



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

**As of June 30, 2023**  
**(In thousands of United States dollars)**

The current reasoned analysis has been prepared for the period ending June 30, 2023, compared with the financial statements as of June 30, 2022 (Jun23 and Jun22, 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 22/23 and 21/22 seasons ("12M S22/23" and "12M S21/22", respectively).*

**1. HIGHLIGHTS OF THE PERIOD AND SUBSEQUENT FACTS**

**Closing of Tender Offer PSP Investment**

Dated May 01, 2023, PSP Investment, through the companies 14602889 Canada Inc. (controlled by PSP Investment) and SJF Investment SpA, began the Tender Offer (OPA) for 100% of Hortifrut S.A.

Subsequently, dated June 01, 2023, the Tender Offer was successfully completed, through which PSP Investment reached a participation of 49.56% of Hortifrut S.A.'s share capital.

**2. SUMMARY OF THE PERIOD**

The calculation of the EBITDA is detailed below:

	CALENDAR YEAR (6 months)		SEASON (12 months)	
	Jan23 - Jun23	Jan22 - Jun22	Jul22 - Jun23	Jul21 - Jun22
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
<b>EBITDA DETERMINING</b>				
Income from operating activities	502,926	453,954	1,004,951	888,909
Other income, per function	2,764	1,779	7,339	12,147
<b>Total Income</b>	<b>505,690</b>	<b>455,733</b>	<b>1,012,290</b>	<b>901,056</b>
Cost of sales	(407,948)	(377,175)	(852,835)	(709,542)
Administration expenses	(47,972)	(36,995)	(87,890)	(74,510)
Other expenses, per function *	(2,765)	(4,609)	(5,577)	(10,642)
<b>Total Costs and Expenses</b>	<b>(458,685)</b>	<b>(418,779)</b>	<b>(946,302)</b>	<b>(794,694)</b>
<b>Operating Result</b>	<b>47,005</b>	<b>36,954</b>	<b>65,988</b>	<b>106,362</b>
Depreciation and amortization	32,272	28,785	85,363	78,589
<b>EBITDA</b>	<b>79,277</b>	<b>65,739</b>	<b>151,351</b>	<b>184,951</b>
<b>EBITDA without Fair Value</b>	<b>79,765</b>	<b>68,783</b>	<b>150,038</b>	<b>185,788</b>

\*Excluding impairment in the value of assets

### Accumulated analysis as of June 2023

EBITDA as of Jun23 reached US\$79.28 million, which represents a 20.59% increase compared to the US\$65.74 million recorded as of Jun22. Also, accumulated EBITDA as of Jun23 without the fruit *fair value* effect reached US\$79.77 million, which represents a 15.97% increase, compared with the US\$68.78 million obtained in the same period of 2022.

This increase in EBITDA is mainly explained by higher increases in the half-year (+10.96%) explained by higher produced and commercialized volumes of blueberries and raspberries in Mexico, higher commercialized volumes of Peruvian fruit, and higher commercialized volumes and prices of fruit in China. Also, total costs and expenses increased 9.53%, which is mainly explained by higher administration expenses due to the reinforcing of the administrative structure (genetics, technology, communications, marketing, regional equipment, among others).

### Analysis of the July 2022 – June 2023 season

The 12M S22/23 EBITDA reached US\$151.35 million, decreasing 18.17% compared to the US\$184.95 million EBITDA recorded in the 12M S21/22. Also, EBITDA without the fruit *fair value* effect in the 12M S22/23 reached US\$150.04 million, which represents a 19.24% decrease compared with the US\$185.79 million obtained in the 12M S21/22.

Said reduction in EBITDA is explained by the following reasons:

- Sale of 75% of HFE Berries Perú S.A.C. in May 2022, with this company leaving the consolidation perimeter, whose EBITDA in the 12M S21/22 reached US\$22.41 million.
- 20.20% increase in sales costs associated to higher commercialized volumes of fresh fruit (+17.01%), as well as higher costs in supplies such as fertilizers, agro-chemicals, packing materials, manpower and export freight costs.
- 17.96% increase in administration expenses associated to the purchase of Atlantic Blue, growth in Ireland and reinforcing of genetics and technology areas.
- Lower EBITDA in Peru due to lower prices compared to the previous season, as well as lower volumes of exports associated to road blockages that affected the operation at this subsidiary at the end of December 2022 and start of February 2023.
- Lower result at EMEA companies mainly associated to lower production volumes due to lower water supply and lower average prices.
- Lower EBITDA in the frozen business (Vitafoods), explained by lower volumes in this segment as a consequence of higher stock levels in the market, which has affected rotation and prices, delaying sales to the second half of 2023.

Gains attributable to the parent company shareholders recorded a US\$14.52 million profit in the 12M S22/23 compared to US\$71.08 million in the 12M S21/22. This is explained by lower EBITDA due to the aforementioned reasons; higher net financial costs (+US\$16.42 million) associated to the increase in market interest rates and higher average debt due to the purchase of Atlantic Blue; to a negative exchange rate fluctuation of US\$11.78 million in the 12M S22/23, compared with a positive exchange rate fluctuation of US\$16.70 million in the 12M S21/22; and other loss of US\$6.20 million in the 12M S22/23 mostly corresponding to reorganization expenses. The aforementioned effects were partially offset by higher interest in the profits of associates, which reached US\$6.44 million in the 12M S22/23, mainly corresponding to the result of HFE Berries Perú S.A.C., to the result of the packing company in China, Honghe Joyvio Berry Co., Ltd, and the company in India, Hortifrut IG Berries Private Limited.

