and expenses	(61,375)	(51,927)	18.19%	(19,771)	(16,917)	16.87%
Impairment of value of assets	(48,117)	(15,296)	214.57%	0	(149)	-100.00%
Total Costs and Expenses	(637,013)	(489,892)	30.03%	(170,117)	(128,243)	32.65%

Main Components of Sales Costs

Sales costs as of Sep22 reached US\$527.52 million, presenting a 24.81% increase compared to the US\$422.67 million recorded as of Sep21. Higher sales costs are mainly explained by the higher volume commercialized in this period compared with the same period in the previous year (+30.11%), also the non-consolidation of HFE Berries Perú S.A.C. from June 2022, with which from said operation commercialized fruit must be purchased as if it were from a third-party producer. Sales costs represented 84.17% of income from operating activities as of Sep22, while as of Sep21 they reached 77.94%, mainly associated to the increase in costs of some supplies, such as fertilizers, the increase in the export freight rates, increase of labor costs and the previously explained impact of the sale of HFE Berries Perú S.A.C.

Sales costs of S22/23 reached US\$150.35 million, increasing 35.23% (+US\$39.17 million) compared to S21/22. The increase is mainly explained by the higher commercialized volume (+32.39%), as well the impact of the aforementioned non-consolidation of HFE Berries Perú S.A.C. Sales costs represented 87.02% of income from operating activities in S22/23, while in S21/22 they reached 76.34%, 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 Sep22 administrative expenses reached US\$53.57 million, representing a 14.25% increase compared to Sep21. Higher expenses are due to the impact in growth of operations in China, Mexico and Ecuador, as well as the expenses of the recently purchased Atlantic Blue Group companies.

Main Components of Other Expenses, per function

Other expenses, per function (excluding Impairment in the value of assets) increased US\$2.77 million, reaching US\$7.80 million as of Sep22, mainly explained by the reversal of the *fair value* adjustment of fruit on bearer plants, reaching -US\$3.04 million as of Sep22, compared with the -US\$0.65 million recorded as of Sep21 explained by higher recognition of fruit on plant as of Dec21 compared with the *fair value* recognition realized as of Dec20.

c) Other Components of Income Statement

	Jan22 - Sep22	Jan21 - Sep21	Variation	Jul22 - Sep22	Jul21 - Sep21	Variation
Other Income (expenses)	ThUS\$	ThUS\$	%	ThUS\$	ThUS\$	%
Other profit (loss)	40,885	(847)	-4927.04%	(1,124)	(1,030)	9.13%
Financial income	694	736	-5.71%	652	74	781.08%
Financial expenses	(23,823)	(11,656)	104.38%	(8,675)	(4,863)	78.39%
Interest in profit (loss) of associated companies	2,523	111	2172.97%	2,193	32	6753.13%
Exchange rate fluctuations	28,134	(3,473)	-910.08%	12,482	1,276	878.21%
Other Income (expenses)	48,413	(15,129)	-420.00%	5,528	(4,511)	-222.54%

The other components of income increased from a US\$15.13 million loss as of Sep21 to a US\$48.41 million profit as of Sep22 (+US\$63.54 million).

The main items that explain this variation are the following:

- a. Other profit for US\$40.89 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\$4.28 million and others for US\$0.54 million.
- b. US\$12.21 million increase in net financial expenses, reaching US\$23.13 million as of Sep22. This variation is mainly explained by the increase in debt associated with the financing of the purchase of Atlantic Blue companies.
- c. Profit from exchange rate fluctuation of US\$28.13 million as of Sep22, mainly associated to accounts payable due to the purchase of Atlantic Blue Group, generating a US\$31.61 million increase compared to the US\$3.47 million loss recorded in the same period of 2021.

d) Gains tax expense

Gains tax expense reached -US\$8.70 million as of Sep22, compared to the -US\$13.37 million as of Sep21. Tax expense of the period is mainly itemized by current tax expense of US\$21.43 million (US\$13.15 million as of Sep21), deferred tax profit of US\$10.43 million (US\$1.08 million as of Sep21), and other adjustments for -US\$2.31 million (US\$1.30 million as of Sep21). The US\$10.43 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.

