



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

**As of March 31, 2023**  
**(In thousands of United States dollars)**

The current reasoned analysis has been prepared for the period ending March 31, 2023, compared with the financial statements as of March 31, 2022 (Mar23 and Mar22, 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 nine-month comparison of the 22/23 and 21/22 seasons ("9M S22/23" and "9M S21/22", respectively).*

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

#### **Ordinary Shareholders' Meeting**

Dated April 26, 2023, the Company held an Ordinary Shareholders' Meeting, where the following matters were agreed:

- a) The Annual Report, Balance and Financial Statements were approved corresponding to the 2022 period; the Company's situation; and the corresponding report of the External Auditing Company;
- b) Distribute, for the concept of final dividend, obligatory minimum, the total amount of US\$3,814,190.94, equal to 50% of net distributable profit obtained by the Company during the 2022 period. Therefore, there is a final dividend of US\$0.0066067 per share charged to net distributable profit obtained during the 2022 Period, which was paid as Dividend N°45, Final, from May 19, 2023, in favor of the Company's shareholders that were inscribed in the Shareholders Registry as of midnight on May 13, 2023. The aforementioned amount of US\$0.0066067 per share, was paid in its equivalent in pesos, national currency, as per the "Observed Dollar" exchange rate, which appeared published in the Diario Oficial (Official Newspaper) of May 12, 2023;
- c) The Dividend Policy was approved;
- d) Proceeded to the election of the new Company Board for a new statutory period of three years, which is made up of the following people:
  - i. Mr. Nicolás Moller Opazo.
  - ii. Mr. Andrés Solari Urquieta.
  - iii. Mr. Víctor Moller Opazo.
  - iv. Mr. Andrés Carvallo Prieto.
  - v. Mr. Juan Luis Alemparte Rozas.
  - vi. Mr. Ulises Quevedo Berastain.
  - vii. Mr. Felipe Larraín Tejada
  - viii. Ms. Patricia Sabag Zarruk (independent).
  - ix. Mr. Alejandro de la Fuente Goic (independent).
- e) The Board's remuneration was established for the 2023 period, and the Board's expenses of the 2022 period were informed;
- f) The Directors' Committee's remuneration was established and the expense budget for its functioning was approved for the 2023 period; as well as informing the activities and expenses made by the Director's Committee in the 2022 period;
- g) The External Audit Company was designated;
- h) The Risk Classifiers were designated, and

i) Information regarding operations with related parties was informed.

### **Launching 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 for the purchase of 100% of Hortifrut S.A.

## **2. SUMMARY OF THE PERIOD**

The calculation of the EBITDA is detailed below:

	CALENDAR YEAR (3 months)		SEASON (9 months)	
	Jan23 - Mar23	Jan22 - Mar22	Jul22 - Mar23	Jul21 - Mar22
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
<b>EBITDA DETERMINING</b>				
Income from operating activities	311,785	286,036	813,810	720,991
Other income, per function	3,296	4,841	7,871	15,209
<b>Total Income</b>	<b>315,081</b>	<b>290,877</b>	<b>821,681</b>	<b>736,200</b>
Cost of sales	(247,939)	(233,837)	(692,826)	(566,204)
Administration expenses	(20,871)	(17,129)	(60,789)	(54,644)
Other expenses, per function *	(2,817)	(5,444)	(5,629)	(11,477)
<b>Total Costs and Expenses</b>	<b>(271,627)</b>	<b>(256,410)</b>	<b>(759,244)</b>	<b>(632,325)</b>
<b>Operating Result</b>	<b>43,454</b>	<b>34,467</b>	<b>62,437</b>	<b>103,875</b>
Depreciation and amortization	17,458	17,001	70,549	66,805
<b>EBITDA</b>	<b>60,912</b>	<b>51,468</b>	<b>132,986</b>	<b>170,680</b>
<b>EBITDA without Fair Value</b>	<b>59,816</b>	<b>50,550</b>	<b>132,986</b>	<b>168,798</b>

\*Excluding impairment in the value of assets

### **Accumulated analysis as of March 2023**

EBITDA as of Mar23 reached US\$60.91 million, which represents an 18.35% increase compared to the US\$51.47 million recorded as of Mar22. Also, accumulated EBITDA as of Mar23 without the fruit *fair value* effect reached US\$59.82 million, which represents an 18.33% increase, compared with the US\$50.55 million obtained in the same period of 2022.

This increase in EBITDA is explained by the 8.32% growth in total income due to higher fresh fruit volumes, mainly from China, Mexico and Peru, as well as higher average prices for this segment. Also, total costs and expenses only increased 5.93%, which is mainly explained by higher administration expenses due to the reinforcing of the administrative structure in Mexico and the genetics and technology areas.

### **Analysis of the July 2022 – March 2023 season**

The 9M S22/23 EBITDA reached US\$132.99 million, decreasing 22.08% compared to the US\$170.68 million EBITDA recorded in the 9M S21/22. Also, EBITDA without the fruit *fair value* effect in the 9M S22/23 reached US\$130.09 million, which represents a 22.36% decrease, compared with the US\$167.56 million obtained in the 9M 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, whose EBITDA in the 9M S21/22 reached US\$18.11 million.
- 22.36% increase in sales costs associated to higher commercialized volumes of fresh fruit (+16.33%), as well as higher costs in the operation's main supplies, such as fertilizers, agrochemicals and packaging materials, as well as labor and export freight costs.
- 11.25% increase in administration expenses associated to growth at several operations, mainly due to the purchase of Atlantic Blue, new societies in Ireland and growth in Mexico and Ecuador.
- Last of all, at the end of 2022 and start of 2023, the operation in Peru was affected by the blocking of roads and the concentration of the industry's production curve in that country, effects that were mitigated by the excellent work of our teams in the reduction of production costs.
- The previous effects have been partially offset by higher average prices, thanks to the efforts of commercial teams to maximize income at our commercial platforms.