<b>Net financial debt determining</b>	<b>30-Jun-23</b>	<b>31-Dec-22</b>
<b>Items</b>	<b>ThUS\$</b>	<b>ThUS\$</b>
Other current financial liabilities	212,329	209,938
Current lease liabilities*	8,142	6,939
Other non-current financial liabilities	452,023	430,943
Non-current lease liabilities*	82,012	82,074
<b>Total financial liability</b>	<b>754,506</b>	<b>729,894</b>
<b>Minus:</b>		
Cash and cash equivalents	79,936	63,454
<b>Total net financial debt</b>	<b>674,570</b>	<b>666,440</b>

\*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\$666.44 million as of December 31, 2022, to US\$674.57 million as of June 30, 2023, mainly explained by the financing of growth investments and varietal turnover in several countries (Peru, Chile and Mexico). As of June 2023, the lease liability reached US\$90.15 million, of which US\$89.15 million correspond to lease liabilities and the remaining US\$1.00 million to leasing liabilities. Also, as of December 31, 2022, the lease liability reached US\$89.01 million, of which US\$87.51 million correspond to lease liabilities and US\$1.50 million were associated to leasing liabilities.

### **3. ANALYSIS OF INCOME STATEMENT**

During the 6 months ending Jun23, a profit attributable to the parent company shareholders was recorded at US\$17.50 million, which represents a US\$3.18 million reduction compared to the result recorded as of Jun22, which reached US\$20.68 million. Also, total gains reached US\$24.59 million as of Jun23, which is compared with US\$26.62 million as of Jun22.

The positive effects that explain this result are:

- Higher US\$13.54 million EBITDA due to the previously explained factors (higher income associated to higher sales volumes in Mexico, Peru and China),
- Lower profit tax expense that reached positive US\$5.74 million as of Jun23, compared with a US\$5.11 million expense as of Jun22 (+US\$10.85 million) due to a lower current tax expense associated to the lower before tax result (US\$5.29 million as of Jun23, compared with US\$14.99 million as of Jun22).
- Increase in the participation in profits of associated companies for US\$2.11 million mainly explained by the result of the packing company in China, Honghe Joyvio Berry Co., Ltd and the company in India, Hortifrut IG Berries Private Limited.

The aforementioned effects were offset by:

- Higher loss in the Other profit (loss) item as of Jun23 which reaches US\$3.35 million mainly associated to the company's reorganization expenses. Also, as of Jun22 profits were obtained in this item for US\$42.00 million (-US\$45.36 million), explained by the sales profit of HFE Berries Perú S.A.C. for US\$45.70 million.
- Negative exchange rate fluctuation as of Jun23 for US\$2.54 million, compared with a positive exchange rate difference as of Jun22 of US\$15.65 million (-US\$18.19 million).



- Higher net financial costs as of Jun23 reached US\$22.89 million, compared with the US\$15.11 million in the same period of 2022 (-US\$7.78 million) associated to the increase in market interest rates.
- Higher depreciation and amortization expense for US\$3.49 million explained by investments in fixed assets realized in China, Mexico, Peru and Chile (frozen).

a) **Main Components of Income**

Income from operating activities reached US\$502.96 million as of Jun23, representing a 10.79% increase compared to Jun22, mainly due to the 16.30% increase in the volume of fresh fruit sales.

The 16.30% increase in the sales volume of fresh fruit is explained by 1) higher volumes of blueberries in Mexico associated to higher productivity in relation to the same period of the previous year, 2) by the increase of blueberry volumes in Peru, mainly explained by the increase in commercialized volumes of fruit from third-party exporters (corresponding to Hortifrut genetics, owned or licensed) over which the Company obtains a margin due to commercialization, 3) because of the maturing of raspberry plantations in Mexico, with Hortifrut's own variety, *Centennial*, which has had a very good performance at own fields and third-party producers, and 4) higher volumes from fields in China. The aforementioned offsets lower volumes from Chile and Morocco, as well as frozen segment products, which were reduced due to lower demand in this segment.

Income from operating activities of the 12M S22/23 increased 13.05% (+US\$116.04 million) compared to the same period of the previous season, reaching US\$1.004,95 million, explained by the 4.79% increase in distributed volume to 132,257 tons. Also, the average price for the 12M S22/23 reached 6.70US\$/Kg, located in the same level as 12M S21/22.

The increase in volumes is explained by the increase in fresh fruit volumes (+17.01%) thanks to 1) higher volumes from Peru both from own fields and fruit from third-party exporters, 2) the increase in blueberry volumes in Mexico associated to higher productivity compared to S21/22, and 3) increase in raspberry volumes in Mexico, mainly third-party producers.

Also, the value-added products segment showed a reduction in volumes of 26.43% and a price decrease of 23.20%, reaching 2.74 US\$/Kg explained by the aforementioned delay in sales for the second semester of 2023 in this segment. In the 12M S22/23, this segment represented 20% of total volume, while in the 12M S21/22 it represented 28% of total volume.

	<b>Jan23 - Jun23</b>	<b>Jan22 - Jun22</b>	<b>Variation</b>	<b>Jul22 - Jun23</b>	<b>Jul21 - Jun22</b>	<b>Variation</b>
<b>Total Operating Income</b>	<b>ThUS\$</b>	<b>ThUS\$</b>	<b>%</b>	<b>ThUS\$</b>	<b>ThUS\$</b>	<b>%</b>
Income from operating activities	502,926	453,954	10.79%	1,004,951	888,909	13.05%
Other income, per function	2,764	1,779	55.37%	7,339	12,147	-39.58%
<b>Total Operating Income e</b>	<b>505,690</b>	<b>455,733</b>	<b>10.96%</b>	<b>1,012,290</b>	<b>901,056</b>	<b>12.34%</b>

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

Income per Segment	Jan23 - Jun23	Jan22 - Jun22	Variation	Jul22 - Jun23	Jul21 - Jun22	Variation
	ThUS\$	ThUS\$	%	ThUS\$	ThUS\$	%
<b>Fresh Fruit</b>	<b>486,969</b>	<b>371,290</b>	<b>31.16%</b>	<b>939,055</b>	<b>771,432</b>	<b>21.73%</b>
Blueberries	382,584	303,534	26.04%	757,164	654,573	15.67%
Raspberries	76,775	50,224	52.87%	138,884	88,483	56.96%
Blackberries	12,424	7,641	62.60%	22,835	15,106	51.17%
Strawberries	1,959	1,983	-1.21%	3,944	4,482	-12.00%
Cherries	13,227	7,908	67.26%	16,228	8,788	84.66%
<b>Value Added Products</b>	<b>18,721</b>	<b>84,443</b>	<b>-77.83%</b>	<b>73,235</b>	<b>129,624</b>	<b>-43.50%</b>
Value Added Products	18,721	84,443	-77.83%	73,235	129,624	-43.50%
<b>Total Operating Income</b>	<b><u>505,690</u></b>	<b><u>455,733</u></b>	<b>10.96%</b>	<b><u>1,012,290</u></b>	<b><u>901,056</u></b>	<b>12.34%</b>

In blueberry sales, as of Jun23 we observed an increase of 26.04% compared to the previous period, explained by a 10.20% increase in commercialized volume associated to higher volumes from Mexico, Peru and China. Also, the average price was reduced 2.03%, reaching 8.19 US\$/Kg.