e) Other Result Indicators

Activity Indicators:

Indicator	Unit	Jan22 - Sep22	Jan21 - Sep21
Activity			
Rotation of Assets	Times	0.33	0.37
<i>Operating revenue / Total average assets of the period</i>			
Rotation of Inventory	Times	3.71	4.68
<i>Cost of sales / Average inventory</i>			
Permanence of inventory (days)	Days	24	19
<i>Inventory / Annual cost of sale (360 day base)</i>			

Rotation of assets between the periods ending September 30, 2022, and 2021 decreased slightly because income increased in lower proportion than total average assets (income growth +12.14% vs. average total asset growth +24.84%). The important growth in assets is associated to the consolidation of companies purchased from Atlantic Blue, and the investments realized at 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, 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\$90.23 million as of Sep21 to US\$142.35 million as of Sep22 (+57.76%), while sales costs passed from US\$422.67 million as of Sep21 to US\$527.52 million as of Sep22 (+24.81%).

4. COMPARATIVE ANALYSIS OF MAIN TENDENCIES

The evolution of the main financial indicators is the following:

Indicator	Unit	30-Sep-22	31-Dec-21	Variations %
Current Liquidity <i>Current Asset / Current Liability</i>	Times	1.18	1.33	-11.81%
Acid Ratio <i>Current assets (-) Other non-financial assets, inventories and current biological assets / Current liability</i>	Times	0.71	0.93	-23.44%
Debt Ratio <i>Total liabilities / Equity attributable to Parent Company</i>	Times	1.94	2.04	-4.65%
Short term debt <i>Total current liabilities / Total liabilities</i>		40.65%	35.92%	13.14%
Long term debt <i>Total non-current liabilities / Total liabilities</i>		59.35%	64.08%	-7.37%
Book value of the share (US\$) <i>Equity attributable to parent company / N° shares</i>	Dollars per share	1.0524	1.0383	1.35%

- Current liquidity was 1.18 times as of Sep22, which represents a decrease in relation to Dec21 (1.33 times). Also, the acid ratio reached 0.71 times experiencing a decrease of 23.44% in relation to the period ending December 31, 2021. This decrease in ratios is due to a decrease in current assets of US\$20.96 million, in contrast with the US\$40.95 million increase in current liabilities.

Current assets decreased US\$20.96 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\$40.95 million increase in current liabilities is explained by an increase in current financial liabilities of US\$96.36 (non-current financial liabilities decreased US\$79.84 million), partially offset by the decrease in trade accounts and other current accounts payable for US\$34.14 associated to lower debt with suppliers in 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 3.37% (-US\$41.09 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\$607.55 million in Sep22 (+1.35%). This increase is mainly explained by the accumulated controlling profit of the nine months of 2022 for US\$28.81 million.
- The current liabilities percentage as of Sep22 was 40.65% compared to total liabilities, higher than 35.92% as of December 2021, explained by the change in the composition of financial liabilities, increasing current financial liabilities by US\$96.36 million, and reducing non-current financial liabilities by US\$79.84 million.
- The book value of the share increased 1.35%, passing from 1.0383 US\$/share in December to 1.0524 US\$/share as of September 2022 associated to the increase in equal proportion of the parent company equity.

Indicator	Unit	Jan22 - Sep22	Jan21 - Sep21	Variations %
Financial expense coverage <i>(Before tax profit+Financial costs)/Financial costs</i>	Times	2.87	6.12	-53.04%
Profitability of parent company equity <i>Parent company gains/Parent company equity</i>		4.74%	4.46%	6.32%
Profitability of equity <i>Profit of the period/Total equity</i>		5.14%	6.09%	-15.47%

- The reduction in financial expense hedging index as of Sep22 compared to Sep21 is mainly due to the increase in financial costs, which passed from US\$11.66 million as of Sep21 to US\$23.82 million as of Sep22, 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 increased from 4.46% as of Sep21 to 4.74% as of Sep22 mainly explained by the reduction in parent company equity from US\$642.75 million in Sep21 to US\$607.55 million in Sep22 (-US\$35.20 million). Also, parent company Profit as of Sep22 was at US\$28.81 million, fairly in line with the parent company profit as of Sep21 which was US\$28.67 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 is partially offset by the higher accumulated profit attributable to the parent company shareholders (US\$224.94 million as of Sep22, compared with US\$190.08 as of Sep21).