Gains attributable to the parent company shareholders recorded a US\$19.24 million profit for 9M S22/23 compared to US\$67.99 million for 9M S21/22. This was explained by lower EBITDA due to the aforementioned reasons; higher net financial costs (+US\$11.13 million) associated to the increase in market interest rates and higher average debt due to the purchase of Atlantic Blue; to other loss for US\$4.19 million in the 9M S22/23 corresponding to restructuring costs and a negative exchange rate difference of US\$13.31 million in the 9M S22/23, compared with a positive exchange rate difference of US\$0.99 million in the 9M S21/22. The aforementioned effects were partially offset by higher interest in the profits of associates, which reached US\$4.74 million in the 9M S22/23, mainly corresponding to the result of HFE Berries Perú S.A.C. and the result of the packing company in China, Honghe Joyvio Berry Co., Ltd.

<b>Net financial debt determining</b>	<b>31-Mar-23</b>	<b>31-Dec-22</b>
<b>Items</b>	<b>ThUS\$</b>	<b>ThUS\$</b>
Other current financial liabilities	264,625	209,938
Current lease liabilities*	11,174	6,939
Other non-current financial liabilities	418,604	430,943
Non-current lease liabilities*	82,603	82,074
<b>Total financial liability</b>	<b>777,006</b>	<b>729,894</b>
<b>Minus:</b>		
Cash and cash equivalents	66,205	63,454
<b>Total net financial debt</b>	<b>710,801</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\$710.80 million as of March 31, 2023, mainly explained by the financing of growth investments in several countries (China, Portugal, Chile and India), as well as to finance working capital needs for the frozen and fresh fruit business. As of March 2023, the lease liability reached US\$93.78 million, of which US\$92.51 million correspond to rent liabilities and the remaining US\$1.27 million to leasing liabilities. Also, as of December 2022, the lease liability reached US\$89.01 million, of which US\$87.51 million corresponded to rent liabilities and US\$1.50 million associated to leasing liabilities.

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

During the three months ending Mar23, a profit attributable to the parent company shareholders was recorded at US\$22.23 million, which represents a US\$4.64 million increase compared to the result recorded as of Mar22, which reached US\$17.59 million. Also, total gains reached US\$31.86 million as of Mar23, which is compared with US\$24.98 million as of Mar22, recording a US\$6.88 million increase.

The effects that explain this result are: 1) higher EBITDA by US\$9.44 million due to the aforementioned factors (higher sales volumes and average prices), 2) lower gains tax expense reaching a positive US\$3.96 million as of Mar23, compared with US\$465 in expenses as of Mar22 (+US\$4.42 million) mainly due to a lower current tax expense of US\$5.29 million, and 3) increase in the interest of gains in associated companies of US\$0.67 million mainly explained by the result of Honghe Joyvio Berry Co., Ltd., the packing company in China.

The aforementioned was partially offset by: 1) negative exchange rate difference as of Mar23 of US\$4.08 million, compared with a negative exchange rate difference as of Mar22 of US\$0.05 million (-US\$4.02 million), 2) higher net financial costs as of Mar23 reaching US\$9.98 million, compared with the US\$7.49 million in the same period of 2022 (-US\$2.49 million) associated to the increase in market interest rates, and 3) higher Other loss as of Mar23, which reaches US\$1.34 million, compared with the US\$0.83 million as of Mar22, mainly explained by reorganization expenses.

#### **a) Main Components of Income**

Income from operating activities reached US\$311.79 million as of Mar23, representing a 9.00% increase compared to Mar22. This increase is mainly due to the 14.04% increase in sales volume of fresh fruit and the increase in average prices of this segment, passing from 7.65 US\$/Kg to 8.66 US\$/Kg (average as of Mar22 and Mar23, respectively).

The 14.04% increase in sales volume of fresh fruit is explained by 1) the increase in blueberry volumes in Peru, mainly explained by the increase in commercialized volumes of fruit from third-party exporters (corresponds to Hortifrut genetics, own or licensed) over which the Company obtains a margin for commercialization, 2) due to higher volumes of blueberries in Mexico associated to higher productivity in relation to the same period the previous year, 3) due to the maturing of raspberry plantations in Mexico, with own Hortifrut variety, *Centennial*, which has shown a very good performance at own and third-party fields, and 4) the maturing of blueberry fields in China. The aforementioned offsets the lower volumes from Chile and Morocco, as well as value-added products, which were reduced due to lower demand in this segment.

Income from operating activities in *9M S22/23* increased 12.87% (+US\$92.82 million) compared to the same period of the previous year, reaching US\$813.81 million, explained by the 7.38% increase in distributed volume up to 109,320 tons. The increase in volumes is explained by the increase in fresh fruit volumes (+16.33%) thanks to 1) higher volumes from Peru both from own fields and from third-party exporters, to 2) increase in raspberry volumes in Mexico, mainly from third-party producers, and 3) increase in blueberry volumes in Mexico. Also, the value-added products segment showed a reduction, explained by the aforementioned lower demand in this segment during the 1Q23.