Raspberries experienced a 52.87% increase in sales income as of Jun23, due to higher commercialized volume (+41.52%), mainly from third-party producers in Mexico with plantations of the *Centennial* variety, own raspberry variety developed by Hortifrut's genetics program. Also, price increased (despite higher volumes) 8.02%, which shows the important demand for this product segment.

The blackberries segment recorded a 62.60% increase in income compared to Jun22, explained by higher commercialized volume (+71.02%) associated to the higher obtention of fruit from third parties in Mexico. Also, prices recorded a reduction of 4.93%.

Strawberries experienced a slight 1.21% reduction in sales as of Jun23 compared to the previous year, variation that is explained by a 21.37% reduction in commercialized volume associated to lower production at own fields, which is partially offset by the 25.65% increase in price.

Cherries recorded a 67.26% increase in sales income compared to Jun22. This increase in income is due to a 65.62% increase in sales volume. Also, the average price per kilo increased 0.98%.

Value-added products recorded a decrease in sales income of 77.83% compared to income recorded in the same period of 2022. This variation is explained by the 47.73% decrease in volume and the reduction in average price per kilo of 57.59%, explained by lower demand in this segment.

## b) Main Components of Costs and Expenses

Costs and Expenses	Jan23 - Jun23	Jan22 - Jun22	Variation %	Jul22 - Jun23	Jul21 - Jun22	Variation %
	ThUS\$	ThUS\$		ThUS\$	ThUS\$	
<b>Cost of sales</b>	<b>(407,948)</b>	<b>(377,175)</b>	<b>8.16%</b>	<b>(852,835)</b>	<b>(709,542)</b>	<b>20.20%</b>
Administration expenses	(47,972)	(36,995)	29.67%	(87,890)	(74,510)	17.96%
Other expenses, per function, excluding impairment of value of assets	(2,765)	(4,609)	-40.01%	(5,577)	(10,642)	-47.59%
<b>Other operating costs and expenses</b>	<b>(50,737)</b>	<b>(41,604)</b>	<b>21.95%</b>	<b>(93,467)</b>	<b>(85,152)</b>	<b>9.76%</b>
Impairment of value of assets	(1,821)	(48,117)	-96.22%	(4,842)	(55,137)	-91.22%
<b>Total Costs and Expenses</b>	<b>(460,506)</b>	<b>(466,896)</b>	<b>-1.37%</b>	<b>(951,144)</b>	<b>(849,831)</b>	<b>11.92%</b>

### Main Components of Sales Costs

Sales costs as of Jun23 reached US\$407.95 million, presenting an 8.16% increase compared to the US\$377.18 million recorded as of Jun22. Higher sales costs are mainly explained by the higher volume of fresh fruit commercialized in this period compared with the same period of the previous year (+16,30%). Sales costs represented 81.11% of income from operating activities as of Jun23, while as of Jun22 it reached 83.09%, lower proportion thanks to the accomplishment of efficiencies in field maintenance, harvesting and packing processes.

Sales costs of the 12M S22/23 reached US\$852.84 million, increasing 20.20% compared to the 12M S21/22. The increase is mainly explained by the higher commercialized volume of fresh fruit (+17.01%), the non-consolidation of HFE Berries Perú S.A.C., whose associated volume and costs are recorded the same as third-party sales, and the increase in fertilizing, agro-chemicals, packing materials, export freight fees and manpower costs. Sales costs represented 84.86% of income from operating activities in the 12M S22/23, while in the 12M S21/22 they reached 79.82%, resulting in a lower gross margin, due to the mentioned factors.

### Main Components of Administrative Expenses

Administration expenses as of Jun23 reached US\$47.97 million, representing a 29.67% increase compared to Jun22. Higher expenses are mainly due to the reinforcing of the administrative structure (genetics, technology, communications, marketing, regional teams, among others).

### Main Components of Other Expenses, per function

Other expenses, per function (excluding Impairment in the value of assets) decreased US\$1.84 million, reaching US\$2.77 million as of Jun23, explained by lower reversal (-US\$1.24 million) of the *fair value* of fruit on bearer plants adjustment, reaching -US\$1.80 million as of Jun23, compared with the -US\$3.04 million recorded as of Jun22, explained by the lower recognition of fruit on plant as of Dec22 compared with the *fair value* recognition realized as of Dec21.

### **Impairment in the value of assets**

Impairment in the value of assets reached US\$1.82 million as of Jun23, compared with US\$48.12 million as of Jun22. Impairment as of Jun23 corresponds to impairments in Peru for US\$0.61 million, impairment of plants in Portugal for US\$0.50 million, stripping due to varietal turnover in Chile for US\$0.39 million and impairments in China for US\$0.33 million. Also, impairment as of Jun22 corresponds to stripping due to varietal turnover in Peru, Chile and Mexico.