- Total Equity Profit as of Sep22 is located at 5.14% compared to the 6.09% profitability as of Sep21. This reduction is explained by lower profit in the period as of Sep22 in relation to the same period of 2021 (-US\$10.36 million), associated to the aforementioned factors (lower EBITDA, higher impairment of assets, higher net financial costs).

5. ANALYSIS OF STATEMENT OF FINANCIAL POSITION

Main items of the Consolidated Statement of Financial Position

Statement of Financial Position	30-Sep-22	31-Dec-21	Variation	
	ThUS\$	ThUS\$	ThUS\$	%
Total current assets	564,619	585,574	(20,955)	-3.58%
Total non-current assets	1,313,986	1,330,664	(16,678)	-1.25%
Total assets	1,878,605	1,916,238	(37,633)	-1.96%
Total current liabilities	479,613	438,663	40,950	9.34%
Total non-current liabilities	700,348	782,392	(82,044)	-10.49%
Total liabilities	1,179,961	1,221,055	(41,094)	-3.37%
Equity attributable to parent company equity holders	607,547	599,446	8,101	1.35%
Non-controlling interest	91,097	95,737	(4,640)	-4.85%
Total equity	698,644	695,183	3,461	0.50%

As of September 30, 2022, total assets decreased US\$37.63 million (-1.96%) in relation to those existing as of December 31, 2021, mainly because 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\$20.96 million mainly explained by: 1) decrease in the account Group of assets for disposal classified as held for sale (-US\$93.10 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\$34.60 million) explained by the use of cash for investment financing and working capital. The aforementioned was partially offset by: 1) increase of Trade Debtors and Other Accounts Receivable (+US\$58.20 million) mainly associated to higher sales in the frozen business and recognition of accounts receivable from the sale of 75% interest in HFE Berries Perú S.A.C., 2) increase in Inventories (+US\$32.42 million) mainly associated to stock of frozen fruit also for sale in the second half of 2022, 3) increase in Current biological assets (+US\$13.68 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\$16.68 million (-1.25%) 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 Sep22, 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 has been concluded as of September 30, 2022, 2) Other non-current financial assets (-US\$7.62 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 1) Intangible assets other than goodwill (+US\$27.30 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\$21.14 million), whose increase is associated mainly to recognition for US\$16.13 million of the participation of 25% of the HFE Berries Perú S.A.C. company, and which as of December 31, 2021 still has 100% of its property, also due to the recognition for US\$4.92 million due to the 50% interest in the Hortifrut IG Berries Ltd. Company in India.



Current liabilities increased US\$40.95 million (+9.34%), reaching US\$479.61 million as of Sep22. The increase in current liabilities is associated to: 1) increase in financial liabilities (+US\$96.36 million) associated to the taking of debt for working capital financing for the frozen business (Vitafoods) and due to the transfer of long-term debt to short-term, 2) increase in Accounts payable to related entities (+US\$ 11.97 million) associated to accounts payable to HFE Berries Perú S.A.C. for the purchase of fruit commercialized by Hortifrut, and 3) increase in current tax liability (+US\$6.12 million). The aforementioned, is partially offset by: 1) reduction in Liabilities included in group of assets classified as held for sale (-US\$36.41 million), associated to the sale of HFE Berries Perú S.A.C., 2) reduction in Trade Accounts and Other Accounts Payable (-US\$34.14 million) associated to lower debt with suppliers in Chile and Europe due to the end of the season and 3) reduction in Provisions for employee benefits (-US\$2.33 million).

Non-current liabilities decreased US\$82.04 million to US\$700.35 million as of Sep22. Said reduction is mainly due to 1) reduction in non-current financial liabilities (-US\$79.84 million) associated to the transfer to short-term debt of debts that were previously classified as long-term, and 2) reduction in Other accounts payable (-US\$19.81 million) due to the payment of instalment of debt acquired for the purchase of Atlantic Blue company. This is partially offset by an US\$11.63 million increase in deferred tax liabilities to US\$94.52 million as of Sep22, and the increase in Accounts payable to related entities for US\$6.00 million mainly due to debt acquired with partners of the subsidiary Hortifrut Ecuador S.A., which will be capitalized in the following months.