To the increase in volumes, we add the 4.81% increase in average price, which increased from 6.51US\$/Kg to 6.82US\$/KG, mainly associated to the higher proportion of fresh fruit, which has a higher average price in relation to frozen fruit; in the 9M S22/23 fresh fruit represented 82% of total volume, while in the 9M S21/22 it represented 75% of total volume. Also, the average price of fresh fruit increased slightly by 0.66%, increasing from 7.52US\$/Kg in the 9M S21/22 to 7.57US\$/Kg in the 9M S22/23.

	<b>Jan23 - Mar23</b>	<b>Jan22 - Mar22</b>	<b>Variation</b>	<b>Jul22 - Mar23</b>	<b>Jul21 - Mar22</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	311,785	286,036	9.00%	813,810	720,991	12.87%
Other income, per function	3,296	4,841	-31.91%	7,871	15,209	-48.25%
<b>Total Operating Income</b>	<b>315,081</b>	<b>290,877</b>	<b>8.32%</b>	<b>821,681</b>	<b>736,200</b>	<b>11.61%</b>

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

	<b>Jan23 - Mar23</b>	<b>Jan22 - Mar22</b>	<b>Variation</b>	<b>Jul22 - Mar23</b>	<b>Jul21 - Mar22</b>	<b>Variation</b>
<b>Income per Segment</b>	<b>ThUS\$</b>	<b>ThUS\$</b>	<b>%</b>	<b>ThUS\$</b>	<b>ThUS\$</b>	<b>%</b>
<b>Fresh Fruit</b>	<b>300,246</b>	<b>251,066</b>	<b>19.59%</b>	<b>752,332</b>	<b>651,208</b>	<b>15.53%</b>
Blueberries	234,438	210,873	11.17%	609,018	561,912	8.38%
Raspberries	44,747	26,419	69.37%	106,856	64,678	65.21%
Blackberries	6,885	4,647	48.16%	17,296	12,112	42.80%
Strawberries	1,136	1,652	-31.23%	3,121	4,151	-24.81%
Cherries	13,040	7,475	74.45%	16,041	8,355	91.99%
<b>Value Added Products</b>	<b>14,835</b>	<b>39,811</b>	<b>-62.74%</b>	<b>69,349</b>	<b>84,992</b>	<b>-18.41%</b>
Value Added Products	14,835	39,811	-62.74%	69,349	84,992	-18.41%
<b>Total Operating Income</b>	<b>315,081</b>	<b>290,877</b>	<b>8.32%</b>	<b>821,681</b>	<b>736,200</b>	<b>11.61%</b>

In blueberry sales, as of Mar23 we observed an increase of 11.17% compared to the same period, explained by a 6.42% increase in commercialized volume associated to higher volumes from Peru, Mexico and China. To the aforementioned we add the 13.71% increase in average price.

Raspberries experienced a 69.37% increase in sales income as of Mar23, due to higher commercialized volume (+60.20%), mainly due to new hectares and maturing of plantations in Mexico with *Centennial*, own raspberry variety developed by Hortifrut's own genetics program at own and third-party fields. Also, price increased 5.73% (despite higher volumes), which shows the important demand for this product segment.

The blackberries segment recorded a 48.16% increase in income compared to Mar22, explained by higher commercialized volume (+48.73%) associated to the higher obtention of fruit from third-parties in Mexico. Also, prices recorded a slight reduction of 0.38%.

Strawberries experienced a 31.23% reduction in sales as of Mar23 compared to the previous year, variation that is explained by a 43.90% reduction in commercialized volume associated to lower production at own fields, which is partially offset by the 22.53% increase in price.

Cherries recorded a 74.45% increase in sales income compared to Mar22. This increase in income is due to a 65.62% increase in sales volumes. Also, the average price per kilo increased 5.33%.

Value-added products recorded a decrease in sales income of 62.74% compared to income recorded in the same period of 2022. This variation is explained by the 55.02% decrease in volume and the reduction in average price per kilo of 17.15%, explained by lower demand in this segment.

## b) Main Components of Costs and Expenses

Costs and Expenses	Jan23 -	Jan22 -	Variation	Jul22 -	Jul21 -	Variation
	Mar23	Mar22		Mar23	Mar22	
	ThUS\$	ThUS\$	%	ThUS\$	ThUS\$	%
<b>Cost of sales</b>	<b>(247,939)</b>	<b>(233,837)</b>	<b>6.03%</b>	<b>(692,826)</b>	<b>(566,204)</b>	<b>22.36%</b>
Administration expenses	(20,871)	(17,129)	21.85%	(60,789)	(54,644)	11.25%
Other expenses, per function, excluding impairment of value of assets	(2,817)	(5,444)	-48.25%	(5,629)	(11,477)	-50.95%
<b>Other operating costs and expenses</b>	<b>(23,688)</b>	<b>(22,573)</b>	<b>4.94%</b>	<b>(66,418)</b>	<b>(66,121)</b>	<b>0.45%</b>
Impairment of value of assets	(888)	(717)	23.85%	(3,909)	(7,737)	-49.48%
<b>Total Costs and Expenses</b>	<b>(272,515)</b>	<b>(257,127)</b>	<b>5.98%</b>	<b>(763,153)</b>	<b>(640,062)</b>	<b>19.23%</b>

## Main Components of Sales Costs

Sales costs as of Mar23 reached US\$247.94 million, presenting a 6.03% increase compared to the US\$233.84 million recorded as of Mar22. Higher sales costs are mainly explained by the higher volume of fresh fruit commercialized in this period compared with the same period the previous year (+13.11%). Sales costs represented 79.52% of income from operating activities as of Mar23, while as of Mar22 it reached 81.75%.