### **c) Other Components of Income Statement**

	<b>Jan23 - Jun23</b>	<b>Jan22 - Jun22</b>	<b>Variation</b>	<b>Jul22 - Jun23</b>	<b>Jul21 - Jun22</b>	<b>Variation</b>
<b>Other Income (expenses)</b>	<b>ThUS\$</b>	<b>ThUS\$</b>	<b>%</b>	<b>ThUS\$</b>	<b>ThUS\$</b>	<b>%</b>
Other profit (loss)	(3,353)	42,009	-107.98%	(6,202)	45,183	-113.73%
Financial income	515	42	1126.19%	2,378	1,382	72.07%
Financial expenses	(23,403)	(15,148)	54.50%	(43,350)	(25,933)	67.16%
Interest in profit (loss) of associated companies	2,438	330	638.79%	6,438	699	821.03%
Exchange rate fluctuations	(2,537)	15,652	-116.21%	(11,776)	16,697	-170.53%
<b>Other Income (expenses)</b>	<b>(26,340)</b>	<b>42,885</b>	<b>-161.42%</b>	<b>(52,512)</b>	<b>38,028</b>	<b>-238.09%</b>

The other components of income decreased from a US\$42.89 million profit as of Jun22 to a US\$26.34 million loss as of Jun23 (-US\$69.23 million).

The main items that explain this decrease are the following:

- Other loss for US\$-3.35 million as of Jun23, compared with a US\$42.00 million profit as of Jun22 (-US\$45.36 million). The other loss as of Jun23 mainly corresponds to reorganization expenses, while profit as of Jun22 is associated to profit due to the sale of HFE Berries Perú S.A.C.
- US\$7.78 million increase in net financial expenses, reaching US\$22.89 million as of Jun23. This variation is mainly explained by higher market interest rates.
- Increase in profit due to participation in profit of associates for US\$2.11 million, reaching US\$2.44 million as of Jun23, mainly due to profit generated by the Honghe Joyvio Berry Co., Ltd. packing company in China, and the Hortifrut IG Berries Private Limited company in India.
- Loss due to Exchange rate difference of -US\$2.54 million as of Jun23, compared with a US\$15.65 million profit recorded in the same period of 2022, due to the impact of exchange rate variations over balances in currencies different to the functional currency.

### **d) Gains tax expense**

Gains tax expense reached US\$5.74 million in profits as of Jun23, compared with a US\$5.11 million loss as of Jun22. Tax expense of the period is mainly itemized by current tax expense of US\$5.29 million (US\$14.99 million as of Jun22); offset by deferred tax gains for US\$11.56 million (US\$8.92 million as of Jun22), among other concepts.



## e) Other Result Indicators

### Activity Indicators:

Indicator	Unit	Jan23 - Jun23	Jan22 - Jun22
<b>Activity</b>			
<b>Rotation of Assets</b>	Times	0.27	0.24
<i>Operating revenue / Total average assets of the period</i>			
<b>Rotation of Inventory</b>	Times	2.70	2.65
<i>Cost of sales / Average inventory</i>			
<b>Permanence of inventory (days)</b>	Days	67	68
<i>Inventory / Annual cost of sale (360 day base)</i>			

Rotation of assets between the periods ending June 30, 2023, and 2022 increased because income increased 10.96%, while total average assets were reduced by 3.72%. The reduction in total average assets is explained by the sale of HFE Berries Perú S.A.C. in May 2022 and, therefore, the deconsolidation of its assets.

Likewise, the inventory rotation ratio increased from 2.65 times as of Jun22 to 2.70 times as of Jun23 because sales costs increased in a higher proportion (+8.16%) than the increase in average inventories (+6.36%).

## 4. COMPARATIVE ANALYSIS OF MAIN TENDENCIES

The evolution of the main financial indicators is as follows:

Indicator	Unit	30-Jun-23	31-Dec-22	Variations %
Current Liquidity	Times	1.40	1.31	6.73%
<i>Current Asset / Current Liability</i>				
Acid Ratio	Times	0.74	0.73	0.88%
<i>Current assets (-) Other non-financial assets, inventories and current biological assets / Current liability</i>				
Debt Ratio	Times	1.73	1.84	-6.09%
<i>Total liabilities / Equity attributable to Parent Company</i>				
Short term debt		30.38%	34.43%	-11.76%
<i>Total current liabilities / Total liabilities</i>				
Long term debt		69.62%	65.57%	6.18%
<i>Total non-current liabilities / Total liabilities</i>				
Book value of the share (US\$)	Dollars per share	0.000013	1.0543	-100.00%
<i>Equity attributable to parent company / N° shares</i>				

- Current liquidity was 1.40 times as of Jun23, which represents an increase in relation to Dec22 (1.31 times). Also, the acid ratio reached 0.74 times experiencing a 0.88% increase in relation to the period ending December 31, 2022. This increase in ratios is due to a higher reduction in current liabilities in relation to current assets.

Current assets decreased US\$43.17 million (-8.54%), reaching US\$ 462.41 million, mainly explained by the reduction in accounts receivable to related entities (-US\$29.72 million), reduction in trade accounts and other accounts receivable (-US\$27.80 million) and the decrease in Inventories (-US\$16.74 million). Also, current liabilities decreased US\$55.17 million (-14.30%) mainly due to the



reduction in Trade Accounts and other accounts payable. The reduction both in current assets and current liabilities is mainly explained by the end of the production and commercialization cycle of the 22/23 season at most of the Company's operations.

- The debt ratio decreased 6.04% compared to December 31, 2022, reaching 1.73 times, explained by an increase in Controlling Equity of 3.37% due to accumulated gains in the period of US\$17.50 million. Also, Total Liabilities decreased 2.88% due to the reduction in current liabilities, as per what is explained in the previous point.
- The percentage of current liabilities as of Jun23 was 30.38% in relation to total liabilities, lower than 34.43% as of December 2022, explained by the reduction in short term debt as a consequence of lower working capital needs due to the end of the season.
- The book value of the share decreased almost 100%, passing from 1.0543 US\$/share in December 2022 to 0.000013 US\$/share as of June 2023, associated to the issuance of new shares.