The Company's total equity increased US\$3.46 million compared to December 31, 2021, reaching US\$698.64 million (+0.50%) mainly explained by total gains as of Sep22 for US\$28.81 million, partially offset by the negative effect of Other reserves (-US\$20.68 million) mainly associated to reserves due to exchange rate fluctuations.

MAIN COMPONENTS OF NET OPERATING INVESTMENT AND FINANCING CASH FLOWS

Main sources and uses of the funds of the period (US\$ millions)	Jan-Sep 2022	Jan-Sep 2021	Comments
Charges from the sale of goods and the providing of services	599	539	Higher charges associated to higher sold fruit volumes.
Payment to suppliers for the supply of goods and services	(412)	(359)	Increase in payment to suppliers also associated to the increase in sold volumes and supply costs.
Payment for and on behalf of employees	(135)	(123)	Increase in remunerations mainly associated to the purchase of Atlantic Blue companies.
Net interests	(23)	(11)	Increase due to the higher debt level for the purchase of Atlantic Blue companies.
Taxes	(7)	(14)	
Others	(2)	4	
(1) Total Cash Flow for Operating Activities	20	35	
Cash flows from the loss of control of subsidiaries or other business	35	0	Corresponds to the 40% charge of the sale price of Olmos.
Cash flows used in the purchase of non-controlling interests	(5)	0	Corresponds to the capital contribution realized to enter the IG Berries (India) property.
Other charges for the sale of equity or debt instruments from other entities	0	1	
Other payments to purchase equity or debt instruments from other entities	0	(6)	
Sale and purchase of property, plant and equipment	(79)	(52)	Investments for plantations in China, Ecuador, Colombia and Portugal.
Other investment activities	(0)	(1)	
(2) Total Cash Flow from Investment Activities	(49)	(57)	
Loans from related entities	7	0	Temporary loan from partners in Ecuador, which will soon be capitalized.
Income from financing	313	247	Higher income mainly from the refinancing of debt.
Payments of loans	(298)	(191)	Higher payment of loans for short term debt maturity.
Paid dividends and other investment flows	(29)	(27)	
(3) Total Cash Flow for Financing Activities	(8)	29	
Net Increase of Cash and Cash Equivalent (1) + (2) + (3)	(36)	7	
Exchange rate fluctuation effect	2	(0)	
Cash and Cash Equivalent at the start of the period	105	102	
Cash and Cash Equivalent at the End of the Period	70	109	

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 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, because 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.