Sales costs of the 9M S22/23 reached US\$692.83 million, increasing 22.36% compared to the 9M S21/22. This increase is mainly explained by higher commercialized volume of fresh fruit (+16.33%), the non-consolidation of HFE Berries Perú S.A.C., whose volume is recorded the same as third-party sales, and the increase in fertilizing, agrochemicals, packaging materials, export freight fees and labor costs increased. Sales costs represented 85.13% of income from operating activities in the 9M S22/23, while in the 9M S21/22 they reached 78.53%, resulting in a lower gross margin, due to the mentioned factors.

## Main Components of Administrative Expenses

Administrative expenses as of Mar23 reached US\$20.87 million, representing a 21.85% increase compared to Mar22. Higher expenses are mainly due to the reinforcing of the administrative structure in Mexico, and genetics and technology areas.

### **Main Components of Other Expenses, per function**

Other expenses, per function (excluding Impairment in the value of assets) decreased US\$2.63 million, reaching US\$2.82 million as of Mar23, explained by the lower reversal (-US\$ 1.24 million) of the *fair value* of fruit on bearer plants adjustment, reaching -US\$1.80 million as of Mar23, compared with the -US\$3.04 million recorded as of Mar22, explained by lower recognition of fruit on plant as of Dec22 compared with the *fair value* recognition realized as of Dec21. Furthermore, a lower impairment in accounts receivable was recorded (-US\$0.53 million).

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

Impairment in the value of assets reached US\$0.89 million as of Mar23, compared with US\$0.72 million as of Mar22. Impairment as of Mar 23 mainly corresponds to plants in Portugal for US\$0.50 million and stripping due to varietal turnover in Chile for US\$0.39 million.

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

	<b>Jan23 - Mar23</b>	<b>Jan22 - Mar22</b>	<b>Variation</b>	<b>Jul22 - Mar23</b>	<b>Jul21 - Mar22</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)	(1,343)	(832)	61.42%	(4,192)	2,342	-278.99%
Financial income	726	72	908.33%	2,589	1,412	83.36%
Financial expenses	(10,708)	(7,563)	41.58%	(30,655)	(18,348)	67.08%
Interest in profit (loss) of associated companies	739	71	940.85%	4,739	440	977.05%
Exchange rate fluctuations	(4,075)	(54)	7446.30%	(13,314)	991	-1443.49%
<b>Other Income (expenses)</b>	<b>(14,661)</b>	<b>(8,306)</b>	<b>76.51%</b>	<b>(40,833)</b>	<b>(13,163)</b>	<b>210.21%</b>

The other components of income decreased from a US\$8.31 million loss as of Mar22 to a US\$14.66 million loss as of Mar23 (-US\$6.35 million).

The main items that explain this variation are the following:

- Other profit for US\$-1.34 million as of Mar23, compared with US\$-0.83 million as of Mar22, mainly explained by reorganization expenses.
- US\$2.49 million increase in net financial expenses reaching US\$9.98 million as of Mar23. This variation is mainly explained by higher market interest rates.
- Increase in profit due to participation in profits of associates of US\$0.67 million, reaching US\$0.74 million as of Mar23, mainly due to profit generated by the Honghe Joyvio Berry Co., Ltd., packing company in China.
- Loss due to exchange rate difference of US\$-4.08 million as of Mar23, compared with a US\$0.05 million loss 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\$3.96 million in profit as of Mar23, compared with a US\$0.47 million loss as of Mar22. Tax expense of the period is mainly itemized by current tax expense of US\$4.18 million (US\$9.47 million as of Mar22); offset by deferred tax gains for US\$8.19 million (US\$8.29 million as of Mar22), among other concepts.

#### e) Other Result Indicators

##### Activity Indicators:

Indicator	Unit	Jan23 - Mar23	Jan22 - Mar22
<b>Activity</b>			
<b>Rotation of Assets</b>	Times	0.17	0.15
<i>Operating revenue / Total average assets of the period</i>			
<b>Rotation of Inventory</b>	Times	1.56	1.59
<i>Cost of sales / Average inventory</i>			
<b>Permanence of inventory (days)</b>	Days	58	57
<i>Inventory / Annual cost of sale (360 day base)</i>			

Rotation of assets between the periods ending March 31, 2023, and 2022 increased slightly because income increased 8.32%, while total average assets were reduced 4.76%. The reduction in total average assets is mainly associated to lower levels of cash and cash equivalents.

Likewise, inventory rotation ratio decreased 1.59 times as of Mar22 to 1.56 times as of Mar23 due to the increase in inventory, mainly frozen products, while sales costs increased 6.03%. Average inventories increased from US\$146.87 million as of Mar22 to US\$158.63 million as of Mar23 (+8.00%), while sales costs passed from US\$233.84 million as of Mar22 to US\$247.94 million as of Mar23 (+6.03%).