Indicator	Unit	Jan23 - Jun23	Jan22 - Jun22	Variations %
Financial expense coverage <i>(Before tax profit+Financial costs)/Financial costs</i>	Times	1.81	3.09	-41.66%
Profitability of parent company equity <i>Parent company gains/Parent company equity</i>		2.78%	3.39%	-17.89%
Profitability of equity <i>Profit of the period/Total equity</i>		3.41%	3.76%	-9.18%

- The reduction in the financial expense hedging index as of Jun23 compared to Jun22 is mainly because of the increase in financial costs mainly due to higher market interest rates, while the before tax profit was reduced by 40.60%.
- The profitability of parent company equity was reduced from 3.39% as of Jun22 to 2.78% as of Jun23 explained by lower profit of the parent company as of Jun23 of US\$17.50 million, compared to controlling gains as of Jun22 which reached US\$20.68 million, mainly due to higher net financial expenses, other loss as of Jun23 compared with profits as of Jun22, and negative exchange rate fluctuation as of Jun23 compared with a positive exchange rate fluctuation as of Jun22. All the aforementioned, offsets the effect of the higher EBITDA as of Jun23, compared with the same period in 2022.

Also, the profitability of total equity as of Jun23 was 3.41%, compared with the 3.76% profitability as of Jun22. This reduction was mainly explained by the US\$12.13 million increase in Total Equity, while profit in the period reached US\$24.59 million, lower than the Jun22 US\$26.62 million profit.

## 5. ANALYSIS OF STATEMENT OF FINANCIAL POSITION

### Main items of the Consolidated Statement of Financial Position

Statement of Financial Position	30-Jun-23	31-Dec-22	Variation	
	ThUS\$	ThUS\$	ThUS\$	%
Total current assets	462,412	505,578	(43,166)	-8.54%
Total non-current assets	1,346,465	1,315,186	31,279	2.38%
<b>Total assets</b>	<b>1,808,877</b>	<b>1,820,764</b>	<b>(11,887)</b>	<b>-0.65%</b>
Total current liabilities	330,540	385,711	(55,171)	-14.30%
Total non-current liabilities	757,549	734,625	22,924	3.12%
<b>Total liabilities</b>	<b>1,088,089</b>	<b>1,120,336</b>	<b>(32,247)</b>	<b>-2.88%</b>
Equity attributable to parent company equity holders	629,534	608,692	20,842	3.42%
Non-controlling interest	91,254	91,736	(482)	-0.53%
<b>Total equity</b>	<b>720,788</b>	<b>700,428</b>	<b>20,360</b>	<b>2.91%</b>

As of June 30, 2023, total assets decreased US\$11.89 million (-0.65%) in relation to those existing as of December 31, 2022, mainly due to lower accounts receivable with related companies, lower trade debtors and lower inventories explained by the end of the season at most of the Company's operations and, therefore, recovery of the payment portfolio associated to the sale of fruit.

Current assets were reduced US\$43.17 million mainly explained by 1) decrease in accounts receivable with related entities (-US\$29.72 million) mainly associated to lower accounts receivable with Naturipe Farms LLC. thanks to the collection of debt due to the concept of fruit sales, 2) decrease in trade debtors and other accounts receivable (-US\$27.80 million) also explained by the recovery of the portfolio associated to fruit sales, 3) reduction in Inventories (-US\$16.74 million) mainly associated to lower stock of fresh fruit due to the end of the production season at most operations. The aforementioned was partially offset by 1) increase in Cash and cash equivalents (+US\$16.48 million) due to funds received from liquidation of fruit sales, and 5) increase in biological assets (+US\$13.29 million) associated to the activating of costs incurred in for fruit production in the following season.

In the meantime, non-current assets increased US\$31.28 million (+2.38%) in relation to December 31, 2022, due to 1) increase in Property, plant and equipment of US\$9.16 million due to the execution of investment projects, mainly in Peru, associated to varietal turnover, in Portugal due to new plantation, in Chile also due to varietal turnover, and new plantations in Brazil and Colombia, 2) increase in Assets due to deferred taxes of US\$9.33 million mainly associated to tax loss, 3) increase in Investments recorded using the participation method (+US\$6.04 million), mainly associated to the recognizing of additional capital contributions for US\$4.79 million to the Hortifrut IG Berries Private Ltd. company in India, 4) increase in the value of Goodwill for US\$4.02 million explained by exchange rate fluctuations in goodwill associated to the purchase of Atlantic Blue.

Current liabilities decreased US\$55.17 million (-14.30%), reaching US\$330.54 million as of Jun23. The decrease in current liabilities is mainly associated to 1) reduction in trade accounts and other accounts payable (-US\$66.37 million) for payments to suppliers. The aforementioned is partially offset by the increase in current provisions of US\$5.24 million mainly due to higher cost provisions in the frozen food business (Vitafoods) which will be recognized as the sale of fruit in stock takes place.



Non-current liabilities increased US\$22.92 million (+3.12%), reaching US\$757.55 million as of Jun23. Said increase is mainly due to 1) increase in non-current financial liabilities (+US\$21.08 million) associated to restructuring of debt executed in the period, and 2) increase in Other accounts payable (+US\$3.47 million) associated to the exchange rate fluctuation of long-term accounts payable due to the purchase of Atlantic Blue Group (denominated in Euros).

The Company's total equity increased US\$20.84 million (+3.42%) compared to December 31, 2022, reaching US\$720.79 million, mainly explained by the increase in accumulated profit (loss) of US\$17.50 million and the increase in Other reserves of US\$3.34 million.

**MAIN COMPONENTS OF NET OPERATING INVESTMENT AND FINANCING CASH FLOWS**

<b>Main sources and uses of funds in the period (US\$ million)</b>	<b>January-June 2023</b>	<b>January-June 2022</b>	<b>Comments</b>
Charges from the sale of goods and providing of services	558	443	Higher collections associated with higher volumes of sold fruit.
Payment to suppliers for supplying of goods and services	(352)	(300)	Increase in suppliers payments also due to growth in volumes sold.
Payment for and on behalf of employees	(110)	(97)	
Net interests	(19)	(15)	Higher interest payments due to increases in market interest rates.
Taxes	(13)	(4)	
<b>(1) Total Cash Flow for Operating Activities</b>	<b>65</b>	<b>27</b>	
Cashflows from loss of control of subsidiaries or other businesses	0	35	Corresponds to the collection of 40% of the sale price of Olmos.
Cashflows used in the purchase of non-controlling interests	(5)	(5)	Corresponds to the capital contribution made to enter the property of IG Berries (India).
Sale and purchase of property, plant and equipment	(47)	(57)	
Other investment activities	(2)	(0)	
<b>(2) Total Cash Flow for Investment Activities</b>	<b>(54)</b>	<b>(27)</b>	
Income from financing	160	205	
Payment of loans	(145)	(224)	
Paid dividends and other investment flows	(9)	(29)	
<b>(3) Total Cash Flow for Financing Activities</b>	<b>6</b>	<b>(48)</b>	
<b>Net Increase of Cash and Cash Equivalents (1) + (2) + (3)</b>	<b>17</b>	<b>(48)</b>	
Effect of exchange rate fluctuation	(1)	7	
Cash and Cash Equivalent at the start of the period	63	105	
<b>Cash and Cash Equivalent at the End of the Period</b>	<b>80</b>	<b>64</b>	