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 September 30, 2022, reach the amount of US\$255.41 million (US\$277.68 million as of December 31, 2021) distributed among 17 banks. The used amount reaches US\$139.15 million, with an available balance of US\$116.261 million. Credit lines are distributed among the following companies: Hortifrut Chile S.A. with US\$239.50 million, Agrícola El Pampino S.A. with US\$0.75 million, Agrícola El Avellano S.A. with US\$0.50 million, Agrícola Santa Rosa del Parque S.A. with US\$1.00 million, Agrícola Mataquito S.A. with US\$1.70 million, Agrícola Vida Nueva S.A. with US\$0.40 million, Euroberry Marketing S.A. with US\$6.56 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 September 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
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Creditor Bank							
Banco de Crédito del Perú	83,576	682	37,992	22,741	23,159	-	83,892
Banco Santander Chile	54,831	272	25,103	11,867	21,698	-	58,668
Banco de Crédito e Inversiones	52,065	561	1,494	12,949	35,572	11,656	61,671
Banco Estado	44,271	399	25,031	3,828	17,911	-	46,770
Communications Bank Yunnan Branch	40,420	55	7,145	7,112	26,218	-	40,475
Banco RaboFinance Chile	39,322	446	3,508	10,600	29,967	-	44,075
Banco Latinoamericano de Comercio Exterior, S.A.	32,967	149	520	10,528	24,640	-	35,688
Banco Internacional del Perú S.A.	34,236	150	18	22,492	12,413	-	34,923
Banco Scotiabank	32,000	10	36,187	-	-	-	36,187
Banco ITAU	32,000	7	32,096	-	-	-	32,096
Banco Industrial and Commercial Bank of China Limited.	35,462	199	407	12,902	21,689	-	34,998
Banco de Chile	26,816	299	11,645	1,195	16,018	-	28,858
Coöperatieve Rabobank U.A., New York Branch	25,000	563	344	-	25,861	-	26,205
Banco China Construction Bank Corp.	11,000	4	11,035	-	-	-	11,035
HSBC México SA, Institución de Banca Múltiple	10,000	48	5,098	5,032	-	-	10,130
CaixaBank, S.A.	9,908	-	742	2,223	7,550	112	10,627
Banco BBVA Perú S.A.	9,057	54	24	9,096	28	-	9,148
Banco de Occidente S.A.	7,979	54	-	1,608	7,337	-	8,945
Banco Santander Central Hispano S.A.	5,320	159	685	818	3,807	345	5,655
Postal Savings Bank of China	4,613	6	808	802	3,009	-	4,619
Banco Bilbao Vizcaya Argentaria	4,218	2	63	388	2,905	1,041	4,397
Caja Rural del Sur	3,060	2	148	443	2,120	469	3,180
GC Rent Chile SpA.	48	-	5	23	20	-	48
Mercedes-Benz Financial Services Portugal -Sociedade fin	16	-	-	3	15	-	18
Bancolombia S.A.	359	-	259	100	-	-	359
Coöperatieve Rabobank U.A.	206	-	79	127	-	-	206
Total as of September 30, 2022	598,750	4,121	200,436	136,877	281,937	13,623	632,873

Below is a summary of the maturities of total financial liabilities as of September 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
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Detail							
Bank loans	597,018	601,129	200,191	136,115	281,149	13,623	631,078
Bonds - obligations with the public	92,580	93,220	1,267	9,720	93,847	-	104,834
Leasing Liabilities	1,732	1,742	245	762	788	-	1,795
Operating Lease Liabilities	85,463	86,559	644	6,369	30,026	98,671	135,710
Trade accounts and other accounts payable	249,238	249,238	94,731	30,998	123,237	-	248,966
Accounts payable to related companies	37,348	37,348	-	23,858	13,490	-	37,348

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.

b) 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	4,503	2,363	13,496	463	14,248	7,808	2,457
Current trade debtors and other accounts receivable	11,353	10,570	18,948	7,271	6,556	5,226	1,612
Current accounts receivable with related entities	61	10	767	-	-	-	-
Non-current fees receivable	33	-	130	-	-	-	99
Total Financial Assets	15,950	12,943	33,341	7,734	20,804	13,034	4,168
Financial Liabilities							
Other current financial liabilities	3	-	2,554	-	15,867	2,315	1
Current lease liabilities	301	-	612	418	909	442	216
Current trade accounts and other accounts payable	7,672	10,788	33,184	12,018	4,340	4,968	1,168
Current accounts payable to related entities	109	453	999	-	-	-	-
Other current provisions	971	311	-	-	-	-	-
Current provisions for employee benefits	1,275	2,012	1	2,076	-	-	271
Other non-current financial liabilities	-	-	11,896	-	29,227	5,854	-
Non-current lease liabilities	1,320	-	2,240	1,399	52,651	4,432	492
Other non-current accounts payable	-	-	123,237	-	-	-	-
Non-current accounts payable to related entities	6,665	-	-	-	-	-	-
Total Financial Liabilities	18,316	13,564	174,723	15,911	102,994	18,011	2,148
Net exposure as of September 30, 2022	(2,366)	(621)	(141,382)	(8,177)	(82,190)	(4,977)	2,020

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\$23.77 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	15,950	18,316	(2,366)	(2,129)	237
Nuevo Sol	12,943	13,564	(621)	(559)	62
Euro	33,341	174,723	(141,382)	(127,244)	14,138
Mexican Peso	7,734	15,911	(8,177)	(7,359)	818
Yuan	20,804	102,994	(82,190)	(73,971)	8,219
Dirham	13,034	18,011	(4,977)	(4,479)	498
Others	4,168	2,148	2,020	1,818	(202)
Total as of September 30, 2022	107,974	345,667	(237,693)	(213,923)	23,770

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

As of September 30, 2022, debt at variable rate that Hortifrut maintained was US\$516.46 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.