#### 4. COMPARATIVE ANALYSIS OF MAIN TENDENCIES

The evolution of the main financial indicators is as follows:

Indicator	Unit	31-Mar-23	31-Dec-22	Variations %
Current Liquidity <i>Current Asset / Current Liability</i>	Times	1.26	1.31	-3.77%
Acid Ratio <i>Current assets (-) Other non-financial assets, inventories and current biological assets / Current liability</i>	Times	0.72	0.73	-1.69%
Debt Ratio <i>Total liabilities / Equity attributable to Parent Company</i>	Times	1.81	1.84	-1.47%
Short term debt <i>Total current liabilities / Total liabilities</i>		36.88%	34.43%	7.12%
Long term debt <i>Total non-current liabilities / Total liabilities</i>		63.12%	65.57%	-3.74%
Book value of the share (US\$) <i>Equity attributable to parent company / N° shares</i>	Dollars per share	1.0982	1.0543	4.16%



- Current liquidity was 1.26 times as of Mar23, which represents a decrease in relation to Dec22 (1.31 times). Also, the acid ratio reached 0.72 times experiencing a slight decrease of 1.69% in relation to the period ending March 31, 2022. This decrease in ratios is due to a lower growth in current assets in relation to current liabilities.

Current assets increased US\$29.29 million (+5.79%) mainly explained by an increase in accounts receivable to related entities (+US\$11.97 million) associated to accounts receivable to Naturipe Farms LLC. for fruit sales, and the increase in tax assets (+US\$9.33 million) explained by higher monthly tax payments and other tax credits. Also, current liabilities increased US\$38.34 million (+9.94%) mainly explained by the increase in current financial liabilities of US\$54.69 million, due to the obtaining of debt to finance working capital.

- The debt ratio decreased slightly compared to December 31, 2022, explained by a higher increase in Controlling Equity of 4.16% due to accumulated gains in the period of US\$22.23 million, in relation to a lower 2.63% growth of Total Liabilities.
- The percentage of current liabilities as of Mar23 was 36.88% in relation to total liabilities, higher than 34.43% as of December 2022, mainly explained by the increase in the proportion of current financial liabilities compared to non-current financial liabilities, due to the increase in short-term debt to finance working capital.
- The book value of the share increased 4.16%, passing from 1.0543 US\$/share in December 2022 to 1.0982 US\$/share as of Mar23, associated to the increase in equal proportion of the parent company equity.

Indicator	Unit	Jan23 - Mar23	Jan22 - Mar22	Variations %
Financial expense coverage <i>(Before tax profit+Financial costs)/Financial costs</i>	Times	3.61	4.36	-17.37%
Profitability of parent company equity <i>Parent company gains/Parent company equity</i>		3.51%	2.80%	25.32%
Profitability of equity <i>Profit of the period/Total equity</i>		4.34%	3.41%	27.41%

- The reduction in financial expense hedging index as of Mar23 compared to Mar22 is mainly due to the increase in financial costs, mentioned beforehand, which was not offset by the increase recorded in before tax gains.
- The profitability of parent company equity increased from 2.80% as of Mar22 to 3.51% as of Mar23 mainly explained by higher profit of the parent company as of Mar23 of US\$22.23 million, compared to controlling gains as of Mar22 which reached US\$17.59 million, mainly due to the higher EBITDA and lower tax expenses, as previously explained.

Also, the profitability of total equity as of Mar23 was 4.34%, compared with the 3.41% profitability as of Mar22. This increase is explained by higher profit in the period as of Mar23 in relation to Mar22 (+US\$6.88 million), also associated to the aforementioned factors.

## 5. ANALYSIS OF STATEMENT OF FINANCIAL POSITION

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

<b>Statement of Financial Position</b>	<b>31-Mar-23</b>	<b>31-Dec-22</b>	<b>Variation</b>	
	<b>ThUS\$</b>	<b>ThUS\$</b>	<b>ThUS\$</b>	<b>%</b>
Total current assets	534,870	505,578	29,292	5.79%
Total non-current assets	1,349,220	1,315,186	34,034	2.59%
<b>Total assets</b>	<b>1,884,090</b>	<b>1,820,764</b>	<b>63,326</b>	<b>3.48%</b>
Total current liabilities	424,047	385,711	38,336	9.94%
Total non-current liabilities	725,806	734,625	(8,819)	-1.20%
<b>Total liabilities</b>	<b>1,149,853</b>	<b>1,120,336</b>	<b>29,517</b>	<b>2.63%</b>
Equity attributable to parent company equity holders	634,042	608,692	25,350	4.16%
Non-controlling interest	100,195	91,736	8,459	9.22%
<b>Total equity</b>	<b>734,237</b>	<b>700,428</b>	<b>33,809</b>	<b>4.83%</b>

As of March 31, 2023, total assets increased US\$63.33 million (+3.48%) in relation to those existing as of December 31, 2022, mainly because of higher accounts receivable with related companies, associated to higher volumes of sold fruit, to recoverable tax assets and higher inventories associated to frozen fruit.

Current assets increased US\$29.29 million mainly explained by: 1) increase in Accounts receivable with related entities (+US\$11.97 million) associated to accounts receivable with Naturipe Farms LLC. for fruit sales, 2) increase in current tax assets (+US\$9.33 million) explained by higher monthly tax payments and other fiscal credits, 3) increase in Inventories (+US\$7.46 million) mainly associated to frozen fruit stock due to lower sales in this segment, 4) increase in cash and cash equivalents (+US\$2.75 million), and 5) increase in biological assets (+US\$1.75 million). The aforementioned was partially offset by 1) reduction in other non-financial assets (-US\$2.75 million) due to lower expenses paid in advance because of the purchase of blueberry plants and by 2) reduction in trade debtors and other accounts receivable (-US\$1.06 million).