## **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 Risks**

#### **7.1.1 Credit Risks**

Credit risk is the risk of financial loss that Hortifrut and subsidiaries face if a customer or counterparty in a financial instrument does not comply with its contractual obligations and is mainly originated from customers' accounts receivable.

##### a) Investment risk of cash surpluses

The financial institutions with whom Hortifrut S.A. and its subsidiaries operate and the type of financial products where they materialize said cash surplus investments, are considered low risk for the Company.

The Company's policy regulates investment and debt, trying to limit the impact of currency valuation and interest rate changes over the Company's net results, through cash surplus investments and signing of forwards contracts and other instruments in order to maintain a balanced rate and exchange rate position.

Within the authorized instruments, are those whose maturity terms do not exceed 90 days and have high liquidity.

- Cash at hand
- Term deposits
- Investments in mutual funds
- Other short-term and high liquidity investments.

The financial entities where the investments are placed have a high creditworthiness.

##### b) Risk from sales operations

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

The accounts receivable portfolio is mainly made up of large retail chains, its main customers are supermarkets in the United States, where the fresh fruit business is subject to PACA law, which protects fresh fruit and vegetable suppliers in the USA.

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



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

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

### **7.1.2 Liquidity and Financing Risk**

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

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

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

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

The Hortifrut Group centrally administers these risks from the parent company through an appropriate distribution, extension of terms and by limiting the amount of its debt, as well as the maintenance of an adequate liquidity reserve, constantly monitoring the debt of the Subsidiaries and Associated Companies. Specifically in the case of subsidiaries such as Honghe Jiayu Agriculture Ltd. in China, and associated companies such as HFE Berries Perú S.A.C. in Peru, credit decisions are made at these business units in coordination with Hortifrut S.A. Debts are incurred through bank credits in Chile and overseas, aiming to optimize credit conditions based on the financing needs to face investment plans and requirements for working capital.

The application of IFRS16 means an increase in the company's financial liabilities when recognizing the lease obligation. The company, considering financial safeguards, has agreed with the corresponding financial institutions to not include obligations due to lease in the related calculation formula.

Although to date Hortifrut has not had any problems in relation to liquidity risk, it is important to bear in mind that this fact does not guarantee that in the future Hortifrut may be exposed to this risk.

Hortifrut has available short-term credit lines, approved and valid for work capital, which as of June 30, 2023, reach US\$415.5 million and EUR21.6 million (US\$434.95 million and EUR16.18 million as of December 31, 2022) distributed among 20 banks. The used amount reaches US\$141.0 million and EUR6.0 million, with an available balance of US\$274.5 million and EUR15.7 million. Credit lines are distributed among the following companies: Hortifrut Chile S.A. with US\$217.5 million, Hortifrut Perú S.A.C. with US\$193.0 million, Hortifrut Import Inc., with US\$5.0 million, Euroberry Marketing S.A. with EUR10.1 million, SAT Hortifrut H-300 de R.L. with EUR3.5 million, Atlantic Blue S.L.U. with EUR2.0 million, Atlantic Green S.L. with EUR1.5 million and Hortifrut España Southern Sun S.L.U. with EUR4.5 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 June 30, 2023:

	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 Rabobank	148,872	875	-	11,104	131,831	53,904	196,839
Banco Santander Chile	79,560	410	31,321	3,739	59,556	-	94,616
Banco de Crédito e Inversiones	58,583	280	213	27,213	41,340	-	68,766
Banco de Crédito del Perú	48,407	217	10,092	22,316	19,447	-	51,855
Communications Bank Yunnan Branch	36,712	50	-	8,195	28,567	-	36,762
Banco Internacional del Perú S.A.	29,253	122	12	16,388	15,589	-	31,989
Cooperatieve Rabobank U.A., New York Branch	25,000	253	-	-	-	-	-
Banco ITAU	22,000	87	20,094	2,075	-	-	22,169
Banco Latinoamericano de Comercio Exterior, S.A.	15,000	104	-	11,067	5,213	-	16,280
Bank of China	13,798	151	-	1,046	16,675	-	17,721
Agricultural Bank of China	12,757	12	-	7,350	5,117	-	12,467
CaixaBank, S.A.	10,970	-	819	4,844	5,910	-	11,573
Banco de Chile	10,200	218	-	8,388	2,541	-	10,929
HSBC México SA, Institución de Banca Múltiple	10,000	62	124	10,248	-	-	10,372
Banco de Occidente S.A.	9,844	58	-	747	11,911	-	12,658
Banco Estado	9,000	186	-	9,287	-	-	9,287
Banco Santander Central Hispano S.A.	7,887	-	3,667	906	3,183	352	8,108
Banco Scotiabank	6,000	72	302	6,256	-	-	6,558
Banco Bilbao Vizcaya Argentaria	4,944	-	127	1,080	3,238	803	5,248
Banco Bice	3,000	20	-	3,125	-	-	3,125
Caja Rural del Sur	2,949	-	165	494	2,283	377	3,319
Banco RaboFinance Chile	1,917	60	358	58	1,904	-	2,320
GC Rent Chile SpA.	1,219	1	9	26	10	-	45
Banco Pichincha	997	-	-	997	-	-	997
Mercedes-Benz Financial Services Portugal -Sociedade fin	14	-	-	-	-	-	-
Fifth Third Bank	6	-	-	-	-	-	-
Bancolombia S.A.	5	-	-	5	-	-	5
Bankinter	1	-	1	-	-	-	1
<b>Total as of June 30, 2023</b>	<b>568,895</b>	<b>3,238</b>	<b>67,304</b>	<b>156,954</b>	<b>354,315</b>	<b>55,436</b>	<b>634,009</b>