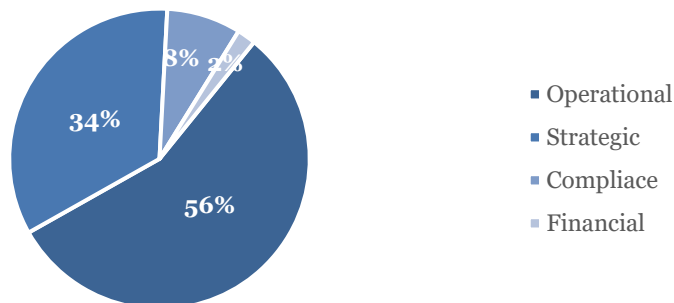
At Hortifrut there is a quarterly follow up of the action plans associated to all the risks, and a monthly follow up of the action plans associated to critical risks, which is reported with the same regularity to the Board.

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 September 30, 2022, risks identified by Hortifrut are distributed in the following manner:

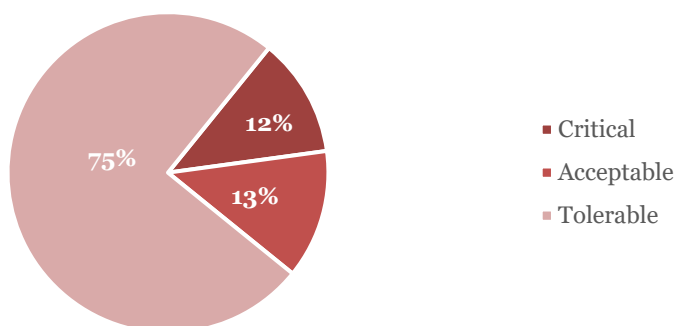
	Operational	Strategic	Compliance	Financial
Type of risk	56%	34%	8%	2%

RISK TYPE



	Critical	Tolerable	Acceptable
Risk Severity	12%	75%	13%

RISK SEVERITY



The main risks faced as of September 30, 2022, are the following:

RISK	TYPE	DESCRIPTION	CONTROLS AND MITIGATION
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.
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. 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.
Protect Hortifrut's genetics.	Strategic	Submission of varieties without contracts and/or adequate protection.	Working on a Corporate Policy for sending our own varieties to ensure that they have the necessary protection and/or contracts.

Food safety	Operational	Non-compliance of MRL (Maximum Residue Limit) of pesticides and/or use of non-allowed products.	<p>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.</p>
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.	<p>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.</p> <p>We 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.</p> <p>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.</p> <p>Investments have been made in machinery and equipment to be able to attack phytosanitary problems, new fields are being designed to accept mechanized applications that help maintain control of existing or new plagues/disease.</p>

			<p>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.</p>
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7.3 Insurance

The Hortifrut Group has contracted insurance policies to cover exposure to the main financial and operational risks, considering that the coverage of these policies is adequate.

The main insurances contracted as of September 30, 2022, and December 31, 2021, are the following:

<u>COUNTRY</u>	<u>TYPE OF INSURANCE</u>	<u>CURRENCY</u>	<u>30-Sep-22 COVERED AMOUNT</u>	<u>CURRENCY</u>	<u>31-Dec-21 COVERED AMOUNT</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 September 30, 2022, the adjustment to fair value of the Company’s fruit on bearer plants has been recognized, for an amount that reaches US\$3.77 million (US\$14.24 million as of September 30, 2021), which is presented under results in the item Other income per function.

The estimation of this same concept recorded as of December 31, 2021, was of US\$3.04 million, which are presented in 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 September 30, 2022:

Company	Fair Value adjustment as of 30-Sep-22 (ThUS\$)	10% Reduction Volume (ThUS\$)	10% Reduction Price (ThUS\$)	10% Reduction Volume and Price (ThUS\$)
Hortifrut Perú S.A.C.	3,771	3,394	383	345
Total	3,771	3,394	383	345

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.