In the meantime, non-current assets increased US\$34.03 million (+2.59%) in relation to December 31, 2022, due to 1) increase in Property, plant and equipment of US\$12.88 million due to the execution of investment projects, mainly in Chile (varietal turnover and frozen packing), China and Portugal, 2) increase in Deferred tax assets for US\$7.44 million, 3) increase in Investments recorded using the participation method (+US\$4.94 million), mainly associated to the recognition of additional capital contribution for US\$4.79 million to the Hortifrut IG Berries Private Ltd. company in India, 4) increase in Right of use assets for US\$4.72 million mainly associated to the leasing of land, and 5) increase in the value of Goodwill for US\$3.50 million explained by exchange rate differences in goodwill associated to the purchase of Atlantic Blue.

Current liabilities increased US\$38.34 million (+9.94%), reaching US\$424.05 million as of Mar23. Increase in current liabilities are associated to: 1) increase in Current financial liabilities of US\$54.69 million, passing from US\$209.94 million as of Dec22 to US\$264.63 million in Mar23, explained by the taking of debt to finance working capital mainly in the frozen business and China, 2) increase in Current provisions of US\$9.87 million, increasing to US\$14.15 million due to higher cost provisions to be recognized in the remainder of the season, 3) increase in Lease liabilities (+US\$4.24 million), and 4) increase in Accounts payable to related entities (+US\$3.47 million) mainly explained by accounts payable to HFE Berries Perú S.A.C associated to the purchase of fruit. The aforementioned



is offset by the reduction of Trade accounts and other accounts payable (-US\$34.16 million) explained by lower accounts payable in Chile, Peru and United States associated to the receipt of funds from the sale of fruit and payment to suppliers.

Non-current liabilities decreased US\$8.82 million (-1.20%), reaching US\$725.81 million as of Mar23. Said reduction is mainly due to 1) decrease in Non-current financial liabilities (-US\$12.34 million) associated to structured debt maturity payments, 2) lower Deferred tax liabilities (-US\$1.44 million). This was partially offset by the increase in Other accounts payable (+US\$3.86 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\$33.81 million (+4.83%) compared to December 31, 2022, reaching US\$734.24 million, mainly explained by the US\$22.23 million increase in Accumulated profit (loss), increase in Non-parent company interests (+US\$8.46 million) and lower negative value of Other reserves (+US\$3.12 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-March 2023</b>	<b>January-March 2022</b>	<b>Comments</b>
Charges from the sale of goods and providing of services	301	269	Higher collections associated with higher volumes of sold fruit.
Payment to suppliers for supplying of goods and services	(233)	(207)	Increase in suppliers payments also due to growth in volumes sold.
Payment for and on behalf of employees	(49)	(47)	
Net interests	(2)	(7)	
Taxes	(3)	(1)	
Others	(1)	(2)	
<b>(1) Total Cash Flow for Operating Activities</b>	<b>13</b>	<b>5</b>	
Other collections from the sale of equity or debt instruments of other entities	0	1	
Other payments to acquire equity or debt instruments of other entities	(5)	0	Contribution of capital in Indian company.
Sale and purchase of property, plant and equipment	(31)	(30)	
<b>(2) Total Cash Flow for Investment Activities</b>	<b>(36)</b>	<b>(29)</b>	
Loans from related entities			
Income from financing	98	173	
Payment of loans	(69)	(151)	
Paid dividends and other investment flows	(2)	0	
<b>(3) Total Cash Flow for Financing Activities</b>	<b>27</b>	<b>22</b>	
<b>Net Increase of Cash and Cash Equivalents (1) + (2) + (3)</b>	<b>4</b>	<b>(2)</b>	
Effect of exchange rate fluctuation	(1)	3	
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>67</b>	<b>106</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 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 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 work capital, which as of March 31, 2023, reach the amount of US\$415.50 million and EUR21.60 million (US\$434.95 million and EUR16.18 million as of December 31, 2022) distributed among 22 banks. The used amount reaches US\$210.97 million and EUR5.44 million, with an available balance of US\$204.53 million and EUR16.16 million. Credit lines are distributed among the following companies: Hortifrut Chile S.A. with US\$217.50 million, Hortifrut Perú S.A.C. with US\$193.00 million, Hortifrut Import Inc., with US\$5.00 million, Euroberry Marketing S.A. with EUR10.10 million, SAT Hortifrut H-300 de R.L. with EUR3.50 million, Atlantic Blue S.L.U. with EUR2.00 million, Atlantic Green S.L. with EUR1.50 million and Hortifrut España Southern Sun S.L.U. with EUR4.50 million.



Based on the current operational performance and its liquidity position, the Company estimates that cash flows from operating activities and available cash will be enough to finance work capital and interest payments, for the next 12 months and the foreseeable future.

To administer short-term liquidity, the Company uses as a base its cash flows forecasted for a mobile period of twelve months and maintains cash and cash equivalents which are available to comply with its future obligations.