Below is a summary of the maturities of total financial liabilities as of June 30, 2023:

	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	567,895	571,128	67,070	156,225	354,253	55,436	632,984
Bonds - obligations with the public	92,514	93,224	-	9,720	93,847	-	103,567
Leasing Liabilities	1,000	1,005	234	729	62	-	1,025
Operating Lease Liabilities	89,018	89,149	1,461	8,952	57,611	76,175	144,199
Trade accounts and other accounts payable	207,672	207,672	64,043	19,565	124,064	-	207,672
Accounts payable to related companies	18,169	18,169	-	3,166	15,003	-	18,169



### **7.1.3. Exchange Rate Risk**

The international character of its business and its operations in different countries expose Hortifrut to risks due to exchange rate fluctuations. The main exposures refer to exchange rate fluctuations in US Dollar versus Chilean Pesos, Mexican Pesos, Peruvian Nuevo Sol and Euros.

#### **a) Exposure to Chilean Pesos**

The source of exposure to Chilean Pesos comes from the costs of the Chilean companies denominated in said currency, trade accounts receivable with national customers and liquid funds held in financial instruments and bank obligations.

Hortifrut performs actions to mitigate the exposure to costs of Chilean companies by contracting derivative instruments. Likewise, in Chilean companies, Cross Currency Swap instruments are used to mitigate the exchange rate risk in bank obligations denominated in Chilean Pesos.

#### **b) Exposure to Mexican Pesos**

The source of exposure to Mexican Pesos mainly comes from agricultural operating costs in Mexico which are mostly denominated in said currency and, at a lower scale, trade accounts receivable with Mexican customers.

Hortifrut performs mitigation measures over the exposure to costs of Mexican companies, through the contracting of derivative instruments.

#### **c) Exposure to Euros**

The source of exposure to Euros comes from sales performed in said currency, costs of the agricultural operation in Continental Europe, bank obligations and liquid funds held in financial instruments. Hortifrut constantly evaluates the need to perform actions to mitigate this risk.

#### **d) Exposure to Peruvian Soles**

The source of exposure to Peruvian Soles mainly comes from agricultural operating costs in Peru, which are mainly denominated in said currency, and, at a lower measure, customer's receivable trade accounts. Hortifrut constantly evaluates the need to realize risk mitigation actions.

#### **e) Exposure to Moroccan Dirhams**

The source of exposure to Moroccan Dirhams mainly comes from agricultural operating costs in Morocco, which are mostly denominated in said currency and, at a lower measure, from liquid funds held in financial instruments. Hortifrut constantly evaluates the need to realize risk mitigation actions.

Although 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, 2023:

As of June 30, 2023	Chilean	Nuevo Sol	Euro	Mexican Pesos	Yuan	Dirham	Others
	Pesos						
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
<b>Financial Assets</b>							
Cash and Cash Equivalents	1,319	644	8,607	661	31,950	4,483	1,044
Current trade debtors and other accounts receivable	20,366	7,544	38,035	10,295	4,813	4,645	2,212
Current accounts receivable with related entities	88	53	133	-	6,285	-	-
Non-current fees receivable	76	-	78	-	-	-	97
<b>Total Financial Assets</b>	<b>21,849</b>	<b>8,241</b>	<b>46,853</b>	<b>10,956</b>	<b>43,048</b>	<b>9,128</b>	<b>3,353</b>
<b>Financial Liabilities</b>							
Other current financial liabilities	4	-	9,125	-	23,499	2,635	5
Current lease liabilities	316	-	851	337	2,300	323	91
Current trade accounts and other accounts payable	12,488	5,924	34,197	8,695	3,809	4,815	830
Current accounts payable to related entities	64	84	1,762	-	-	-	-
Other current provisions	1,506	234	822	-	-	-	-
Current provisions for employee benefits	1,748	2,163	138	2,161	-	-	332
Other non-current financial liabilities	-	-	10,454	-	25,730	4,489	-
Non-current lease liabilities	1,301	-	3,310	2,298	51,061	5,120	496
Other non-current accounts payable	-	-	124,064	-	-	-	-
Non-current accounts payable to related entities	7,588	-	-	-	-	-	-
<b>Total Financial Liabilities</b>	<b>25,015</b>	<b>8,405</b>	<b>184,723</b>	<b>13,491</b>	<b>106,399</b>	<b>17,382</b>	<b>1,754</b>
<b>Net exposure as of June 30, 2023</b>	<b>(3,166)</b>	<b>(164)</b>	<b>(137,870)</b>	<b>(2,535)</b>	<b>(63,351)</b>	<b>(8,254)</b>	<b>1,599</b>

## 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\$21.37 million (US\$28.57 million as of December 31, 2022), 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.

Currencies	Assets ThUS\$	Liabilities ThUS\$	Net ThUS\$	Net (10% Devaluation)	Variation
				ThUS\$	ThUS\$
Chilean Peso	21,849	25,015	(3,166)	(2,849)	317
Nuevo Sol	8,241	8,405	(164)	(148)	16
Euro	46,853	184,723	(137,870)	(124,083)	13,787
Mexican Peso	10,956	13,491	(2,535)	(2,282)	253
Yuan	43,048	106,399	(63,351)	(57,016)	6,335
Dirham	9,128	17,382	(8,254)	(7,429)	825
Others	3,353	1,754	1,599	1,439	(160)
<b>Total as of June 30, 2023</b>	<b>143,428</b>	<b>357,169</b>	<b>(213,741)</b>	<b>(192,368)</b>	<b>21,373</b>

#### 7.1.4. Interest Rate Risk

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

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

As of June 30, 2023, the debt at variable rate that Hortifrut maintained was US\$567.42 million (US\$544.39 million as of December 31, 2022), 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\$1,32 million (US\$2.52 million as of December 31, 2022).

#### 7.1.5. Operating Risks

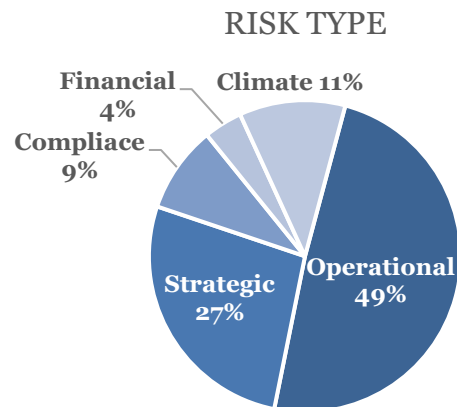
Risk management forms part of Hortifrut’s normal activities, from an analysis that considers the Company’s internal and external context, the interaction with interest groups, analysis of operations and their continuity, to identify and mitigate the most relevant and significant risks.

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 5 large groups: Strategic, Financial, Operational, Compliance and Climatic. 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.

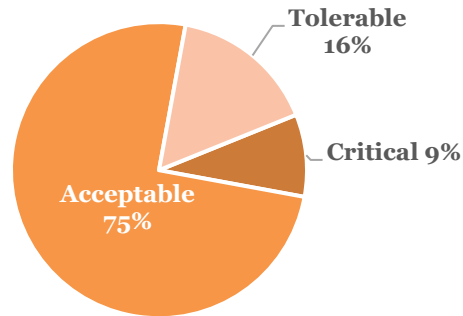
As stated beforehand, as of June 30, 2023, risks identified by Hortifrut are distributed in the following manner:

	Operational	Strategic	Compliance	Financial	Climatic
Type of risk	49%	27%	9%	4%	11%



	Critical	Tolerable	Acceptable
Risk Severity	9%	75%	16%

### RISK SEVERITY



The main risks faced as of June 30, 2023, are the following:

RISK	TYPE	DESCRIPTION	CONTROLS AND MITIGATION
Water supply	Operational	To not count with the necessary water to irrigate the plantations, because of droughts and/or groundwater that could dry out.	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 allows to assure water for an average 25 days, with a reserve of 2.5 million m3. In Mexico, reservoirs have also been built in the different fields. In Chile, dams are maintained to store water, which allows to irrigate for a prudent time, and water is purchased from neighboring owners that count with duly accredited shares. Furthermore, in certain geographic areas, soil plantations are complemented with plantations in pots, which use approximately 30% less water than soil plantations.
Third-party producers that do not comply with Hortifrut's ethical standards.	Compliance	Third party producers that do not comply with Hortifrut's ethical standards, risking Hortifrut's reputation and thereby its trade programs.	The company's commitment in ethical compliance matters is informed through contract annexes. Also, the Ethics Codes of the 23/24 season were revised and will be informed to all producers in a global manner. SMETA audits are requested from subsidiaries with a higher risk and higher volume producers, as well as performing internal controls directed at sub-contracts and lodging.
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.

Strategic project management.	Strategic	Errors in the design or definition of assumptions, inadequate management and/or performance of the total strategic projects that the organization has, being able to derive in significant loss for the Company due to errors in the estimation, affecting the general objectives of the business.	There is an investment policy, which establishes the procedure to evaluate and monitor projects with Capex equal to or higher than US\$1,000,000. The fulfilment of the assumptions at all the investment projects are monitored on a quarterly basis.
Plant Supply	Strategic	Depend on few plant/plug suppliers to cater for Hortifrut's growth plan	Hortifrut counts with few plant/plug suppliers, it performs detailed planning to assure the necessary plants/plugs for the growth plan.

## 7.2. 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, 2023, and December 31, 2022, are the following:

<u>COUNTRY</u>	<u>TYPE OF INSURANCE</u>	<u>CURRENCY</u>	<u>30-Jun-23</u>	<u>CURRENCY</u>	<u>31-Dec-22</u>
			<u>COVERED AMOUNT</u>		<u>COVERED AMOUNT</u>
Chile	Infrastructure fire	UF	1,211,265	UF	1,211,265
Chile	Mobile Agricultural Equipment	UF	45,369	UF	45,369
Chile	Motor Vehicles	UF	28,812	UF	28,812
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	59,000,000
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	EUR	24,618,824
Spain	Motor Vehicles	EUR	514,000	EUR	514,000
Spain	General and Product Civil Liability	EUR	48,450,000	EUR	48,450,000
Spain	Fruit and Materials Insurance	EUR	50,000	EUR	50,000
Peru	Civil Liability	USD	1,000,000	USD	1,000,000
Peru	Dishonesty, Disappearance and Destruction	USD	100,000	USD	100,000
Peru	Patrimonial: Fire, Riesgo of Nature, Political Risk	USD	40,000,000	USD	40,000,000
Peru	Fire	PEN	618,320	PEN	618,320
Peru	Motor Vehicles	USD	2,136,124	USD	2,136,124

## 7.3. 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, 2023, the adjustment to fair value of the Company’s fruit on bearer plants has been recognized, for an amount that reaches US\$1.30 million (US\$1.80 million as of December 31, 2022), which is presented under results in the item Other income, per function.



Below is the detail of the effect that a 10% reduction in price and volume would have had on the adjustment as of June 30, 2023:

<b>Company</b>	<b>Fair Value adjustment as of 30-Jun-23 (ThUS\$)</b>	<b>10% Reduction Volume (ThUS\$)</b>	<b>10% Reduction Price (ThUS\$)</b>	<b>10% Reduction Volume and Price (ThUS\$)</b>
Hortifrut Perú S.A.C.	800	0	0	0
Atlantic Green S.L.	150	135	0	0
Hortifrut ABA S.A. de C.V.	363	327	237	214
<b>Total</b>	<b>1,313</b>	<b>461</b>	<b>237</b>	<b>214</b>

As of June 30, 2023, the other agricultural companies did not present relevant amounts for this calculation, remaining outside the adjustment as per what is established in Hortifrut's policy.

#### **7.4. 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.