Below we summarize the maturity of the Company's bank loans and financial leasing as of March 31, 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	148,843	2,951	2,374	-	116,981	68,757	188,112
Banco Santander Chile	89,553	1,023	42,941	7	57,702	-	100,650
Communications Bank Yunnan Branch	42,318	62	-	7,384	8,588	26,408	42,380
Banco Internacional del Perú S.A.	36,424	814	16	16,725	23,722	-	40,463
Banco de Crédito del Perú	30,593	381	7,722	7,721	16,543	-	31,986
Banco de Crédito e Inversiones	30,356	374	8,321	16,207	7,054	-	31,582
Banco ITAU	30,000	16	28,143	2,075	-	-	30,218
Banco de Chile	25,200	141	16,088	7,032	2,542	-	25,662
Cooperatieve Rabobank U.A., New York Branch	25,000	814	976	5,106	24,777	-	30,859
Banco Estado	24,000	125	13,058	11,332	-	-	24,390
Banco Latinoamericano de Comercio Exterior, S.A.	20,000	663	5,796	5,826	10,264	-	21,886
Banco China Construction Bank Corp.	11,000	7	11,055	-	-	-	11,055
CaixaBank, S.A.	10,847	-	801	3,919	6,710	-	11,430
HSBC México SA, Institución de Banca Múltiple	10,000	56	111	10,056	-	-	10,167
Banco de Occidente S.A.	9,839	151	-	-	11,536	-	11,536
Agricultural Bank of China	8,048	11	-	-	7,728	-	7,728
Banco Santander Central Hispano S.A.	6,857	57	608	2,606	3,473	353	7,040
Banco Scotiabank	5,000	2	5,358	-	-	-	5,358
Banco Internacional	5,000	3	5,027	-	-	-	5,027
Banco Bilbao Vizcaya Argentaria	4,928	-	127	924	3,240	804	5,095
Caja Rural del Sur	3,104	-	165	494	2,283	378	3,320
Banco RaboFinance Chile	4,291	26	-	427	1,963	-	2,390
Mercedes-Benz Financial Services Portugal -Sociedade fin	16	-	-	-	-	-	-
Fifth Third Bank	7	-	-	7	-	-	7
Bankinter	2	-	-	2	-	-	2
<b>Total as of March 31, 2023</b>	<b>584,040</b>	<b>7,679</b>	<b>148,700</b>	<b>97,898</b>	<b>305,122</b>	<b>96,700</b>	<b>648,420</b>

Below is a summary of the maturities of total financial liabilities as of March 31, 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	582,781	590,453	148,454	97,141	304,828	96,700	647,123
Bonds - obligations with the public	92,514	92,776	-	9,720	93,847	-	103,567
Leasing Liabilities	1,259	1,266	246	757	294	-	1,297
Operating Lease Liabilities	85,583	92,511	3,029	8,000	44,318	84,381	139,728
Trade accounts and other accounts payable	240,274	240,274	96,612	18,896	124,455	-	239,963
Accounts payable to related companies	23,207	23,207	-	8,246	14,961	-	23,207

### **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 March 31, 2023:

As of March 31, 2023	<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>
<b>Financial Assets</b>							
Cash and Cash Equivalents	1,580	611	9,522	894	10,073	1,611	1,218
Current trade debtors and other accounts receivable	29,745	10,152	32,446	9,128	22,022	5,244	2,405
Current accounts receivable with related entities	89	38	8	-	3,177	-	-
Non-current fees receivable	40	-	63	-	-	-	92
<b>Total Financial Assets</b>	<b>31,454</b>	<b>10,801</b>	<b>42,039</b>	<b>10,022</b>	<b>35,272</b>	<b>6,855</b>	<b>3,715</b>
<b>Financial Liabilities</b>							
Other current financial liabilities	4	-	6,964	-	35,392	2,542	3
Current lease liabilities	353	-	1,132	396	4,976	328	116
Current trade accounts and other accounts payable	30,679	5,929	25,044	12,163	5,394	5,172	918
Current accounts payable to related entities	188	1	130	-	-	-	-
Other current provisions	3,046	333	409	-	-	-	-
Current provisions for employee benefits	1,825	2,222	53	2,102	-	-	241
Other non-current financial liabilities	-	-	11,218	-	14,716	5,020	-
Non-current lease liabilities	1,336	-	3,258	2,111	50,560	5,007	472
Other non-current accounts payable	-	-	124,455	-	-	-	-
Non-current accounts payable to related entities	7,669	-	-	-	-	-	-
<b>Total Financial Liabilities</b>	<b>45,100</b>	<b>8,485</b>	<b>172,663</b>	<b>16,772</b>	<b>111,038</b>	<b>18,069</b>	<b>1,750</b>
<b>Net exposure as of March 31, 2023</b>	<b>(13,646)</b>	<b>2,316</b>	<b>(130,624)</b>	<b>(6,750)</b>	<b>(75,766)</b>	<b>(11,214)</b>	<b>1,965</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\$22.81 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.

<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	31.454	45.092	(13.638)	(12.274)	1.364
Nuevo Sol	10.801	8.485	2.316	2.084	(232)
Euro	42.039	172.663	(130.624)	(117.562)	13.062
Mexican Peso	10.022	16.772	(6.750)	(6.075)	675
Yuan	40.906	111.038	(70.132)	(63.119)	7.013
Dirham	6.855	18.069	(11.214)	(10.093)	1.121
Others	3.715	1.750	1.965	1.769	(196)
<b>Total as of March 31, 2023</b>	<b>145.792</b>	<b>373.869</b>	<b>(228.077)</b>	<b>(205.270)</b>	<b>22.807</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 March 31, 2023, the debt at variable rate that Hortifrut maintained was ThUS\$511,603 (ThUS\$544,394 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 ThUS\$2,496 (ThUS\$2,520 as of December 31, 2022).

#### 7.1.5. Operating Risks

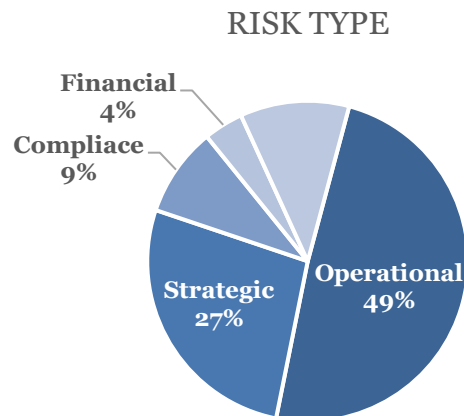
Risk management forms part of Hortifrut’s normal activities, from an analysis that considers the Company’s internal and external context, the interaction with interest groups, analysis of operations and their continuity, to identify and mitigate the most relevant and significant risks.

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.

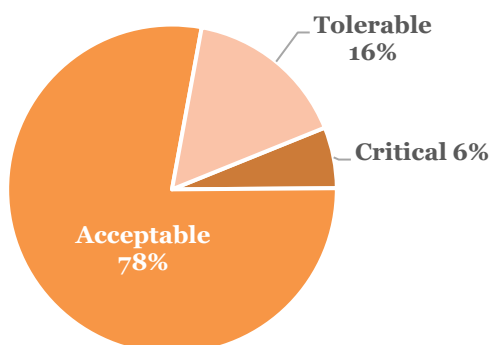
As stated beforehand, as of March 31, 2023, risks identified by Hortifrut are distributed in the following manner:

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



	Critical	Tolerable	Acceptable
Risk Severity	6%	78%	16%

### RISK SEVERITY



The main risks faced as of March 31, 2023, 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.
Plant Supply	Strategic	Depend on few plant/plug suppliers to cater for Hortifrut's growth plan	Hortifrut performs detailed planning to assure the necessary plants/plugs for the growth plan.
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.

## 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 March 31, 2023, and December 31, 2022, are the following:

<u>COUNTRY</u>	<u>TYPE OF INSURANCE</u>	<u>CURRENCY</u>	<u>31-Mar-23 COVERED AMOUNT</u>	<u>31-Dec-22 COVERED AMOUNT</u>
Chile	Infrastructure fire	UF	1,211,265	1,211,265
Chile	Mobile Agricultural Equipment	UF	45,369	45,369
Chile	Motor Vehicles	UF	28,812	28,812
Chile	General and Product Civil Liability	USD	5,000,000	5,000,000
Chile	Maritime Transport	USD	7,000,000	7,000,000
Chile	Credit Insurance	USD	59,000,000	59,000,000
Chile	Fruit and Materials Insurance	USD	8,500,000	8,500,000
Chile	Terrorism	UF	500,000	500,000
Chile	Business Interruption	UF	1,227,000	1,227,000
USA	Product Civil Liability	USD	5,000,000	5,000,000
Mexico	Transporting of Load	USD	200,000/shipment	200,000/shipment
Mexico	Infrastructure Fire, Theft and Civil Liability	USD	48,000,000	48,000,000
Mexico	Motor Vehicles	USD	Commercial Value	Commercial Value
Spain	Motor Vehicles	EUR	Commercial Value / without limit	Commercial Value / without limit
Spain	Installations	EUR	350,000 per event	350,000 per event
Spain	Goods	EUR	50,000 per event	50,000 per event
Spain	Civil Liability	EUR	6,500,000	6,500,000
Spain	Credit Insurance	EUR	90% unpaid	90% unpaid
Spain	Infrastructure Fire	EUR	24,618,824	24,618,824
Spain	Motor Vehicles	EUR	514,000	514,000
Spain	General and Product Civil Liability	EUR	48,450,000	48,450,000
Spain	Fruit and Materials Insurance	EUR	50,000	50,000
Peru	Civil Liability	USD	1,000,000	1,000,000
Peru	Dishonesty, Disappearance and Destruction	USD	100,000	100,000
Peru	Patrimonial: Fire, Riesgo of Nature, Political Risk	USD	40,000,000	40,000,000
Peru	Fire	PEN	618,320	618,320
Peru	Motor Vehicles	USD	2,136,124	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 March 31, 2023, the adjustment to fair value of the Company’s fruit on bearer plants has been recognized, for an amount that reaches US\$2.90 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 March 31, 2023:



<b>Company</b>	<b>Fair Value adjustment as of 31-Mar-23 (ThUS\$)</b>	<b>10% Reduction Volume (ThUS\$)</b>	<b>10% Reduction Price (ThUS\$)</b>	<b>10% Reduction Volume and Price (ThUS\$)</b>
Honghe Jiayu Agriculture Ltd.	1,941	1,481	1,061	689
Atlantic Blue Berries Maroc S.A.R.L.	957	570	297	0
<b>Total</b>	<b>2,897</b>	<b>2,051</b>	<b>1,358</b>	<b>689</b>

As March 31, 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, 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.